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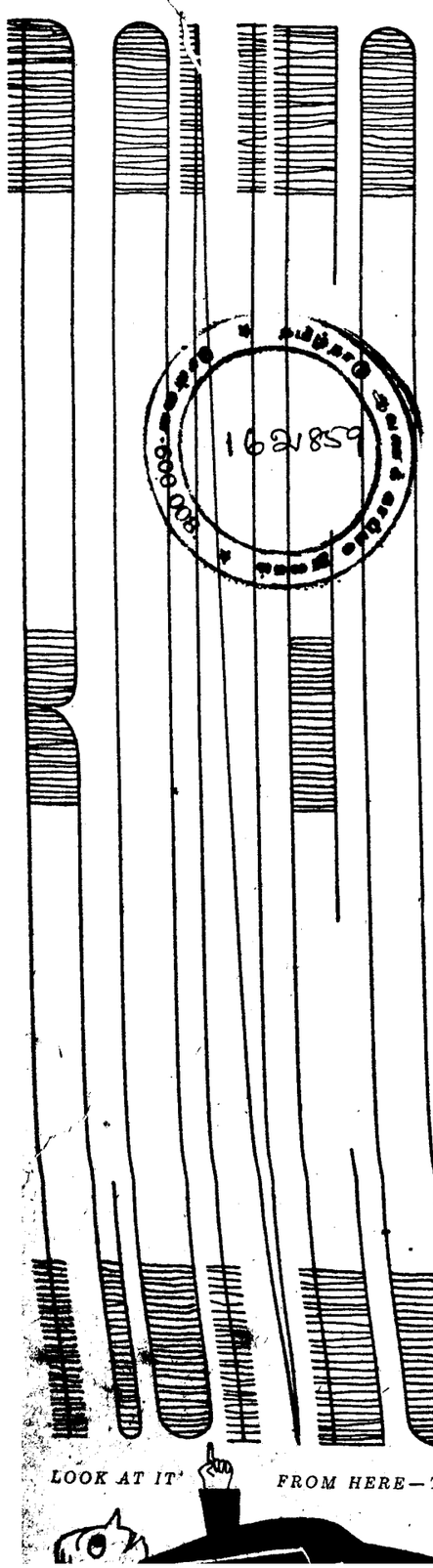

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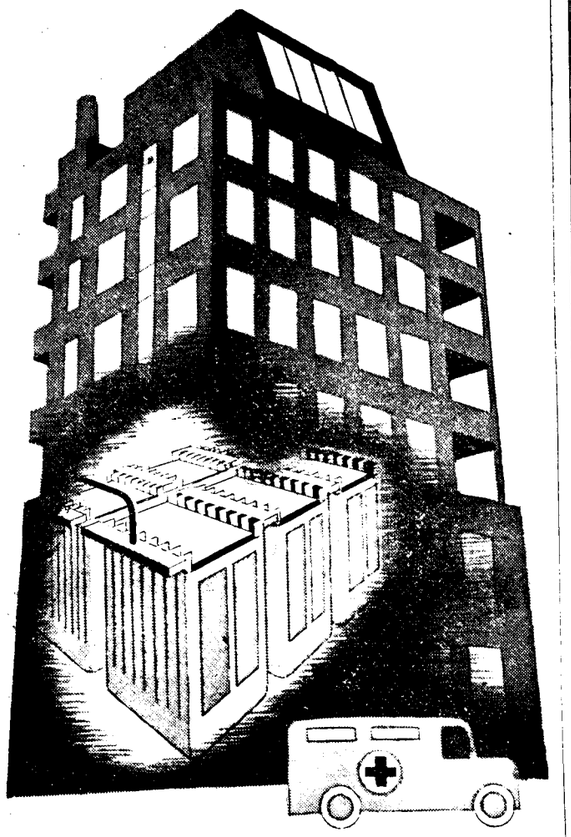

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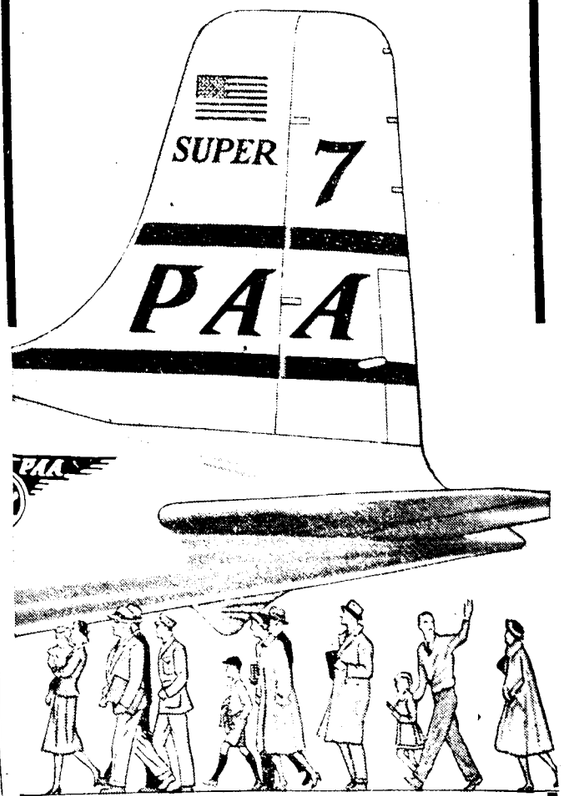

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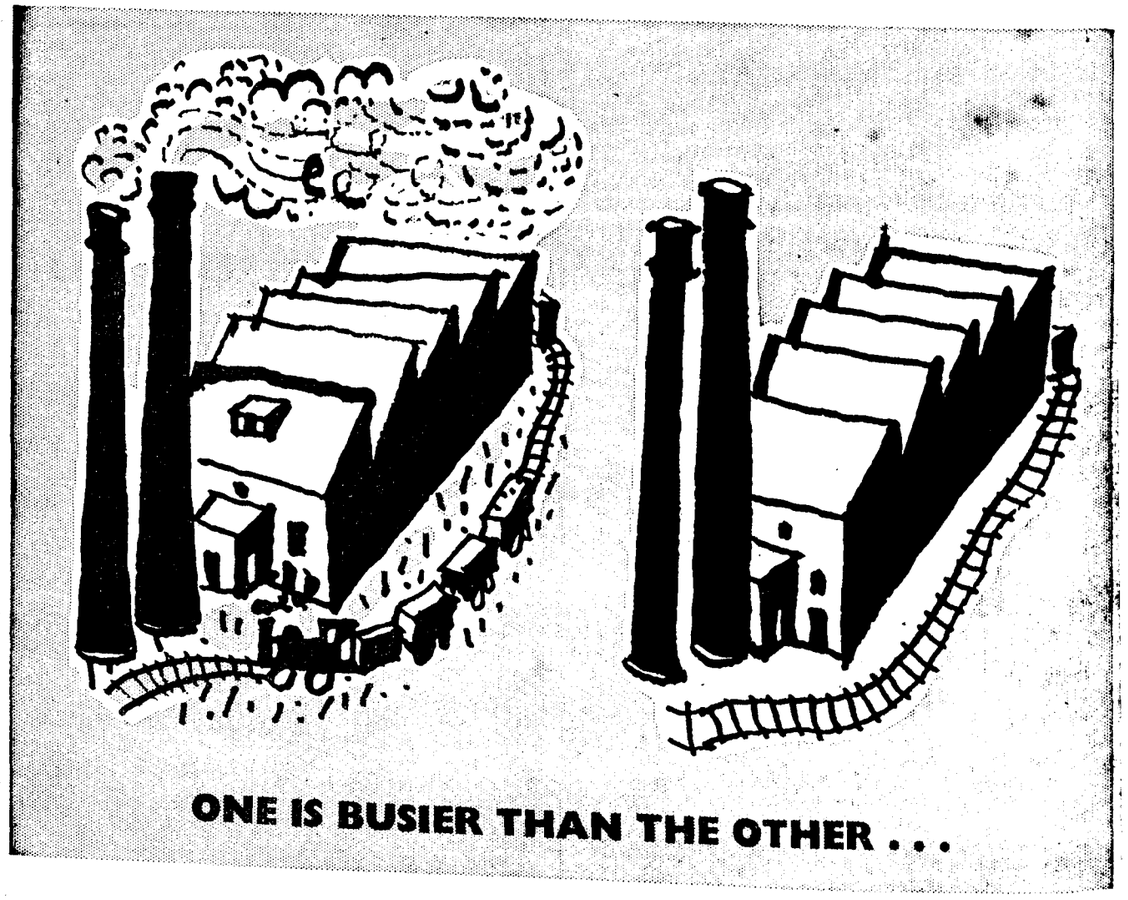

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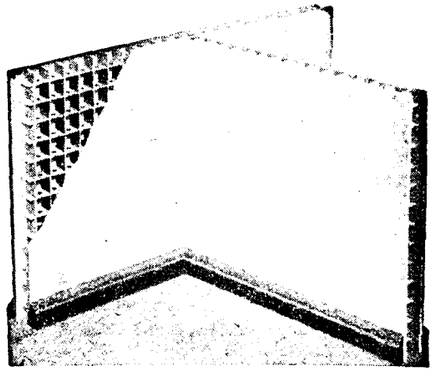

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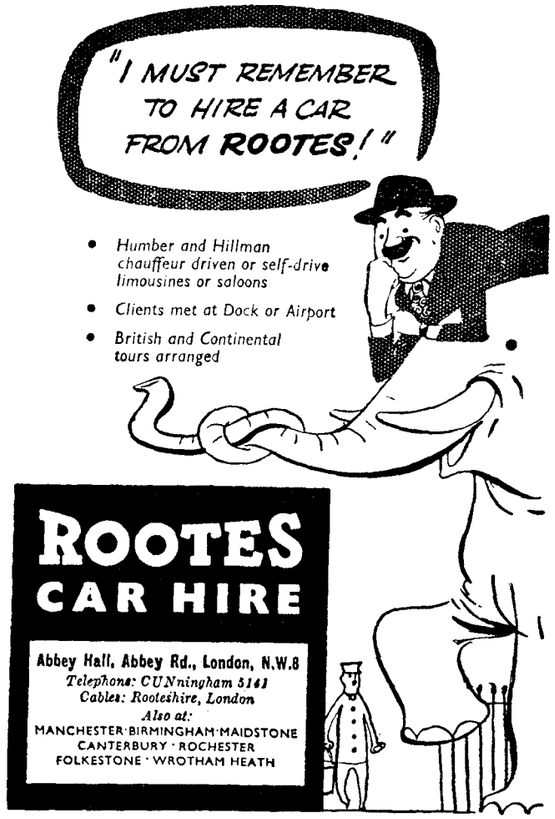

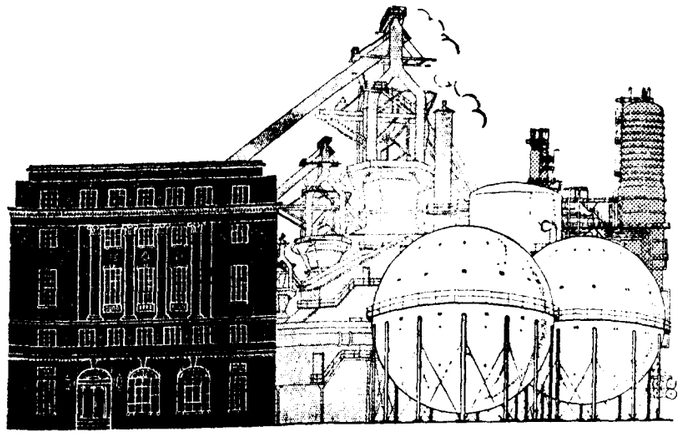

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Restrictions On Trial

THE majority report on "Collective Discrimination," which the Monopolies Commission published this week (Cmd 9504), is a very restrained and sensible document. It is important to emphasise this, because cries are already being heard that it has recklessly espoused the cause of cut-throat competition. The majority has done no such thing; it has stuck very closely to its terms of reference, which were to examine the collective agreements and arrangements whereby manufacturers or traders in certain industries are at present required by their fellows "to discriminate in their dealings with other persons." The commission had to judge whether these arrangements are prevalent, whether they are pernicious and whether they ought to be suppressed.

There is, at any rate, no doubt that such arrangements are prevalent. The commission has unearthed "an almost bewildering variety" of them. Without in any way pretending to have compiled an exhaustive list of collective boycotts, exclusive dealings, aggregated rebates and plain gentlemen's agreements to bully price-cutters who get out of line, the commission found that "arrangements affecting the supply or processing" of some eighty goods "appear to . . . have some relevance to our report." These goods range alphabetically from agricultural machinery to wire rope; they range in importance from groceries to pins and hair slides, and in variety from "flushing cisterns and copper balls" to tobacco, sweets and white fish. In parts of these trades, and in parts of many others, entry into either manufacture or distribution is not wholly free; the new entrant (if he is allowed in at all) is likely to find that he will have to abide by certain rules that are considered convenient by the majority of manufacturers or distributors already entrenched in the trade.

The majority of the commission believes that these arrangements are *prima facie* pernicious. Its main argument is not that these private controls keep up the cost of living, although many of them "may lead to the provision of a higher standard of service, at a higher price, than many consumers wish for." The real danger lies in "the effect of a binding and collective obligation in preventing manufacturers or distributors from experimenting and from trying out new or different ways of conducting their business." In other words, these arrangements stand in the way of experiment and change. Many of the changes that would be tried out in a free system would no doubt be silly, but new entrants "should be able to try them without having to meet the organised opposition of the rest of the trade. The final verdict on which is the better method should be left to the market, where the consumer can exert his influence, and should not be reached by a collective decision of traders which prevents him from doing so."

The minority of the commission does not agree that these restrictions are in general pernicious, but it does agree that some of them should be suppressed, although not in the way that the majority desires. The three members who have signed the minority report believe that

the best system would be to require all restrictive agreements "to be registered, and then to prohibit such of them as after individual scrutiny were found not to be in the public interest." Legislation of this kind would do some good, and it is clearly a minimum requirement upon the Government. But the seven members of the commission who have signed the majority report set down the reasons why it would be a poor minimum indeed: "This procedure would be cumbersome, slow and unfair. To complete the task would take the reviewing authority many years. . . . The trades which happened to be among the first for review might be precluded from operating practices which other trades—possibly their competitors or the suppliers of their raw materials—were permitted to continue employing over a number of years." The majority therefore recommends that the proper course will "be to prohibit generally by statute all agreements covered by our reference, with provision for exceptions in particular cases."

★

It is this recommendation that will bring down the protests: for the report does not merely suggest a ban on what Mr Gaitskell has called the "really vicious monopoly practices"; it also seeks to label all gentlemen's agreements that have the same effect as a new criminal offence. In other words, it is proposed that the way in which some of the most respectable gentlemen in the country (including several Conservative MPs) now carry on their businesses should be declared by Parliament to be, in general, contrary to the public interest and illegal, leaving upon them the onus of proving (if they can) that they are the virtuous exceptions. The Government in general, and Mr Thorneycroft in particular, will show great courage if they push this recommendation through. But all those who want to see an efficient and productive economy in this country should unite to urge them on. This is the more necessary because some organs of opinion which would shrink from defending restrictionism are nevertheless trying to condemn the majority report as "extreme." In truth, nothing could be more moderate and embryonic. To implement the majority report would not project the British economy overnight into cut-throat competition. It would do no more than provide a means by which public opinion could gradually make up its mind, by trial and error, how much efficiency, and therefore how much competition, it wants.

For the core of the majority's recommendations lies in their provision for exceptions. The report emphasises that the practices to be banned should not be too narrowly defined, lest there "be opportunities for the exercise of ingenuity in evading the prohibition by arrangements falling technically outside its scope"; it is clear from this that the draftsmen of any new law will have a difficult job. But the grounds on which the majority suggests that exceptions might be granted are wider still. The report envisages that an independent tribunal should be set up to hear appeals from particular trade associations, and that "if it seemed likely to be impracticable to deal fully with all claims for exception before the general prohibition came into force, some procedure for allowing interim exception where a *prima facie* case had been made out could be devised."

The grounds on which a case for exemption might be made out are:

(*a*) where "final consumers are not able to judge the standard of service which it is in their interests to demand from distributors (e.g. where they are unlikely to appreciate fully the risks resulting from faulty installation or service)"—and where special legislation has not protected the consumer from exploitation of this kind;

(*b*) where a restrictive arrangement is designed to protect an industry of strategic importance or one "which is peculiarly liable to competition from dumped imports"—and where protection by tariffs or other means has proved impracticable;

(*c*) where the banned practices have been used to enforce any agreements to charge common prices that the tribunal considers have genuinely operated in the public interest; and

(*d*) where the practices concerned enable small businesses to compete effectively with a very large company that is itself resorting to restrictive practices—and that has not yet been caught by the normal processes of the Monopolies Commission.

Each of these proposed grounds for exemption, except the last, opens a door to possible abuse. Although the Monopolies Commission makes it plain that it itself would judge the "public interest" in these matters sternly, and would grant only a few exemptions, one suspects that an independent tribunal—under pressure by organised interests and by a protection-minded public—might grant exemptions very easily indeed. But, on reflection, this is surely precisely the sort of check upon enthusiasm that those of us who are most eager to press on towards a restlessly competitive Britain should now be willing to accept—with the single proviso that no exemption should ever be granted without provision for its review in due course of time. For it would be unwise of the state to try to march far ahead of public opinion in these matters; the most that can be expected of it is that it should lead public opinion on, and give it opportunity from time to time to review what it considers to be in its own interest.

★

And this is all, in effect, that the Monopolies Commission now asks the Government to do. If the recommendations of the majority are carried into law, the battle between those who believe in a competitive economy and those who believe in a comfortably sluggish one will be fought out in case after case before the new independent tribunal; all that will happen is that the burden of proof, and of producing evidence of the public interest, will be placed upon the organised associations that now operate these restrictive practices, instead of upon the unorganised champions of the consumer's interest. And it will be very interesting to see how that battle goes. For the struggle will not rage around anything so simple and emotive as the ethics of secret industrial courts. It will rage around differing conceptions of the purpose that an industry or a distributive system is supposed to serve. The real purpose of an industry or of a distributive system, as the economist sees it, is to provide the consuming public with the product that it wants in the place it wants and at the cheapest possible price. The purpose an industry is not supposed to serve—again in the economist's view—is to provide a fixed number of people with a fixed pattern of jobs at an accustomed and invariable standard of remuneration.

Does the public accept this view? Does it understand, for example, that the real evil that has followed from restrictive practices in calico printing is not that the federation concerned has made unduly high profits but that Britain may have had too many workers employed in the job of printing calico? If a ban on stop lists in the motor accessories trade forced some small motor traders into bankruptcy, would the public recognise that the ban would then be doing precisely what it was meant to do? Does it understand that if foreigners find they can make clothes more cheaply, then British consumers should gratefully accept this cut in their cost of living and that British workers engaged in making clothes should move over—with public support during the transition—to make something else? If competition starts to affect, not the total and lasting level of employment, but the temporary level of employment in some particular trades, will the public still think that competition is a good thing?

In the week in which Cmd 9504 has been published, it is right that these questions should be asked. But it would be wrong to suppose that they have been answered. All that the Monopolies Commission has done is to suggest a framework within which the question could be continuously debated. It will be a pity, although it will not be surprising, if the answer that emerges before that tribunal at the start is a timorous and poverty-courting "No." But it will be a tragedy, and a sign that Conservatism has not changed its worst spots, if the Government does not even allow the mechanism to be set in being which might find that answer out.

Why So Wary?

THE "summit" which now looms a mere fortnight ahead is proving to be no bleak rock, magnificent in its simplicity, but one of those heights so thickly wooded that its outlines are hard to trace; and even when the climbers reach it they may not find it easy to get a panoramic view of the world, unless an unexpected gap appears in the dense foliage. But this difficulty in seeing the hill for the trees does not arise from obscurities in Soviet policy, which is at present unusually clear. The mist lies in the western cwm. There is no point in concealing the present extent of doubt and hesitation in the West, however much joy it may give to Communist commentators who interpret it both as the fruit of skilful Soviet diplomacy and as proof that the western governments really prefer tension to relaxation, war to peace. The doubt is a fact, the interpretation a fiction. The causes of the present cudgelling of western brains go much deeper.

It is obvious enough that the bland blend of Soviet tactics described in *The Economist* last week presents the free nations with a more intricate problem than did the oafish Russian approach of earlier years. Between 1947 and 1951 a series of Communist threats and buffets first drove the nations of Western Europe into each other's arms and then brought North America to their side; even the Jugoslavs were hounded out of the Soviet camp and clutched at western support; even the Indians were constrained to denounce Communist aggression in Korea, while Germans who had visualised their own country as the "next Korea" sighed with relief as the West strengthened its military position. A very different picture is now presented. Red carpets and caviare are on offer to Herr Raab, Mr Nehru, Dr Adenauer, Marshal Tito, American newspapermen and British sailors. The Kruschchev-Bulganin government proclaims itself the champion of international relaxation, German reunion, "normalisation" and "trust." And free peoples who a short time ago accepted Nato and Seato, heavy armaments and firm foreign policies, as vital necessities in a perilous world, are, naturally enough, asking if they are necessary any longer.

Mr Low has just expressed the current mood in a cartoon showing the climb towards the "summit" being made, under a blazing sun, by a party sweltering in heavy clothes ("positions of strength") which they are reluctant to discard. It may be remarked that one does not survive long on the upper slopes of Everest in a shirt and shorts; but that is no answer to the real problem. Soviet tactics, which earlier frightened the western governments into strong solidarity, confront them with a choice between being beguiled into weakness and fragmentation, or being branded as obstructers of peace in the eyes of their own peoples as well as others. Either prong of this Morton's Fork could prove fatal not only to the West but to the world at large.

No reasonable observer, with the record of recent years in mind, will condemn the West outright for

reluctance to dismantle its defences as long as the Soviet bloc retains vast striking power behind its smile. But many, it seems, are ready to criticise western statesmen merely for examining the new Soviet tactics with caution instead of wild enthusiasm. Paradoxically, wariness is now regarded as the mark of the warmonger. Yet the men whom the western peoples have freely voted into power would be serving their constituents ill indeed if they saw a summer in every Soviet swallow. In relaxation, as in every other movement, there is a point of no return. And free nations reach that point sooner than autocracies. The grim tale of the 'thirties ought to remind the world how slowly and unwillingly a free people buckles on its armour again once it has got accustomed to shirt-sleeved ease. The arguments for erring on the side of caution are indeed overwhelming.

★

Yet the tortoise, for all his virtues, remains a less appealing figure than the hare; and if the western governments are to avoid either being stampeded into imprudence by popular yearnings or becoming easy targets for charges of intransigence, they may have to take more pains to show, first, that they are not simply enamoured of arms and alarms, and secondly, how their ideas of a genuine relaxation of tension are sounder than Moscow's. It is not an easy task, but there is perhaps a clue to its achievement in what has already been said. What, in fact, are the specific problems that confront the West in the new situation? There is the apparent readiness of certain German politicians to try to buy their country's reunion by compromising on democratic principles and venturing into a void. There is the lingering disquiet in other European countries at the prospect of Western Germany being armed at all. There is the suspicion aroused in the breasts of Asian and other "uncommitted" nations by the mere existence of a western alliance, however often its strictly defensive aim is stressed or demonstrated. There is the ironical play of hope and fear on certain allied nations too, some of their leaders thinking wistfully of neutrality as a refuge from nuclear conflict, while others are tempted to dodge the column in the belief that the danger has diminished. There is the problem of drawing lines: just where (particularly in Asia) must a resolute stand be made, just how many neutrals (particularly in Europe) can the western alliance support? There are intricate technical problems such as those involved in international control of disarmament; how tight must a control system be if it is to provide real security, and will anything less than absolute watertightness amount to anything more than a dangerous delusion?

There is no simple mathematical solution to any of these problems; they present a challenge to human judgment and advocacy, not to a calculating machine. But they contain one common factor, which deserves to be isolated because it may provide a key to them all. All reflect the essential difference between free societies and totalitarian ones. It is tempting, when discussing the present division of the world, to liken it to the great religious conflicts of history, the wars and struggles between Christian and Moslem, between Catholic and Protestant. But there is a vital difference. In the great religious conflicts, intolerance was usually matched against intolerance. There was fanaticism on both sides; if no quarter was given to the enemy, no questions were invited from friends either. The great conflict of our time, however, is one of freedom against fanaticism; and it is sadly obvious how many disadvantages the free nations labour under in such a contest.

Against the Marxist monolith with its blinkered and disciplined masses, the democracies can muster only in ranks divided by countless national and sectional interests. Their governments have no monopoly of the popular ear such as the Communist rulers command; they have to contend not only with criticism but also with indifference; if they try to change course too suddenly or demand too great sacrifices from the public, they risk being overthrown. They cannot deny themselves anew at any cockcrow they choose; Moscow can present yesterday's "cannibal" as today's heroic friend, laying the blame on Beria or some other convenient corpse, or offering no explanation whatever. But these somersaults are impossible for democratic statesmen, for freedom of debate itself precludes such freedom of manœuvre. The West's nuclear weapons are tested in the face of an alarmed world, the Russians' in Siberian silence. The arming of West Germans has been a subject of anxious debate for five years and is not yet accomplished; the arming of East Germans has already covertly taken place. And so on and so forth.

★

There are also subtler inequalities. The free nations suffer from the common tendency to apply a "double standard" of judgment. Their virtues are taken for granted while their sins are (very properly) chastised; with the Communists it is usually the other way round. Moscow and Peking can win golden opinions by making cheap gestures, such as the release of a few prisoners or the appearance of a sports team; the West, on the other hand, only makes headlines when it refuses a visa. Again, it seems to be generally assumed that the United States and other western nations are morally bound to pour out aid to poorer countries, and the subject is only "news" when they are accused of lagging in this duty; whereas the Soviet Union has reaped two years of kudos from a modest promise of similar aid without any complaint about the delay in its arrival. The list could be greatly extended; but the point should be clear enough. Public opinion, both in the "uncommitted" countries and in the West itself, has yet to make adequate allowance for the vital difference in nature between the two societies, which enables the Communists, while holding down half Europe with tanks and tommyguns, to pour out

while deftly blocking the road to disarmament, to pretend to be pioneering it; while reserving their right to subvert and overthrow the governments of countries ranging from India to Jugoslavia and from Western Germany to Japan, to assure those same governments that nothing need come between them.

To say all this is not to rule out all possibility that the desire for relaxation which the Communist rulers now profess is genuine. They have, indeed, obvious and adequate reasons for seeking a nicely adjusted degree of relaxation, which would enable them to solve some of their pressing economic and political problems while at the same time weakening the free nations' unity and resolve. But here the religious conflicts of history have a very practical lesson for our age. They did not come to a clear and recognisable end. Repeatedly, and sometimes after long years of relaxation, fanaticism revived, and scored easy victories over an opponent whose memory proved too short. That was how the Turks reached the gates of Vienna. As long as the essential nature of Soviet Communism remains unchanged and its proclaimed faith in ultimate world-wide triumph undiminished, how can free societies, with all their tactical disadvantages, offer Moscow the "trust" which it now demands? A surer road than that must be found if the world is to achieve abiding peace.

A Bill in Need of Repair

THE new Road Traffic Bill will deserve to be carefully debated in the House of Commons during the next few weeks; the Lords spent ten days on its abortive predecessor in the last Parliament, but they have not completed the repair job that is needed. The important thing for both critics and defenders of the Bill to remember is that in this measure they should look towards the future and not be content to tinker with the present. This will be the first Traffic Bill to reach the statute book for twenty years. By the time that the next Traffic Bill is presented, at this rate and if quite realisable economic hopes are fulfilled, Britain should be well on the way to doubling its standard of living—to something like present American standards. By that time, if American experience is repeated, Britain may also have trebled the number of vehicles on its roads and doubled the number of road fatalities per head.

This is a crowded and harrowing prospect. The reality could be more crowded and harrowing still. Britain is a much more congested country than the United States, and its cities are much less suitably planned for the motor age. It seems likely, therefore, that as more and more people realise their ambition to buy a car, traffic in the cities will move more and more slowly and fatalities may grow even faster than they have done in the United States. Under this pressure, there is a real danger that there may be a call for artificial restrictions on the number of cars. Any such restriction would be unfortunate, not only on the general principle that people should whenever possible be allowed to do what they want (and large numbers of them certainly want to own motor-cars) but also for specific reasons of the national interest. In this mechanical age, when transport yearly plays a more essential part as the linking element of a complex civilisation, to restrict a country's motor-mindedness is to condemn it to technical backwardness. A principal objective of the Ministry of Transport in the next twenty years should therefore be to avoid the need for imposing any restriction on the public's desire to own motor-cars. Experience during the rail strike has suggested that Britain is already carrying less goods and passengers by road than it could and should.

It is against this background that the Road Traffic Bill should be judged. And, against this background, it at once becomes obvious that any Bill can be only a secondary matter. The real need in the next two decades will be to spend a much larger proportion of the national income upon roads and other public facilities—and especially upon such things as bridges, underpasses and off-street parking places in the built-up areas. The key to traffic problems for many years will lie not with the Ministry of Transport, but with the Treasury. The most that should be asked of any Traffic Bill is that it should start certain pilot experiments that might help to solve some of the problems that are bound to grow more serious as vehicles accumulate on the roads.

To be fair to the Government, it regards the Road Traffic Bill of 1955 as falling into precisely this experimental category. The trouble is that some of the experiments seem likely to be tried under impossible conditions. The major criticisms that can be levied against the Bill can be grouped under four headings. On the eve of the second reading of the Bill in the House of Commons it seems useful to set these criticisms down in summary form.

The Abortive Inspections

When the original Bill was published during the last Parliament, it was announced that the Ministry of Transport would establish its own testing stations, to which motorists could come to have their brakes, steering gear and lights inspected. It was proposed that these voluntary tests should gradually be extended to compulsory tests; and that eventually all cars should be obliged to secure an "annual certificate of roadworthiness" from some "authorised examiner." Unfortunately, it was admitted that—if compulsory inspection really was to be extended to all cars—many

of these authorised examiners would have to be ordinary commercial garages. This proposal would have put the chosen garages in an invidious position—and their competitors and customers in a helpless one. The proposal has, therefore, been dropped.

But there is room for doubt about the alternatives on which the Government apparently intends to rely. Apart from a possible extension of "spot checks" on the roadworthiness of cars (which will be very annoying to motorists and probably will not work), the main innovation is that the new Bill—unlike the old one—seeks "to make unlawful the sale or supply" of an unroadworthy car. A law of this sort is in operation in South Africa, and experience there has shown that it can have very unfortunate effects: it tends to make person-to-person sales of secondhand cars very difficult, and to channel most sales through organised dealers who make a tidy profit out of them.

Parking Meters

There should be no objection in principle to the idea of charging for parking facilities on the Queen's highway; the idea is certainly much better than the suggestion that certain parts of the Queen's highway—for example those in central London—should be put out of bounds to "inessential" private motorists altogether. The Government is also undoubtedly right in accepting that the main object of the parking meter system should be to provide room for the "short term" parker, while seeking to persuade the long term parker to go to the garages and off-street parking places. To achieve this, the Paymaster General suggested in the debate in the Lords, the "standard" parking charge may be 6d. for an hour and 1s. for two hours, but there will be a steep excess charge "of, perhaps, 5s. for two or three hours" to discourage long term parking.

One reflection aroused by these proposals is that it is a pity that the authorities should be thinking in terms of standard charges instead of differential charges for different areas; another—and more important—is that the system is going to be extraordinarily difficult to enforce. The system of enforcement suggested by the Paymaster General was that the local authority would send a car park attendant round the meters from time to time, and that he would put a notice on each car that had overstayed its time stating the amount of the excess charge that had become due; the motorist who found this notice on his car could either give the excess money to the attendant, or put it in a box, or mail it on to him. If he failed to pay within a stipulated period, the local authority could take court proceedings against him.

This does not sound very workable. No system of parking meters—and no restrictions on parking—will work unless retribution follows so automatically on a breach that everyone tries to obey it. For that, two things are necessary. The first is a perfectly clear and indisputable definition of when a breach has occurred, which parking meters can provide only if they are not asked to do the complicated sums that a sliding scale of charges would require (though, of course, one meter can be set to give an hour for sixpence, and another only half an hour for a shilling). The second is a method of levying fines that requires no more of the official (be he called policeman or parking attendant) than either receiving a fine on the spot or noting down the licence number of an offending car, so that a demand for a fine can be sent out by post. But for this, a legal obstacle must first be surmounted: the owner of an improperly parked car, not the person "in charge" of it, must be held responsible; and he must be deemed guilty unless he can prove his innocence. These problems are (not for the first time) under review by a committee, whose report is really required before the Bill becomes law. The changes required will take some swallowing by the lawyers. But until they are swallowed, policemen will have to wait alongside offended cars for the driver to return, and fines will continue to be imposed only by the courts. In other words, there will not be enough enforcement to persuade the average motorist to obey the law. To call the enforcing official a "parking attendant" and the fine an "excess charge" does not really get round the difficulty—while it does mean that parking meters will not be put up in the most suitable places, but only in places where sufficient cars can be parked to make it economic to employ an attendant.

Driving Offences

The Bill does not tackle the root problems of Britain's present motoring laws. The real trouble about the punishment of "minor" driving offences at the moment is that the law is not evenly administered up and down the country, and that leniency in some districts tends to drive out strict regard for the law in others. The trouble about "major" offences is that the law should punish motorists in proportion as their driving is bad, but instead pretends to punish them in proportion as the consequences of their driving are harrowing. To deal with these problems Clause 15 of the Bill merely seeks to increase the ineffective maximum penalties for minor offences (for example, the theoretical maximum fine for exceeding the speed limit is to be increased from £20 to £30); and Clause 5 introduces a new offence of "causing death by the reckless or dangerous driving of a motor vehicle on the roads." This Clause 5 was introduced after the Lord Chief Justice had complained that juries were "perverse" about sending motorists to prison for manslaughter; he thought that if the emotional word manslaughter were struck out of the indictment, juries would be more ready to allow him to lock up motorists for five years on this new charge.

The habits of juries and magistrates are unlikely to be changed in this way. Probably the wisest reform would be to lay more emphasis upon disqualification from driving as a *minimum* penalty for repeated offences—and not merely disqualification for very short periods. The Bill does seek to increase—to nine months—the minimum period of the disqualification which a court is normally required to impose [illegible] found guilty of two or more offences of "reckless or dangerous driving" within three years. There seems to be no reason why the minimum should not be longer, and why this provision should not be extended to the less serious legal offence of "careless driving" as well.

Provisional Licences

A final objection should be levied against the very clumsy Clause 8 of the new Bill. The object of this clause is to prevent some drivers, and especially some motor cyclists, from driving around for many years with L-plates on their backs without ever taking proper instruction or submitting themselves to the driving test; the clause therefore enables local licensing authorities to refuse to renew a "provisional" (which means an L-driver's) licence if the applicant has had four such licences within three years and has still not submitted himself to a driving test. The enabling power is necessarily uncomfortably wide, and it is provided that the applicant can escape from its rigour if he can "show reasonable cause" for his failure to take the test. No local licensing authority anywhere should ever be obliged to make an arbitrary judgment about reasonableness in this way; and the clause is necessary only because of the rigid restrictions which this and every previous traffic Bill have placed upon the charges that Ministers can make for such things as tests, licences and even the Highway Code. The proper course would clearly be to make a second provisional licence—for anybody who has refused to attempt the test—more expensive than the first one; and to make a third successive provisional licence more expensive still.

France in a Groove

MIDSUMMER has tended to be a fateful season in postwar France. June of last year saw the dramatic elevation to office of M. Mendès-France and his equally dramatic vow to resign if he could not obtain a settlement in Indo-China within thirty days. June 1953 witnessed the Fourth Republic's worst and longest political hiatus, ended only by the formation by M. Laniel of a "caretaker" government which in the event outlasted most of its predecessors. This year, midsummer passed in an outward calm, with the Senate elections seeming to register a confirmation of the *status quo* and the threatened strike of public employees the only immediately ominous sign. But this momentary calm is deceptive. The present National Assembly was elected in June 1951 for a five-year term, and with less than a year to go before the next general elections, political campaigning, although of a tortuous kind, has already begun. The parties are drafting their manifestoes and casting about for allies. In the minds of all who watch the skirmishing, one question dominates: can a coherent and self-disciplined parliamentary majority emerge in 1956, or will the next Assembly inherit its predecessor's paralysing divisions and instability? Already an answer can be attempted.

The change in the political atmosphere in the last four years is indeed striking and clear. The present Assembly was elected under the slogan "Defence of the Republic." In 1951 the popularity of both Communists and Gaullists threatened to give a parliamentary majority to anti-parliamentary forces. To prevent this, the other groups drew closer together, grafted the device of electoral alliances (*apparentements*) on to the existing system of proportional representation, and thus managed to stave off the danger. But the resulting cohesion of conservative and socialist, lay and clerical, "European" and nationalist forces could not be maintained for long. Economic recovery, the diminishing fear of a Communist coup, and the very survival of the regime combined to tempt the Gaullists out of isolation; and so, in two stages, they re-entered the "system" they had denounced. Since their return was not matched by any corresponding renunciation of dogma by the Communists, the balance of the Assembly was tilted to the right.

The majority that dominates the present Assembly, extending from the centre to the extreme right, is a patchwork coalition which has been held together only by compromises; the resulting inaction has gained the name of *immobilisme*. M. Mendès-France, brought to power in an atmosphere of mingled suspicion and new hope, was allowed to wind up the Indo-China war. But when he tried to find a compromise over German rearmament, he lost part of his support; and when he tried to press forward reforms in North Africa, he was removed from office before his economic programme was properly launched. After a seven-month interlude, parliamentary arithmetic had taken effect again. The old Centre-Right majority, which had supported M. Laniel, came back to power. Is this the only possible majority for the next Assembly as well?

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Two years of industrial recovery without inflation have brought economic stability; the Left is making more energetic attempts to regroup its forces; and what was once the biggest non-Communist party, the Gaullist *Rassemblement du Peuple Français*, has disintegrated. Although some of its deputies will keep their seats, the other parties are now preparing to divide its electoral heritage. Gaullism at its peak drew votes from many quarters, and Radicals, Socialists and even Communists can all hope to gain from its demise; but the hard core of support for the RPF came from conservative and

clerical areas, and the right-wing groups—"moderate," "independent," or "peasant"—and the Christian Democrats (MRP) are its logical heirs.

The receding Gaullist tide may thus leave high and dry one of the plans for a regrouping on the Left—that which called for an alliance of MRP and Socialists as "progressives" and "Europeans." The MRP is the curiosity of the Fourth Republic; born of the Resistance, it was the first French attempt to form a mass party uniting the Catholic Church with progressive social ideas. Its supporters, however, proved from the beginning to be more conservative than many of the party enthusiasts. Its leaders must have been aware of this, for they have stayed in the governing coalition (except for the Mendès-France episode) in spite of the successive shifts of its centre of gravity to the right. An influx of clerical Gaullist votes is likely to make the MRP an even less suitable partner for the anti-clerical Socialists.

The other, more ambitious, attempt to create a new "third force," led by M. Mendès-France, will also meet strong resistance. In capturing the Radical party machine, he has shown that he is as doughty a fighter in opposition as in office. The party machine, however, is not all. The resilience of the Radical party has always lain in the weakness of its ties. Those Radical deputies who are elected with conservative support, and there are quite a number of them, will not obey orders to stand on a common platform with the Socialists. M. Mendès-France will not be able to discipline the ranks of his own party, and even his most optimistic supporters do not expect him to secure a coherent majority in the 1956 elections. At best, they hope, he will command some hundred loyal followers, including some leftish Gaullists and M. Mitterand's friends in the small UDSR party, which should enable him to play a vital part in any coalition and to refuse to enter one without Socialist support.

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The common trouble with coalitions is that each partner considers itself indispensable, and the prospect of one wagged by its conservative tail does not attract the Socialists. Since they will play an essential role in any realignment, they are being wooed by both the MRP and the Radicals; yet they themselves look anxiously to their left, where the Communists are keeping up their barrage of propaganda in favour of joint action. The Socialists have lately been gathering the fruit of opposition; the decline in their support has been arrested, and they even hope to recover a little ground from the Communists. It is unlikely, however, that the present economic recovery will cost the Communists many votes. Their five million supporters may not be in a revolutionary mood, but they are still discontented enough to vote against the régime. A long period of radical reforms will be needed to convince them that they have a stake in the existing type of society.

This seems to be the vicious circle of French politics.

The Right is either unwilling or unable to carry ou effective reforms; the moderate Left, even if it wan to do so, cannot carry them through without previous capturing a large proportion of the very Communi votes which are at stake. In these circumstances, it no wonder that French political prophets write in th mood of *plus ça change*. They argue that, unless radical change is made in the electoral law, which unlikely, the next Assembly will be very much like th present one—only more so, since its centre of gravit will have shifted still further towards the conservative Popular discontent with the rule of such a parliament the only thing that could provide an opportunity eith for M. Mendès-France or for the Communists, f "progressive capitalism" or for a *front populaire*.

Yet this argument is really based on the assumptio that nothing much will change before next year. North African debacle of Dien Bien Phu proportion or an economic relapse, could alter the situation drast cally. It should not be forgotten that little more than year ago France seemed to be on the eve of a *fro populaire*, and that a Mendès-France will not always b available to take the wind out of Communist sails. may be idle to prophesy the mood of the electorate but it is worth while watching carefully the par manoeuvres and political skirmishes as they gain i intensity in the months to come.

No Sunday Dinners?

It cannot be said . . . that it is the mere dread of a mob . . which has caused so sudden a revulsion of feeling on the subject of the Sunday Trading Act. The truth is, that there has taken place in the last week not so much a revulsion as an awakening of feeling on the subject. The House of Commons was allowing a Bill to which they were indifferent, or if anything somewhat hostile, to drift into a law, under the pressure of a small but vigilant and exacting party. . . . The eyes of the Legislature are opened, and they find that they were on the brink of committing a serious error. . . . This party has its representatives in the House of Commons, and there and elsewhere they have been permitted to play strange vagaries under the cover of amiable intentions, and a reputation for . . . philanthropy. . . . Emboldened by the success which attended their efforts to make the Beer Bill a religious question, this party proceeded in the present session to carry their crotchet a step further. It was not enough, in the words of the Anti-Jacobin, "to rob a poor man of his beer," to curtail his Saturday night: it was determined to make an attack upon his bread and meat also, and to encroach upon his Sunday morning. The small shops which had been in the habit of dealing on a very small scale, at early hours on Sunday morning, to those whose leisure for making purchases was confined to about thirty hours in the week, were to be peremptorily closed. Deprived of his beer—deprived of his hot dinner—deprived of his newspaper—deprived not only of what shops afforded but of the recreation of shopping, with the Crystal Palace firmly barred against him, and excursion trips hedged in by sundry provisions as to *bona fide* or *mala fide* travellers—it was to be hoped that at last the poor Londoner would spend his Sunday in a way sufficiently dull and dreary to satisfy the most sombre Sabbatarian.

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Notes of the Week

Anniversary Waltzes

THE accident of the calendar brought not one but three international anniversaries round last week. While 38 foreign ministers and over 3,000 others packed San Francisco's opera house to mark the United Nations' tenth birthday, Peking was solemnly celebrating the first anniversary of the declaration of the "five principles" by which Communist propaganda now sets such store. And Mr Truman's appearance at San Francisco recalled, to many who might otherwise have forgotten, that this was also the fifth anniversary of the North Korean drive on Seoul which drove the United Nations to undertake, for the first time in history, armed resistance to aggression under the flag of a world organisation.

The relevance of these events to each other is plain enough. The North Korean troops who swept south in June, 1950 had, almost to a man, just signed a Communist "peace appeal." Chinese and Soviet endorsement of the "five principles," which include non-interference in domestic politics and peaceful co-existence, has not deterred Peking from encouraging terrorists in Malaya or Russian pilots from trigger-happy antics over the Bering Strait. Is it surprising that Mr Molotov's repeated demands for "trust" and still more international pledges of good intent led Mr Dulles last week to cast doubt on the value of "piling promises on promises"? As the Secretary of State pointed out (and as *Pravda*, incidentally, has just confirmed) the UN Charter itself provides a valid non-aggression pact. Since 1945 the member nations have been morally and specifically bound to live together in peace, and at San Francisco Mr Lester Pearson struck a characteristic note of commonsense amid the rhetoric by recalling how far short of that pledge some members had already fallen.

Perhaps the most striking point in Mr Molotov's masterfully evasive press conference was his refusal to say how far his "European security" plan differed from M. Pinay's suggestion of a link between the two existing European systems. Most of his questioners could probably have provided him with an answer. While the Nato-WEU system embodies not merely pledges but limitations on arms and workmanlike controls to reinforce the limitations, the "Molotov plan" does not. It would be highly optimistic to expect the Russians to come anywhere near M. Pinay's line of thought, for the gulf between them is notoriously difficult to span: on the one hand the attempt, previously made at San Francisco in 1945, to restrain violence by putting strength behind an accepted code; on the other the familiar demand for a putting away of tried and trusted defences and a gamble on goodwill. We have, indeed, been here before.

Men in Shadow

LABOUR hopes that it has found a new recipe—Bevan without Bevanism. Mr Bevan having lifted his boycott of the Shadow Cabinet, Labour MPs have voted him back on to it, but in the company of two of the Right Wing's toughest strong arm men, Mr George Brown and Mr Stokes. Out of the full Shadow Cabinet of eighteen, Mr Bevan can count on the active support of only Mr Wilson and Mr Greenwood, and probably the benevolent neutrality of Mr Attlee; the Right Wing's new bulldogs will be watching Mr Attlee as closely as Mr Bevan, even if they do not snap quite so loudly at his throat. When the crucial issues arise, the new Shadow Cabinet therefore seems destined to be faced with a choice between procrastination and discord. One of the chief virtues of the changes is that the new committee is more likely than the old one to risk a row rather than to fall back on fatuous compromise. To Mr Brown, in particular, rows are the spice of political life.

In all, six of the eighteen Shadow Cabinet places have changed hands. Gone are Mr Dalton, Mr Ede, Mr Shinwell, Mr Hall and Mr Whiteley, all retired, and Sir Frank Soskice, out in the wilderness. Replacing them are Mr Bowden (the new chief whip), Mr Bevan, Mr Greenwood, Mr Brown, Mr Stokes and Mr Mitchison. The drive for youth has been only partly successful; the average age has been cut from 60 to 55, but one of the new men, Mr Mitchison, is 65. It is said that he owes his place to the need for a lawyer to replace Sir Frank Soskice, but Mr Mitchison was preferred to a former law officer, Sir Lynn Ungoed Thomas, apparently because Sir Lynn took the wrong side on German rearmament. This is a curious reason for choosing between two lawyers. One consequence of the pattern of accessions and retirements should be to improve the Shadow Cabinet's administrative qualities, although possibly at the cost of its intellectual level. The Opposition should in future conduct its Parliamentary business more efficiently and with more decision, but whether it will act more wisely remains to be seen.

Uncle Fred Steps Out

LORD WOOLTON'S retirement from the chairmanship of the Tory party will deprive the Conservatives of one of the most successful party managers in British political history; and both his successor and his opponents can learn something from the way in which that management has worked. There is no magic formula about the way in which the pieces of the Tory machine fit together, nor has Lord

Woolton discovered some hitherto hidden strain of political geniuses. Most of the men who occupied the top posts at the Conservative Central Office during the Woolton regime were there when he arrived. The Tories have certainly made some striking advances in political party technique, such as the harvesting of postal votes and the use of systematic, full time canvassing. But a good deal of the postwar expansion in the party organisation has no more than made good the wartime run-down.

Lord Woolton's distinctive contribution has been less a matter of organisation than of public relations. When he took over the Tory party machine nine years ago, morale was still prostrated by the fearful beating of 1945. He provided the key to all that has followed by introducing the one quality that is as essential in politics as in business, but that was then completely lacking—confidence. Although he made few major changes, he gave the impression of a brisk new broom. At the Central Office, after making sure that he had good men, he gave them their heads, reserving to himself only the big strategic decisions. In the constituencies, the expansive manner and the rich, succulent voice, both of which can be so irritating to sophisticates, breathed new life into the Tory party workers. Recruitment rose and money rolled in. If the superiority of the Tory machine today is to be largely explained in terms of money, it was Lord Woolton who conjured up the cash.

There is at the moment no need for another rescue mission; but, in picking the new chairman, Sir Anthony Eden will need to avoid an anti-climax. It is a fallacy to suppose that the Tory machine can be kept ticking over under some minor personality for the next four years; if it does not retain a Woolton-like impetus, it could run to rust.

The Monckton Doctrine

In last week's debate on industrial relations Labour MPs competed in their anger against the stock exchange and their adulation of the Minister of Labour. The emphasis on Sir Walter Monckton's indispensability was particularly marked in the speeches of those Labour members who believe the rumours that Sir Walter, who is suffering from the strains of his strenuous period of office, may be about to retire.

The most important feature of the debate, however, was Sir Walter's own definition of the doctrine that he has built up at the Ministry. He said that his duty as Minister is to find a basis on which parties in dispute can be brought together and a threatened or actual strike called off—leaving, as a rule, detailed negotiations until a later date. In spite of the Prime Minister's broadcast on the rail strike, the Ministry has no definite policy on whether negotiations should take place while a strike is in progress, a matter which he thinks the employers concerned should decide. And he does not think that the Ministry can intervene in unofficial strikes. This last limitation is based on the recognition that to treat with unofficial strikers is often to strengthen them, and to undermine the leadership with which employers and the Ministry itself will have to deal in future. It is a misguidedly formal limitation all the same.

Sir Walter also made it reasonably clear that the Government is not contemplating any anti-strike legislation. He reviewed the proposals that have been canvassed, and mentioned some of the objections to them. He puts his own faith in better human relations, voluntary agreements about arbitration and, it seems, a period of reflection before a strike is called. It is possible that this last point—the suggestion that there should be a cooling off period between the announcement of a disappointing arbitration award and the date at which it is regarded as within the rules of decency to call a strike—is one of the principal points that he has been discussing with trade union leaders and employers in the past few weeks.

Ho's Begging Bowl

The importance of Ho Chi Minh's mission to China and Russia can be assessed by the size and prestige of his delegation. With him are Truong Chinh, secretary-general of the Lao Dong (Communist) party, his ministers of industry and commerce, finance, education and public health, and the vice-minister of foreign affairs. While Communist sources have been reticent as to the object of this visit to the Viet Minh's big brothers, its timing and the composition of the team provide the necessary clues.

The economic plight of northern Vietnam is likely to dominate Ho's talks with the Chinese and Russian leaders, not only because of its inherent seriousness, but also because of its political implications. Most of the electoral assets are in the hands of the Viet Minh—larger population, efficient methods of coercion, the prestige of victory over the "colonialists"; but the economic advantages lie with the south—liberal American aid and a plentiful supply of rice. Economically speaking, the Communist cake is smaller than the West's, and it has been cut up into so many slices that the crumbs that have reached Communist Vietnam have been infinitesimal. It will be up to Ho and the powerful but less famous Chinh to persuade their big brothers that generosity is imperative, even if other members of the family have to suffer.

While Ho and his men take their begging bowls to the Communist soup kitchens, Mr Diem sends his emissaries from southern Vietnam to the West. This is more than coincidence. Mr Nguyen Huu Chau, Mr Diem's minister-delegate, and the prime minister's brother, Mr Ngo Dinh Nhu, are both visiting Paris and London. Mr Chau's mission is the more concrete: in Paris he has been discussing the functions of the French expeditionary corps (the Vietnam national army objects to taking orders from the French); both in Paris and in London he will sound the opinion of the principal western signatories of the Geneva agreement about the provisions for country-wide elections next year.

The strength of the Viet Minh position is that it has announced its willingness to meet southern delegates from July 20th to discuss arrangements for the elections, as laid down in the Geneva agreement. The southern Vietnamese press, however, has been raising objections to such consultations. To the extent that the objections are based on charges of Viet Minh intimidation and on pleas that sporadic terrorism makes elections impractical, a sympathetic response may be evoked in Paris or London. The newly published third interim report of the international supervisory commission in Vietnam lends substance to such arguments. But it is essential that the south should not convey the impression of shirking an unpleasant obligation.

North Atlantic Ally

The historic westward voyage of the raft Kon-Tiki, which the Queen inspected during her visit to Oslo last weekend, was no more remarkable than the journey which the Norwegian Labour party has made in the last thirty-five years. At the end of the first world war it stood near the extreme left wing of the Social Democratic parties of northern Europe, and until 1923 was a member of the Comintern. Now it provides a cautious and apparently perennial government for Norway, which it has led out of its traditional neutrality into full membership of the western alliance. One of the men who brought the party out of the Comintern was Hr Oscar Torp, who gave up the premiership at the beginning of this year; his successor, Hr Gerhardsen, was head of the government that attached Norway to Nato in 1949. Both were among those who welcomed the Queen in Oslo. The Social Democrats, once brusquely republican in temper, have changed as much in this as they have in their orientation in world affairs.

Norway's links with Britain, although firmly based on tradition, are stronger today than ever, and the two countries are formally allied for the first time in modern history. It might be argued that but for the German invasion in 1940, the Norwegian advocates of Nato membership would have found it far more difficult to persuade their fellow-citizens to abandon the neutrality which, except for the last war, they had maintained for over a century. And yet this would not do justice to Norway's peculiar steadfastness in its new course, adopted in the teeth of Soviet threats. Unlike Denmark, for instance, Norway entered Nato after a parliamentary vote that was virtually unanimous except for the Communists, and it has shown none of the occasional irresolution which, in Denmark, has periodically perturbed allied observers. The credit for this goes largely to Hr Halvard Lange, the foreign minister, who has been a constant champion of the North Atlantic Treaty and of Atlantic solidarity in general. At a moment when neutrality is the *dernier cri*, the sober voice of Norway might well get a wider hearing among small nations concerned for their own security and the world's.

Light on Prague

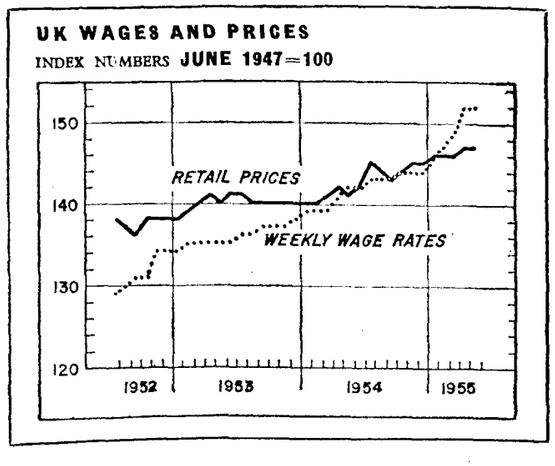
Both the Czechoslovak government and Dr Barnet Stross, MP, of the British-Czechoslovak Friendship League, have criticised the way the British popular press has revealed the plight of several Englishwomen who married Czechs during or after the war and have since suffered at the hands of Communist police and officials. The Prague Foreign Ministry has declared that the "slanderous" press campaign "cannot but have a disturbing effect on the consideration of Mrs Sispera's case, as well as of other similar cases." Dr Stross is reported to have said in Prague that "if the cases of one or two women are made a Roman holiday of, it may affect the 40 or 50 others."

Yet all the evidence indicates that if the London daily press had not "splashed" the stories of misery and cruelty brought out of Czechoslovakia by a released prisoner, nothing might have happened, in at least one of these cases, for a long time. The Czechoslovak Foreign Ministry, after blocking Mrs Sispera's appeals for months, found it possible to promise her an exit permit within a few hours of the publication of her story—although it is not yet clear if it has agreed to let her British-born children go. As for the British-Czechoslovak Friendship League, it appears to have shown a monumental indifference to her plight and that of others; it does not even seem to have occurred to those who run it that British enthusiasm about the present Czechoslovak regime, which is what they seek to stimulate, might increase if the veils of silence were ripped and the unhappy prisoners freed.

The Stevedores Guilty

The TUC disputes committee had no choice but to find the stevedores guilty of "poaching" 10,000 members from the Transport and General Workers' Union in the northern ports. It is bound by established rules for dealing with inter-union disputes: in this case by the Bridlington agreement of 1939, which forbids a union to organise where another union has a majority and does not agree to intrusion into its field. This verdict raises a dilemma. In part, the objects of the Bridlington agreement were worthy—the prevention of the chaos that might ensue if every little band of agitators could start up a splinter union by promising the earth. But it is not much good having a worthy agreement if it is also an impracticable one. And events are likely to show that it is impracticable in this case, to force men to belong to a union of which they do not approve.

To say that the Bridlington agreement needs revision is no solution to the dock strike, nor the end of the strike



likely to be brought any closer as a result of the TUC's verdict. The NASD's national executive had promised to accept this verdict; but it is itself in the process of disintegration, and hopelessly at odds with the men in the north. There they are talking again of a march on London; last Monday's march proved to be in the overnight coach, but it was successful in preventing the London men from returning to work.

The time has therefore come to launch an appeal to the Transport Union from its friends. If this strike collapses through lack of money and solidarity, it will leave behind a fearful legacy of bitterness and frustration. It will not do the Transport Union much good to try to recruit its former members in such an atmosphere. But it could earn universal praise if it would now make a grand gesture and agree that—on certain conditions—the NASD should be allowed to organise, and be represented on the local committees, in the northern ports. The men concerned are going to belong to some other union than the Transport Union in any event. That "other union" could hardly be much worse than the old NASD, from which dockers and the country have suffered so much in the last twelve months. Would it be possible now—when a new NASD is forming, although admittedly out of the most unpromising material—to bind the new leaders to a more acceptable code of conduct in return for offering to save their face? The Transport Union should look into this possibility: it might even be in a position to indicate which leaders of the NASD are *persona non grata* with it.

Union with Malta?

NEGOTIATIONS between the all-party delegation from Malta and the British Government are nearing completion. Since the Nationalist party is in opposition its demand for "Commonwealth Relations Office status" falls to the ground, and it is Mr Mintoff's proposals for an Act of Union with Britain (on the model of the union between England and Scotland in 1707) that are now under discussion. These proposals have been modified since last year. They request that Malta should be allowed to send MPs to Westminster—probably three; but they envisage that social and economic integration would be gradual. Although an Act of Union would make Malta eligible for "development area" treatment at once, the Maltese government now hopes that industries would be attracted to Malta not as the result of direction, but because Malta's wage costs are 40 to 50 per cent lower than Britain's.

The British Government would be wise—and brave—to accept these proposals. Two or three Maltese MPs at Westminster would have as little effect on party fortunes as two Sinn Fein MPs do now; on the other hand their ability to speak, vote and ask questions would give the Maltese the all-important sense of being free men, able to influence their own destinies. As to the precedent, the number of colonies likely to opt for integration rather than Commonwealth country status—or independence or enosis—is so small (some would say so significantly small) that the argument of precedent is really only an argument of prejudice. After all, if the Channel Islanders asked for the same representational facilities a the Orkneys and Shetlands, would they be refused?

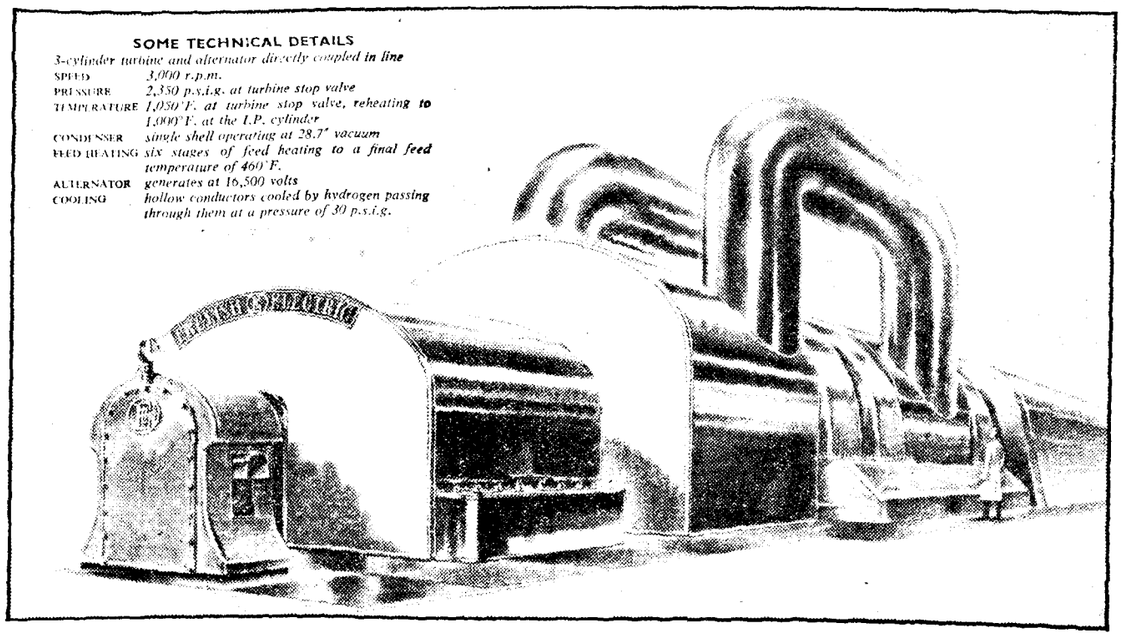
Whatever decision is reached, Britain is faced with heav expenditure in Malta in the next few years. In a specia report to the Maltese government, Mr Thomas Balogh an Mr Dudley Seers estimate that the need for capital funds wil rise towards £3 to £3.5 million per annum as war damag expenditure declines; they put the need for immediat aid at £1.5 million a year. They have no doubt that Britai has not fully compensated Malta for the use to which it i put as a base, and which, over the years, has reduced it civilian economy to a fossil. But they believe that, given a plan, industries could be attracted, an entrepot and touris trade built up, and the island's economy developed to a stag where integration would be fairly easy. Perhaps th strongest point in their report is the reminder that man such recommendations have been made before and merel pigeon-holed.

Political Coal

BOTH parties in the Commons have recently been talking a great deal of nonsense about coal. The fact that the country is having to import 12 million tons of coal this year is fully worthy of Parliament's close attention, but Labour's chief contribution to the argument has been to demand that the £25 million loss involved should in no circumstances be shown in the Coal Board's accounts. It has two bad motives for this, and Tory backbenchers have failed to take advantage of either of them.

The first motive is that the Opposition is now absurdly touchy about the losses shown by nationalised industries. It is particularly touchy about coal, because Tory backbenchers are determined that in this Parliament they will not shrink from prodding the Government to prod the Board. Unfortunately, they are too determined about it. They would do well to hold back until the reforms demanded in the Fleck report have had a chance to operate. The Tories should also remember that the way which the Fleck report recommended that the Coal Board should move—towards more centralisation—was directly opposite to the "reforms" which Tory backbenchers had previously advocated.

Labour's second reason for bad temper about coal this week was that it believes that the cost of expensive imports should be borne by the taxpayer instead of by the consumer; its approach on this matter, as on so many others, is bound by its refusal to see any virtue in the price mechanism. The Tory backbenchers, as the champions of freedom, should favour the simple and proper solution of letting the price mechanism operate not only for coal, but also for gas and electricity. But they are doing no such thing. Recently, one of their chief spokesmen, Mr Nabarro, pleaded for the abolition of household coal rationing. He urged the Government to allow the import of the extra two million tons that he thought would be needed, even though it would cost £12 million, chiefly in dollars. But he specifically said that he raised no objection to the retention of price control. No rationing, but continued price control? Somebody should tell Mr Nabarro what the recent election was all about.



Britain's most powerful steam turbo-alternators

TO BE BUILT BY THE ENGLISH ELECTRIC COMPANY

The ENGLISH ELECTRIC COMPANY has designed and is now to construct the first three of the 200,000-kilowatt steam turbo-alternators for the Central Electricity Authority's new High Marnham Power Station, to be built (subject to Ministerial consent) on the River Trent.

More than three times as powerful as the largest and latest high-speed generating units yet in service in Britain, a single machine will have a higher output than most of the complete power stations now operating in this country. It will, for example, pour into the National grid system as much current as is used domestically by about 4,000,000 people—nearly a tenth of the population of the country.

The new 200,000-kilowatt sets will also show a considerable gain in efficiency: for the same amount of coal, they will generate about 10% more electricity than the average now obtained from existing power stations.

Technically, therefore, the projected station represents a bold and imaginative step forward. When it is ultimately equipped with the five units planned, this station will contribute a million kilowatts to the increased supply of electric power which is vital to Britain's developing prosperity. Vital it is: the British worker still has at his disposal only one-third of the electrical energy available to the American worker.

ENGLISH ELECTRIC a pioneer

From the earliest days, the firms now grouped in ENGLISH ELECTRIC have played an important and often a pioneering role in the evolution of generating plant. Steam turbines have been manufactured at Willans Works, Rugby, and alternators at Siemens Works, Stafford, since 1904.

Since its formation in 1919, ENGLISH ELECTRIC has been able, with the closest co-ordination of design, to produce both generators and the turbines to drive them. It has furnished turbo-generator sets to some fifty of Britain's power stations, in addition to the related transmission and distribution equipment.

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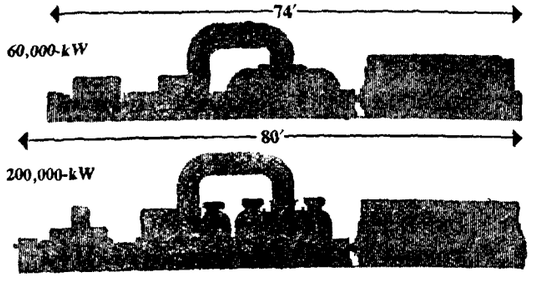
Comprehensive resources

The Company's long and specialized experience in this field and its ample manufacturing resources are reinforced by bold programmes of development, including the vital problems of power generation by atomic energy. Thus ENGLISH ELECTRIC is thoroughly equipped to contribute in the future, as in the past, to the expansion of Britain's and the world's generating capacity and industrial development.



This scale comparison of a 200,000-kW turbo-alternator with a 60,000-kW machine shows the relatively small increase in size for the very large gain in power output, permitting great economies in power station construction.

'ENGLISH ELECTRIC'

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Men have been seeking the source of the Amazon
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With its aid, a British-led expedition proved Lake Ninococha,
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Minute quantities of fluoresceine –
which can be seen even when diluted four million times – were sprinkled into the lake.
They soon coloured the waters of two adjacent lakes and, later, the tell-tale green hue
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This was but one use of a dyestuff which has proved its worth
in many unusual ways – it has been used, for example,
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which today are supplied not only for textile applications,
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Green explorer

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Japan's Unfinished Business

THE rumblings of the cold war in the Pacific and South East Asia tend to conceal the fact that the ten-year-old accounts of the last war there are still being settled. Japan seems to be making up its mind to come to terms at last on reparations payments with the Philippines, one of the two countries whose claims are outstanding. A meeting of Japanese and Philippine experts in Tokyo has signed agreed minutes, after talks lasting nearly three months, setting out a list of the goods and services which Japan can make available when the total value of the reparations has been settled. There are signs that both sides are moving towards a compromise on this. The Philippine government has cut its demands from $1,000 million to $800 million, to be spread over a period of eighteen years, and the Japanese are reported to have raised their bid from $500 million to $650 million, to be spread over twenty years. The gap now seems to be of bridgeable dimensions; indeed, there were rumours that the irrepressible Mr Hatoyama had offered to accept the Philippine figure, and although he has denied this there are good reasons why Japan should seek a decision in order to improve relations with its non-Communist neighbours.

One country with which Japan has already come to a reparations agreement is Burma, and the Japanese believe that it was last November's settlement with that country which persuaded the Philippine government to make its demands more flexible. If another agreement can now be reached, there might be a chance of reopening the negotiations with Indonesia, which lapsed into horrified silence on the Japanese side when the Indonesians made a huge claim to the value of several billion dollars. Normal trade is hampered so long as the reparations demands go unsettled, and, although there have been a few delays in implementing the Burma agreement because of difficulties over methods of payment, the Japanese favour the Burmese-style settlement and would be happy to see it repeated elsewhere. Mr Shigemitsu, the foreign minister, has now told the Philippine Ambassador in Tokyo that the matter should be settled by compromise; and despite some gloomy estimates by the director of the economic policy board of the amount Japan can afford to pay, the prospects of an agreement when the two sides next meet in Manila look brighter.

Shy Seato

AN unobtrusive meeting of economic experts from eight Seato powers took place last week in Karachi, at which problems connected with the economic impact of the defence commitments undertaken under the Manila treaty were examined. Similar groups of experts have already met, or will be meeting in the near future, in other capitals to discuss other aspects of the defence problem in the treaty area. Recommendations made by these various groups will be put before a meeting of the full Council, which, it is expected, will be held late in July or early in August.

Seato's coyness is the result of a decision to make it a businesslike organisation free from the glare of publicity, the hope being to avoid giving offence to India and other non-Communist critics of the treaty. But the importance of the issues involved cannot be concealed. On the economic side it is obvious that the scale of the defence measures adopted by the Asian participants will determine in no small measure the rate of economic development that is practicable out of each country's own resources. By the same token, since a large proportion of the external aid that flows into Asia from the West is earmarked for defensive and security measures, Seato's impact on the economy of South East Asia must be considerable.

Whatever the economic measures finally agreed upon in terms of Article 3 of the Manila treaty, they will not be allowed to cut across the work of the Colombo Plan or of the American economic aid programmes, existing and projected, for South East Asia. Every effort will be made to keep Seato's economic aspect separate; but sooner or later the problem of co-ordinating the various aid programmes will have to be faced more squarely.

The Right to Travel

THE Court of Appeals in Washington last week, in the course of deciding a passport case (which is further discussed on a later page), stated the dictum that "the right to travel, to go from place to place as the means of transportation permit, is a natural right, subject to the rights of others and to reasonable regulation under law." Liberal opinion the world over will applaud. In this liberty-loving country in particular, the decision that the State Department had no right to withhold a passport from Mr Schachtman, merely because it did not like the company he keeps, will be noted as one more piece of evidence that the United States is emerging from its fit of security hysteria.

But this is a matter in which there are motes and beams. Britain does not recognise the natural right to travel. Money is as essential for travelling as a passport, and there are whole areas of the world in which no resident in the United Kingdom can have money to travel without first seeking the permission, which can be arbitrarily given or withheld, of an official. Even where the "basic allowance" applies, the natural right to travel is limited to the amount of travelling that can be done on £100. This may be enough for the man who wants to spend his annual leave abroad. But it is not enough for the scholar or the invalid, or for the citizen who wants to spend a whole year abroad simply because he wants to. All these have to seek permission, which is a denial of their natural right. No annual limit to the basic allowance, however large, would be more than an enlargement of the cage. If there must still be any restriction to the amount of money that can be taken abroad (to prevent the export of capital), it should be a fixed (and adequate) amount *per diem* for as many days in the year as are actually spent abroad.

It is as well to go on repeating this vital principle from time to time until it is accepted. This will not be a free country, and we shall have no right to be superior about the American passport regulations, until every British subject who wishes "to go from place to place as the means of transportation permit" is allowed to use just as much of

his money as he wishes for the purpose, without having to seek the permission of any official. The cost in foreign exchange of restoring this natural right would be negligible. Is there any reason, other than bureaucracy's love of bureaucracy, why the Chancellor of the Exchequer should not restore it tomorrow ?

Too Much for Sir David

READING between the lines of the speech that the Minister of Education made to the Association of Education Committees last weekend (and which has not been generally released to the press, but is fully reported in this week's issue of *Education*), one may guess that Sir David Eccles is embarrassed at the response of local authorities to his Circular 283 of last December. This circular removed restrictions on the reorganisation of "all-age" schools in the country districts, on extensions and reconditioning up to a ceiling of £10,000 a project, and on building for certain kinds of vocational education. Local authorities' plans for these projects in 1956-57 are much larger than had been expected. Their demands, of course, are always pitched high, because they expect some cutting down. Moreover they are anxious to build a lot in these next two years, while the going is good and before the schools get much fuller—instead of spreading their programmes over five years, as the Minister is urging them to do. But after his generosity this year Sir David will be lucky if the Treasury let his appropriation for 1956-57 rise rapidly again. It will presumably allow him enough to cover the current programme of £60 million in order to accommodate the larger school population, but his share for other purposes is likely to be small.

It may not be a bad thing if local authorities are prevented from rushing their task and overloading their architects' departments. But if they have to make really drastic cuts in their projects under Circular 283 their enthusiasm will receive a large cold douche. So, alas, in that event, will their undoubted enthusiasm for Sir David.

What Next in Education ?

THE Minister of Education also said at Hastings that during the next few months local authorities and teachers should consider with him the lines of the next advance in education. The main question is how the better supply of teachers should be used. The net increase has risen to some 6,000 teachers a year, and is more than keeping pace with the extra children who are flooding into the schools. As the "bulge" of schoolchildren moves into the secondary schools the size of primary classes is already falling. Other things being equal, there will be no primary classes of over 40 by 1961, and no secondary classes over 30 by 1964 or 1965 ; the average class in each kind of school should be some 10 pupils smaller by these dates.

There are, however, three other ways in which the better supply of teachers can be used. The school leaving age could be raised to 16 ; or the provisions of the 1944 Act

for compulsory part-time education to the age of eighteen could be introduced ; or teachers' training could be extended from two years to three—which would deprive the schools of 10,000 teachers at one stroke. It is taken for granted in the world of education that this third reform will be introduced before the other two, possibly soon after all primary classes have fallen below the still very large size of 40. The teachers themselves are naturally anxious to raise their status to that of a "graduate profession"—and they have the authority of the McNair Committee (in the happy planning days of 1944) for their claim that two years are not enough time in which to learn not only what to teach, but also how to teach. The three-year training must come, but to many outside the profession it will seem that the nation's interest is that not only smaller classes, but also the raising of the leaving age, should come first.

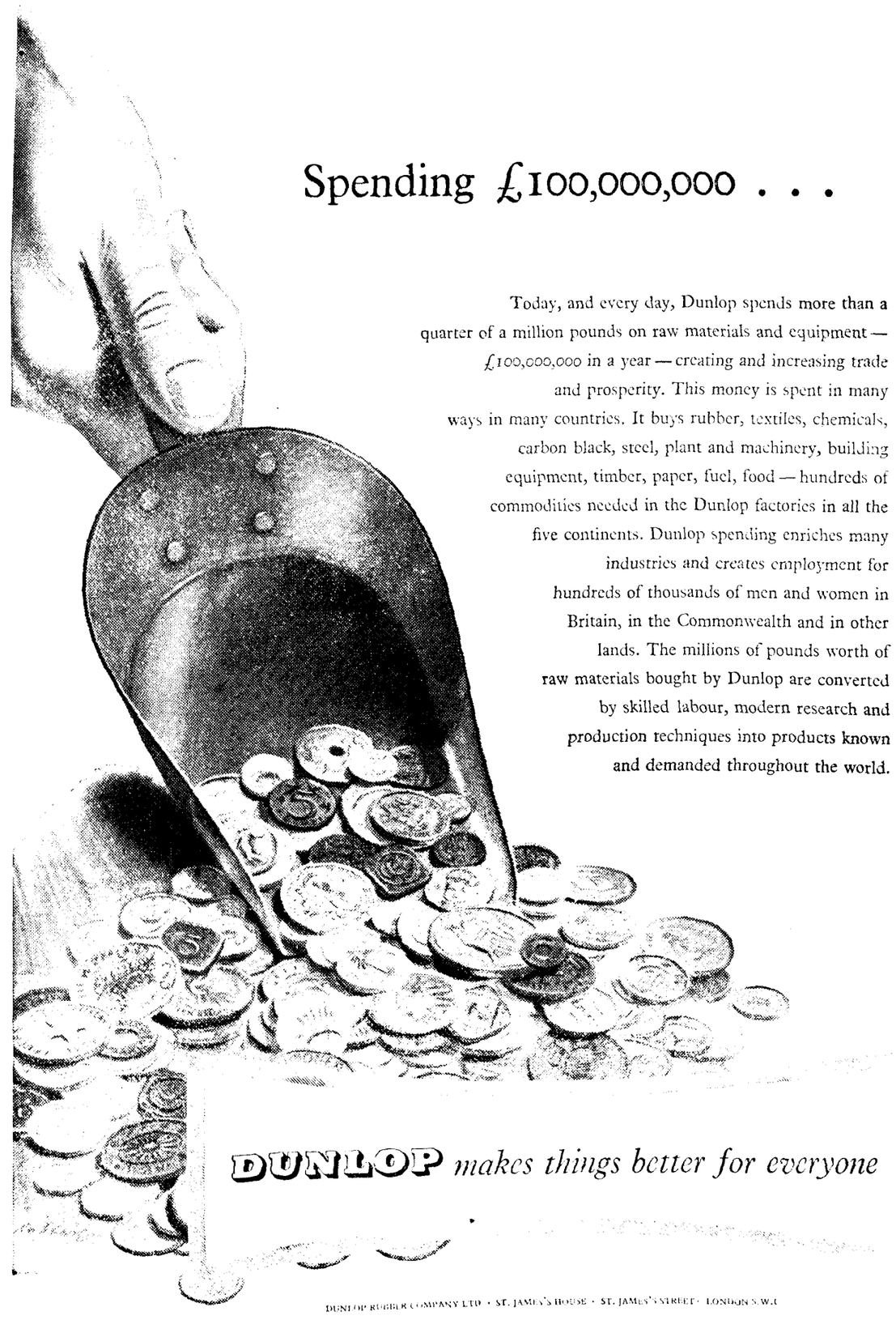
European Inventory

ECONOMIC debate has not usually been one of the strong points of the Council of Europe. Next week the Consultative Assembly, meeting in Strasbourg for the first part of its seventh ordinary session, will have a chance to set new standards. On Friday and Saturday, the discussion will centre on European economic integration and the Assembly will have before it a highly competent and thoughtful document on the present state of economic integration in Western Europe prepared by the Secretariat General of the Council of Europe in consultation with the staffs of the OEEC, the ECE, the Coal and Steel Community, and the European Office of the IMF. The document is long, just over a hundred pages, but if those who speak have read it and can assume that those who listen will have done the same, much of the woolliness and starting and chasing of hares that normally accompany debates on this subject could be eliminated.

The study gives a helpful and readable account of which European organisations do what, how each functions, what kind of matters they have been able to deal with successfully and where, and why, they have misfired. In the present state of proliferation this, in itself, is a public service. The report also clears away a lot of semantic underbrush, although it can offer no alternative to the inelegant, but useful, word "integration" not only to describe a goal but to embrace all the steps, no matter how halting, that appear to lead in the direction of eventual unity.

In discussing the reasons why integration is desirable but specific measures fail to generate sufficient political steam, the report makes a number of points, which although obvious are too often stood on their heads and used to argue against integration rather than for it. For example, "Economic competition is not designed to give prizes to the producers who try hardest, but to ensure the maximum satisfaction to the consumer at a minimum expense of labour and resources. The readjustment of the patterns of production is not, as too many believe, one of the major disadvantages of integration. It is its primary purpose."

The report is also remarkably free from passion in discussing the advantages and drawbacks of rival methods of achieving economic integration: the sector approach as opposed to the overall approach, and the intergovernmental



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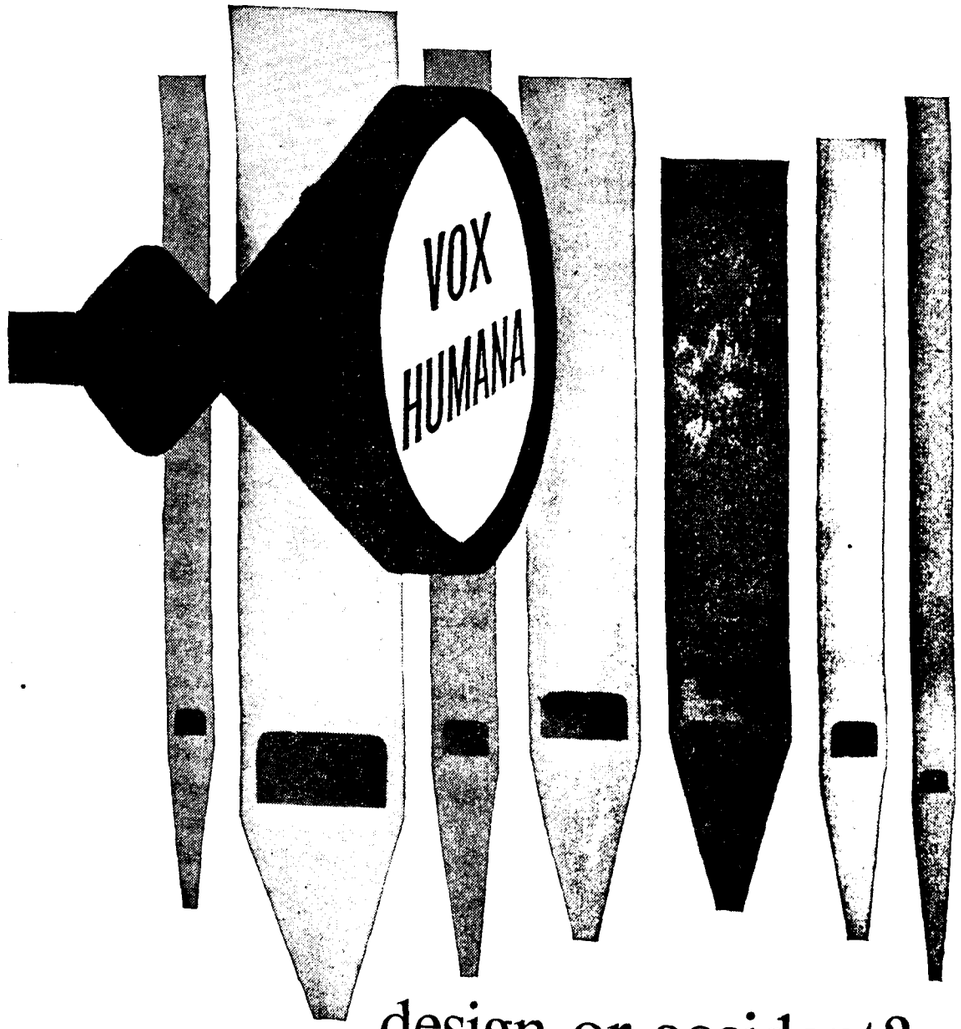

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as distinct from the supranational form of organisation. The general conclusion, that each has its merits and that the differences between them are less sharp than the proponents of each like to believe, is not less true for being what one might expect.

Finally, regionalism and globalism are touched upon, and here the report goes a good distance in removing some of the misconceptions that the Council of Europe has helped to propagate in the past. Again, the conclusion is that there is no necessary antithesis between regional organisations and world-wide ones but plenty of room for both. If, at the end, one is left where one began, not with a tidy new blueprint but with a profusion of international economic organisations (some tight European ones, some broad European ones, some Atlantic and some global), one at least has the feeling that the profusion is less bewildering and the confusion fruitful.

Baltic Flutters

THE air over the Baltic has been thick with doves' wings in recent weeks. At Helsinki, the "partisans of peace" closed their world assembly on Wednesday with an appeal which, despite their attempt to entice some non-Communist elements into the movement, reproduced most of the present Communist demands—an all-European "security" structure, the evacuation of foreign forces from Formosa (but not from the Soviet base at Porkkala, within a few miles of Helsinki), and a neutral Germany. The assembly's chief aim was clearly to try to influence public opinion in the West in time for the Geneva conference, but it had one eye fixed on the Finns, the periodical wooing of whom has long been a Russian interest.

In this respect the Communist-led "peacelovers" must have been disappointed; the Finns gave them the minimum of official hospitality, they were ignored by all the non-Communist parties, and alarm was expressed lest Helsinki get a bad name by being associated with Moscow's "peace" movement. The Finns also noted the ruffling of delegates' plumage which occurred when they got mixed up between the old and the new Russian doctrines on disarmament; an understandable confusion, but not a good advertisement for the partisans' solidarity.

Herr Ulbricht, the East German party boss, has recently been holding up the Finns as an example to the other Baltic countries. Picturing the Baltic as "a sea of peace and friendly cooperation," he mentioned the increase in trade between East Germany and Finland and suggested that Sweden and Denmark might like to settle questions of trade and inter-state relations with East Germany. The idea of the Baltic as a sort of no-man's-sea will strike a chord among some Finnish politicians, one of whom talked not long ago of the possibility of a "peace alliance" between his country and Sweden; but most Scandinavians realise that the "peace" would be a lop-sided one while Russian missile-launching stations line the shores of the former Baltic states. It is a happy decision by which, for once, the British have joined in the dove-exchanging contest by sending the cruiser *Glasgow* to visit the Polish port of Gdynia. This is the first British naval visit to an Iron Curtain country for several years. Many Poles will be glad to see the White Ensign again; it may remind them that they are not perpetually doomed to live in a sealed-off sphere dominated by Russia.

No More Town Polls?

THE abolition of town meetings and town polls has been recommended by the joint committee of both Houses of Parliament on Private Bill Procedure. Undeniably the present system, however democratic in form, works cumbrously. The town meeting summoned to consider a proposed local Bill can today accommodate only a tiny fraction of the local electors—although, admittedly, very few of them wish to attend. The conduct of the meeting is often ragged and confused, especially where a large number of complex clauses have to be considered. Voting at the subsequent town poll is generally ludicrously small, even where an important local issue—such as Manchester's postwar attempt to build a satellite town—is at stake. Postwar experience has confirmed the ability of a small number of determined opponents to overthrow the best-laid plans of a local authority.

Naturally this is irksome to the councils concerned, especially as these restraints apply only to urban authorities. The large cities in particular quite frequently require a Private Bill to advance some cherished (and sometimes useful) project. Nevertheless the apathy and ignorance of the local electorate are hardly good reasons for depriving citizens of their right to question some unusual expansion of a council's powers. There is a simple way out of the dilemma, and a much better one than the committee's suggestion that democratic rights should be sacrificed to administrative convenience: the way out is to take a leaf from American practice and to require a referendum to be held on the council's general proposals at the same time as the local elections. In this way the question of whether municipal laundries or satellite towns are or are not wanted would be forced on the electorate's attention (and, incidentally, might enliven the election itself); and a favourable result should entitle any future council to present its Bill to Parliament without further ado.

A Domestic Occasion

ONE of the honorary degrees conferred at Oxford last week has a particular interest for this journal, for Senatore Luigi Einaudi, who for seven years until recently served as the first duly elected President of the Italian Republic, was for many years between the two wars our correspondent in Italy.

Senatore Einaudi and Donna Ida Einaudi attended a small reception at our offices on Monday evening, when many members of the staff, past and present, who had handled his contributions had the pleasure of meeting him. He told them that he has been a regular reader of the paper since 1896, and he must therefore be one of our oldest subscribers as well as our most distinguished *alumnus*. We wish him all good fortune in his retirement to his farm in Piedmont.

Letters to the Editor

Orphan Island

SIR—I hope that it will not be regarded as an impertinence if a former American diplomat hazards one or two comments on your article about Cyprus in last week's issue. It may still be remembered that when in 1915 the British were struggling at the Dardanelles, it was understood that Cyprus had been offered to Greece, as a reward for its intervention. This was not necessary in World War II, but Greece paid a terrible penalty for its resistance.

May not the circumstances under which Cyprus was acquired by Great Britain offer a useful hint today. Everyone knows that it was secured by Disraeli in order to enable England to carry out its guarantee of Turkey against any further Russian aggression. Confronted today by the same danger the western world relies on collective strength. Would it not be possible for Nato to be given control of Cypriot defence and thereby help to solve the question in a manner that would be acceptable to British imperial needs and Hellenic pride.—Yours faithfully,

Paris LEWIS EINSTEIN

★

SIR—In your issue of June 18th your correspondent refers to the "reunion" of Cyprus with Greece. At no time during the last 2,500 years has Cyprus been united with classical Greece or the modern Kingdom of Greece. It has been governed by and included in the Empires of Persians, Macedonians, Romans, Saracens and Turks in turn, but has had no independent existence unless in very early times of which there is no record.—Yours faithfully,

Newbury, Berks W. H. H. COURT

Why the Conservatives Won

SIR—Provisional figures from a sample survey of the 1955 election in North East Bristol give some support to the views expressed in Mr Porten's letter which you published last week. The numbers involved are too small to allow firm inferences to be made. It is suggestive, however, that of the young people in the sample who were on the register for the first time, slightly more voted Conservative than Labour. In view of the Gallup Poll figures on intentions which you quote, it is worth noting that the Conservatives did better on actual votes than on intentions; several of the young people questioned favoured Labour, but did not vote. Moreover, our 1955 figures suggest a substantial difference between the voting behaviour of those who had the vote for the first time and the remainder of the under-30 electors. In the first group the Conservatives had a slight advantage; from the second Labour obtained more than twice as many votes as the Conservatives.

In 1951, as we showed in our book, "Straight Fight" there was no corresponding difference between the two groups. In each, the Conservative voters were approximately only three-fifths of the Labour voters. We do not agree with Mr Porten that the voting behaviour of these "new" voters constituted "the reason for the Tory success." It is probable, however, that these voters were markedly more pro-Conservative than their immediate predecessors.—Yours faithfully,

R. S. MILNE
H. C. MACKENZIE

University of Bristol

Future of the Call-Up

SIR—If efficiency rather than equity becomes the touchstone for National Service, there is surely another alternative to a shorter length of service for all or selective exemption for some. That is to vary the length of service according to the arm of the service the recruit joins and/or to the rank he obtains within, say, a lower limit of eighteen months and an upper limit of two-and-a-half years.

To train an infantry private may take only six months; to train a tradesman rather longer; and to train an officer, particularly a pilot in the RAF, much longer. Hence those in the services with the most responsible tasks are left under the present system with only a few short months to serve as fully trained men. There are, of course, objections to fitting the length of service to the recruit's trade and his responsibility. A careful balance would have to be struck between the recruit's own preference for the branch of the service he wishes to join and the needs of the services.

A much more compelling objection is that all the recruits might automatically demand enlistment in the branch of the services in which the least number of months has to be served. But that is by no means certain. A recruit might well be willing to serve a few months longer in an arm of the service—the REME is an example—where the training will help him in his civilian occupation. And as a commissioned officer enjoys certain privileges and responsibilities from his rank, to say nothing of a fuller, more interesting and more comfortable life, there must surely always be some willing to accept a few more months' service to secure them. Indeed, if the training for a trade or for commissioned rank were imaginative enough it might be a bigger lure to the recruit than a shorter length of service spent on the routine of a parade ground in infantry barracks.—Yours faithfully,

Shoreham, Kent GORDON LEE

Rules for Strikes?

SIR—I would put forward three lines of approach which are not mentioned, at least directly, in your article of June 18th and which embody a considerable personal experience in industrial management.

(1) *The Responsibility of Employers.*

We have sent many people to America to study better productivity, and one thing we have not learnt is that the average American manager accepts his own responsibilities to a greater extent than his British counterpart. He is not able to fall back upon employers associations, national agreements and government intervention to anything like the extent we do here.

For our own increasing reliance upon third or fourth parties we must surely blame first of all the employers; and a third party should intervene only if a joint request from the opposing parties is available showing in precise form what is the basis of the disagreement. I suggest that if a greater responsibility could be thrown upon those directly concerned we should, even at the risk of temporary public inconvenience, ultimately benefit.

(2) *The Status of Strikers.*

I have seen many mechanics promoted to planners, shop floor workers to the office. Such men in their new surroundings may still belong to a union, but the chances are that they would remain at work if a strike took place in their company. They seem to feel that with a greater place in the sun they have a correspondingly greater social and company responsibility. I believe that many more could be granted the dignity of "office" conditions, with a corresponding improvement in their sense of responsibility.

(3) *Technical Considerations.*

Some recent union difficulties have been caused by non-technical considerations such as inter-union rivalry and delays in settlement of wage applications. A large majority of strikes, however, are caused by technical change such as, for instance, the issue of new schedules and the introduction of new labour-saving equipment. As, therefore, our industrial future involves more of such changes, it involves more trouble too. We must find better means of accommodating change, which entail a more detailed and patient explanation of what is involved to those likely to be affected. Some call it Joint Consultation, but whatever its name there is still a pitifully small amount of it taking place at both worker and managerial levels in this country.—Yours faithfully,

London, W.1 WALTER PUCKEY

Eight Shillings to Stay at School

SIR—Parents, poor ones in particular, will welcome the Government's decision on family allowances. That these allowances should hitherto have not been payable for children over sixteen has been a positive incitement to the disruption of secondary school careers. But the Government ought to carry fairness and logic one stage further, and help those parents who, as a class, must surely be the poorest of all. Widowed mothers' pensions, under the National Insurance Act, include a small amount for their children. Though meagre enough in all conscience, it, too, at present ceases to be payable at sixteen, irrespective of whether the child is still at school. This is quite indefensible, and must cause many promising children to search their hearts very bitterly when they reach their fatal birthday.—Yours faithfully,

WILLIAM CAMP

Shalford, Surrey

Foreign Investment

SIR—May I comment on Mr Wiles's letter in your issue of June 11th? It is certainly true that a restoration of United States portfolio investment abroad to the prominent position which it enjoyed in the 1920s, when it accounted for over half of total US foreign investment, would be a very great help to the world flow of capital. But in his letter Mr Wiles underestimates difficulties which have since intervened and overestimates the part that could be played by United Kingdom legislation or by a "government broker on Wall Street."

Some American institutions might indeed be glad to add British blue chips to their portfolios. But the sad fact is that legislative obstacles raised since the 1929 crash have made this extremely difficult. Although the situation varies from state to state, insurance companies, trust funds, savings banks, and so on are in general debarred from investing more than a small percentage of their assets in foreign securities of any kind—and British securities will certainly not be the only ones competing for inclusion in this small "catch-all" category. The individual investor in the United States is of course free from these restrictions. But most people seem to find the vagaries of their own national stock exchange difficult enough to follow without attempting to follow foreign price movements as well. Quotation of British securities in New York is also a great deal more difficult than Mr Wiles seems to suppose.—Yours faithfully, EDWARD SYMONDS

McLean, Virginia

Books & Publications

The Hazards of Freedom

THE PUBLIC PHILOSOPHY.
By Walter Lippmann.
Hamish Hamilton. 168 pages. 12s. 6d.

THERE is so much that is admirable, clear and thought-provoking in Mr Walter Lippmann's short book that it is a pity that his first chapters should be the least convincing and the most likely to dissuade readers from continuing to the second part where the substance of his argument is to be found. For Mr Lippmann is urging two separate theses: the first that modern mass democracy is failing because, in its need to placate voters, the executive has lost essential powers to the elected assembly; the second, that free society is impossible without restraint, moderation, an agreed tradition, and the acceptance of public standards of value and legality. The link he finds between these two theses lies in his belief that modern democracy, based upon the unlimited will of the voters, destroys the concept of tradition and restraint. The "sovereignty of the people" is another version of Rousseau's General Will from which the modern totalitarian heresy has sprung.

That the doctrine of the General Will has had pernicious consequences, more and more thinkers would now agree. In its extreme utopian form, in either the Communist or the National Socialist Apocalypse, it has led to an order of society more inhuman—because more efficient—than any earlier despotism. There is growing agreement, too, that Western society, to survive, let alone flourish, needs to rediscover and reaffirm its own philosophy—respect for human personality and its dimension of freedom, acceptance of legal and constitutional frameworks, which in turn imply belief in standards of good and evil transcending interest or convenience, belief, too, that reason and honest enquiry can establish an order of objective truth; in short, belief in a transcendental order of reality to which, man, the amphibian, in part belongs and from which he derives his dignity, his right to liberty, his claim to be, in any community, not a means but an end. This great tradition—of "civility," of natural law, of constitutionalism—is eloquently expounded by Mr Lippmann in chapters of a compact brevity that only strengthens the impact of his argument.

But his strictures on modern democratic government are less convincing. It is true that electors, like the principalities and powers which preceded them, must recognise constitutional limits or degenerate into tyranny. The difficulty with Mr Lippmann's argument is his wholesale condemnation of the last hundred years of democratic government and his belief that a stronger executive, giving a firmer lead to the people, could have managed affairs more prosperously. This argument, clearly, has little to do with the thesis that a public philosophy is essential to good government, for the long history of despotism proves that a strong executive is as likely to lack constitutional restraint as any electorate. The argument is that mass democracy has done badly.

Three main contentions are advanced. The first is that war and peace have been bungled. The defeated were humiliated in the hour of victory but appeased when they reasserted their national claims. The second contention is that the influence of democracy, paramount in 1919, has now shrunk to the Atlantic fringe and to shrink is, after all, to fail. The third contention is that the counter-revolution against democracy has in each case taken the form of a return to authoritarian government—a fact which is held to suggest that free government threatened anarchy and the mass of the people preferred a strong hand.

But these arguments hardly prove Mr Lippmann's strictures on mass democracy. To vacillate over the issue of peace and war has been a characteristic of every type of government. A classic example from the opposite tradition can be found under the bureaucratic and imperial dictatorship of China. When the Kin Empire in North China was threatened by Mongol invasion, the Sung to the south refused it all aid and, after its collapse, shared the same fate. Miscalculation, a tendency to procrastinate, fierceness in victory, slackness in peace have been exhibited by all forms of government and, as Mr Lippmann notes in passing, the record of a mass democracy which included Unrra, the Marshall Plan and the North Atlantic Treaty cannot be lightly dismissed.

Nor is the argument from the shrinkage of democracy's influence decisive, for the area of freedom has always waxed and waned. Those very traditions of constitutionalism to which Mr Lippmann appeals found their first maximum extension in Europe on the eve of the Renaissance. The parliaments of Britain, France and Spain, the free city states spreading like a milky way across Northern Europe, the republics of Italy—in all these the traditions were being

forged to which Mr Lippmann now appeals. Yet they were all extinguished —some for a time, some for ever—in Europe's deep winter of royal despotism.

And the reason for this eclipse throws light on Mr Lippmann's third argument —that authoritarian governments result from potential anarchy. The turn to despotism at the Renaissance sprang from the ambitions of powerful men to use the new techniques of warfare and the new sense of nationalism as instruments of power. Great upheavals in learning, sentiment and discovery tend towards strong government because of the problems they create and the opportunities they offer. But the revolution of the Renaissance was as nothing compared with the scientific and industrial revolution of the nineteenth century. The extraordinary achievement of mass democracy in Britain and America has been to accommodate these fantastic forces, domesticate these revolutions and preserve, in an era of total change, some tradition of "civility." The greatest weakness, perhaps, of Mr Lippmann's early chapters is that his discussion is purely political and the tornado of economic and social change of the last century barely ruffles his pages. And this in turn has led to a serious underestimate of modern democratic government. Under the Roosevelts, under Wilson, under Truman, under Churchill, yes, and under Attlee, it has not done badly. By any historical comparison, it has done very well.

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'The Way We Lived Then'

THE CARLTON CLUB.
By Charles Petrie.
Eyre and Spottiswoode. 221 pages. 30s.

SIR CHARLES PETRIE'S informative and sometimes amusing account of the Carlton Club from its foundation in 1832 appears at a moment which makes it topical, and slightly tragical, reading. For very recently demolition has begun on the Pall Mall ruin, looking like an abandoned hulk by some busy tideway, which was the premises occupied by the club from the middle fifties of last century till the night of October 14, 1940. What was for so long the "sacred keep" of the Conservative party is even now succumbing to the workman's hammer.

> Men are we, and must weep when even the shade
> Of that which once was great is passed away.

For great in a way it was, and Sir Charles justly calls the Carlton in its prime "the leading political club in the world," and can cite Ostrogorski for its importance. Not only was it the social centre but also the central office of one of the two great parties, just as the Reform Club, its neighbour and junior by four years, performed the same office for the other. Successive Chief Whips haunted the place, seeking presumably not too venerable hopefuls, and Trollope, who knew all about the *dessous* of public life, makes a Conservative paper say, when Phineas Finn won a seat as a Liberal, "It was all the fault of the Carlton in not sending a proper candidate." The club's importance as a political organisation waned only in 1884, when Lord Randolph Churchill largely supplanted it with the National Union of Conservative Associations. Helped by wise committees, it maintained its cohesion through three formidable splits—the Peelite, the fiscal controversy and Indian self-government —though how high the political temperature could rise inside was seen at the end of 1852, when some merry gentlemen threatened to eject Mr Gladstone, whom they found there and whose Toryism was already suspect, into outer darkness and the Reform Club. In this century two important meetings were held in it, that of November 13, 1911, when Mr Bonar Law was elected leader, as three-and-a-half years earlier Mr Asquith had been elected leader of his party in the library of the Reform Club, and that of October 19, 1922, when an administration which certainly contained quite a number of the talents was laid low there.

But for politics there are history books. Sir Charles has fortunately had access to the minute books of the committee (which a century ago constantly met on Saturdays) and has pulled out some plums for his readers. The word "lunch" makes a first appearance in the minutes only in 1856 (in that sense the Oxford English Dictionary gives nothing earlier than 1829) when it was decided that lunches must cease at 4 *pm* instead of the still more Snark-like hour of five; but some stalwarts, headed by the Marquess of Salisbury, could not stomach this and the hour of five was restored. *Autres temps, autres heures!* In 1853 the Duke of Buckingham opened a meeting of the committee with a complaint of "the unfair way in which Members helped themselves to the rice pudding." Surely this has a familiar ring for all who have ever served on a club committee. (Incidentally, why does anyone?) The prices of meals in 1876 should not be missed by the inflationists (Mutton Chop 9d.). In 1887, there was a complaint "of the tarts served in the Club"; after mature consideration instructions were given "for larger tarts in future to be supplied."

A brief epilogue offers some shrewd considerations on the position of clubs generally today and of the Carlton in particular in its new home. Their difficulties—financial, of course—are to be expected. Yet their demise would certainly grieve the judicious, and Bertrand de Jouvenel, writing of this country in pre-1914 days, stresses the value of "the habit of concrete discussion in informed places," among which he honourably mentions the clubs. Should they all die, however—and three almost within sight of each other are under demolition at this moment—the Catering Wages Board, to which Sir Charles makes fleeting reference, will have none but crocodile tears to shed.

The Peronista Era

THE UNITED STATES AND ARGENTINA.
By Arthur P. Whitaker.
Harvard University Press (London: *Geoffrey Cumberlege*). 272 pages. 38s. $4.75.

RECENT events in Buenos Aires have sent journalists and laymen scurrying to their bookshelves to see what they could find out about Argentina and its history. Professor Whitaker's interest in the field goes back much further, but his study of the United States and Argentina is exceedingly topical. Although his book is focused primarily on the relations between both countries, it gives a vivid and authoritative account of Argentine history both before and during the Peronista era. The acuteness of Mr Whitaker's judgment may be gauged by the fact that long before the events of the last weeks he could say "The Peronista revolution seemed to be entering upon a stage of Thermidorian reaction under the leadership of Perón himself. . . ." Nor is the author afraid of entitling his final chapter "After Perón," and of speculating on the future policies of those opponents of the regime who have retained political consciousness.

But perhaps the most instructive part of the book is its survey of the Argentine economy in the years 1946-1953. It is not always easy to get at the real figures behind the grandiloquent fanfare of the two Five-Year Plans or of official claims about the rise in the standard of living of the "dear *descamisados*." But Mr Whitaker makes it perfectly clear that Peronista economics have largely been a cycle of wage increases followed by inflation and further wage increases. The poorer classes did prosper between 1943 and 1950, but much of the gain was wiped out in the crisis extending into 1952. It is a pity that Mr Whitaker, in his discussion of foreign investments, fails to deal adequately with the notorious expropriations practised by the Perón regime.

No doubt, it is too early to say what the next phase of Argentine politics will be like, but anyone wishing to know its background could hardly do better than to turn to this book, which updates and complements Mr Blanksten's "Perón's Argentina."

Banking Abroad

BANKING SYSTEMS.
Edited by Benjamin Haggott Beckhart.
Columbia University Press. (London: *Geoffrey Cumberlege*). 934 pages. 110s. $13.50.

IN recent years all who are interested in the problems of money and banking cannot fail to have been aware of the lack of an authoritative book of reference on the structure and evolution of banking systems in different parts of the world. This deficiency is to some extent overcome by the publication of this work edited by Professor B. H. Beckhart as a successor to "Foreign Banking Systems," which was edited jointly by him and the late H. Parker Willis in 1929. The significant events of the last two and a half decades have had such far-reaching effects on the world's monetary and banking systems that a new volume was overdue. This up-to-date survey is more comprehensive than its predecessor for, although it embraces the same number of countries, Austria, Belgium, Denmark, Norway and South Africa have been omitted with advantage in favour of Brazil, Cuba, India, Mexico and the United States. But in one important respect it is inferior to the earlier volume. For, although it is intended as a definitive comparison, there is no attempt to provide a general analysis of the common problems, such as the growth of state interference in economic affairs and inflation, which have beset the various systems, or to compare the methods, for example selective credit controls, which have been adopted to deal with them. This is to be regretted, for a comparative summary would have greatly enhanced the book's value.

The sixteen individual contributors, especially the writers on the more advanced countries, have the unenviable task of attempting to give a comprehensive survey without sacrificing clarity for brevity. Not surprisingly, some are more successful than others. The sections on the United Kingdom, Sweden, Brazil, Canada, Western Germany and the United States are notable examples of lucid and intelligible exposition. Some of the others, especially those on France and Italy, are less successful because they contain an excess of detailed facts, which make it difficult for the reader to see the wood for the trees. All the preliminary descriptions of the general features of the different economic systems would have been made easier to grasp had simple outline maps been provided. An interesting account of the financial system of Soviet Russia is marred by the inclusion of emotive comments such as "the frequent exposés in the Soviet press of individual cases of 'anti-state' activity leave no doubt of the prevalence of violations [of regulations]" or again "even more impressive are the stories of former eyewitnesses who speak of graft and illicit private profit pervading the whole economic organism."

It is regrettable that in this one instance an academic work should thus relax its standards of objective appraisal, but it should be emphasised that no criticism can be levelled at the rest of the book on this score. The volume is a notable addition to the literature on money and banking and will be of immense value to teachers, students and research workers.

Men and Materials

FURNITURE MAKING IN SEVENTEENTH AND EIGHTEENTH CENTURY ENGLAND: *An Outline for Collectors.*
By R. W. Symonds.
The Connoisseur. 252 pages. £8 8s.

THIS luxuriously produced volume is by the doyen among experts on the great periods of English furniture craftsmanship and clock-making. In the preface Mr Symonds reminds us that his first book on old English furniture was published thirty-three years ago.

The bibliography of English furniture must be considerably larger than that relating to any of the other domestic crafts in this country, a tribute to its supremacy as the craft closest to architecture, by means of which they all have to be housed. Mr Symonds is an architect who has actually designed furniture. He shares with another architect, the late John Rogers, a constructional approach which proves how valuable an architectural training can be as an aid to historical studies in this field. The constructional aspect has been inadequately treated by too many furniture historians.

Most of the book is devoted to men and materials: the various skills that developed and evolved into accepted divisions of labour, and the interesting economic history of timber importation —for home-grown timber was not used for most of the best seventeenth and eighteenth century furniture. A thorough account of surface treatments includes this fifteenth century receipt:

> *For to make wernysch.*—Take a galon of good ale, and put thereto iij ounces of gumme of Arabyke, and boyle a galon into a quarte, and kepe yt welle.

Government by Committee
An Essay on the British Constitution
BY K. C. WHEARE

The British use committees in almost everything they undertake and this book deals with one important sphere of their use—the sphere of government, both central and local. Various types of committee (and the rôles of representative 'committee men') are examined; the book is thus, to some extent, an essay on the use and abuse of committees in modern British government. 25s. *net*

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ESSENTIALS OF ECONOMICS
Second Edition 1955
by I. GLYN JONES, M.A.

This book is not simply another text on Economics. The material has been arranged and presented in such a manner that not only is the student guided clearly and concisely through the intricacies of Economic study, but he is also saved much of the drudgery of notetaking and of sorting out his facts. It is therefore a book that is eminently suitable for all persons preparing for professional and other examinations, and one that the general reader will find of use in acquiring a knowledge of economic problems.
The work is wide in its scope, for it deals with pure economic theory and its application to current events, as well as covering the principles of Banking, Taxation and Finance. This is undoubtedly a book that should be in the hands of all who wish to obtain a knowledge of current economic ideas.

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A fascinating chapter, "The Ingenious Faker," opens on a comforting note: "The faking of furniture no longer pays. The higher standard of knowledge and the rise in cabinet-makers' wages have squeezed the profit out of this nefarious trade." The final chapter on clocks sustains the zest which Mr Symonds brought to his gorgeously illustrated book on Thomas Tompion, greatest of English horologers, which was published in 1951.

Mr Symonds's text is conveniently planned. Artistic and social history have not been interlarded with detailed descriptions of the relevant illustrations, but ample notes on these are appended to the chapters. Many of the illustrations are said to have been made from daylight photographs, with results that are often splendidly three dimensional. One criticism remains—a criticism that applies to many books on the history of crafts. More people would become interested in their subject matter if trouble were taken to explain technical terms. Craft and mystery should not be made synonymous.

Among the Pathans

THE NARROW SMILE.
By Peter Mayne.
Murray. 271 pages. 18s.

THE publication of this book could not have been more opportune. It is the record of a journey among the Pakhtuns, or Pathans as they are more commonly called, and it appears at a moment when "Pakhtunistan" has become, all of a sudden, an international issue with Afghanistan and Pakistan almost at each other's throats over it.

Not that Mr Mayne's purpose was to write a political survey or to make a serious assessment of the problems of the tribes on each side of the Durand Line: the book is simply an *individual* account of a tour of the North West Frontier Province of Pakistan, with a somewhat frustrated visit to Kabul thrown in. But the author has unobtrusively woven enough historical and factual information into his story to enable the reader to draw his own conclusions about the merits or lack of merits of the Afghan-sponsored case for the establishment of a homeland for the Pathans. Mr Mayne is a detached observer; he seems unwilling to pass any judgments, moral or otherwise, and generally takes the world as he finds it But though he does not express any dogmatic views on the subject, he makes his own sympathies clear, and most readers will certainly close the book with the conviction that the Pakhtunistan issue is in no sense the spontaneous product of Pathan sentiment but has been worked up by the Afghan ruling clique for its own reasons.

The general reader will, in fact, learn more about this legendary corner of Asia from this book than from many more serious works. Mr Mayne knows the Pathans intimately, speaks their language well, and is not repelled by their customs and way of life. Many Englishmen have known and, after their fashion, loved the Pathans; but almost all have been officials and their relations have had the edge taken off their sincerity by the inhibitions arising from this fact. Considerations neither of prestige nor of personal comfort deter Mr Mayne from moving among the tribesmen as one of themselves, and if his record is sometimes trivial it is never boring. For one thing, the writing is a real pleasure to read; for another, it is the very trivialities that *combine to* create the atmosphere and the picture of Pathan life and thought.

The book is provided with two useful sketch maps and a dozen admirable photographs. But what a pity that the one captioned "Pakhtuns" exhibits such scruffy-looking specimens of a peculiarly handsome race.

Darwin of Historians

PERSONALITIES AND POWERS
By Lewis Namier.
Hamish Hamilton. 164 pages. 15s.

IT was Macaulay who called attention to the peculiar interest and problems of parliament in the period when it was "emancipated from the restraints of the sixteenth century, and not yet subjected to the restraints of the nineteenth century." Sir Lewis Namier made his great reputation as an historian by revolutionising the approach to this period and the interpretation of it. He achieved this not, as Macaulay had suggested, by writing the history of the rise, progress and decline of parliamentary corruption, but by bringing minute and massive scholarship to bear on the actual structure of politics at the accession of George III. So decisive was his analysis that it became necessary to rewrite the political history of the eighteenth century and tempting to rewrite that of other centuries. These tasks have been attempted by others, while Sir Lewis has not yet fulfilled his half promise to give us a volume on the "Rise of Party."

Three of the essays collected in the present volume are therefore particularly valuable, for in them Sir Lewis develops and extends the themes that were once so revolutionary. In his Romanes Lecture on "Monarchy and the Party System" he shows that throughout the eighteenth century and until well into the nineteenth, politics were dominated not by two parties but by three broad groups: the permanent "ins" of the court and administration; the permanent "outs" of the independent country gentlemen; and the political clans. These last were the forerunners of parliamentary government based on coherent parties, but in Burke's day such a system existed only in his own "fertile, disordered and malignant imagination." Two other essays reinforce this cogent analysis. In one he gives us a brilliant portrait of the personality of George III, not an ambitious and obstinate man unconstitutionally seeking to enlarge the powers of the Crown, but a conscientious, constitutionally correct and pathologically industrious ruler finally broken by the intolerable strains set up by his own ideals. A third essay is devoted to the country gentlemen in parliament, the permanent floating voters whose independence long retarded the formation of party but whose unity on major issues could be decisive.

Although Sir Lewis's heresies have become orthodox dogmas, this group of essays, like those on recent and contemporary history, show that he has a range and power of mind unequalled by his disciples. Doubts, however, are still occasionally raised, and in the first of these essays Sir Lewis shows himself aware of criticism. He has been described as the Darwin of political history, as taking the mind out of history by substituting emotion and self-interest for political principles and abstract ideals. In his defence he appeals to the findings of individual and mass psychology to justify his suspicion and distrust of ideas and principles. "What matters most," he writes, "is the underlying emotions, the music to which ideas are a mere libretto, often of very inferior quality." He goes further, lending colour to the charge that he dislikes intellectuals, by asserting that "the less man clogs the free play of his mind with political doctrine and dogma, the better for his thinking." This explains Sir Lewis's warm feelings for eighteenth century administrators, the "Treasury jesuits" of Whig legend, and for the empiricism of the country gentlemen in politics.

But it is not clear that political principles can be so easily disposed of in all periods. Sir Lewis's review, here reprinted, of a study of the Long Parliament, shows the weakness of his methods when applied to a period during which there was a dearth of patronage and an abundance of issues. *And it is interesting to notice that* he both explains and condemns the failure of the Army plot against Hitler by the absence of moral principle. The generals, diplomats and high civil servants who opposed Hitler did so merely "on technical and professional grounds." Political principles can be dangerous; but so, too, can expediency.

Books Received

GRAIN FUTURES: *An Introduction to the UK Markets. Second Edition.*
By A. A. Hooker.
Hooker, Hampson & Reynolds, London. 16 pages. 1s.

The author has compressed into a small booklet a refreshingly clear description of the function and operation of the grain futures markets in London and Liverpool; it will serve as an equally sound introduction for the student of futures markets in general.

CURRENT BRITISH DIRECTORIES: *A comprehensive guide to local, trade and professional directories of the British Isles.*
Compiled and edited by G. P. Henderson.
Jones and Evans Bookshop. 250 pages. 25s.

THE HUMAN USE OF HUMAN BEINGS: *Cybernetics and Society. Revised Edition.*
By Norbert Wiener. *Eyre and Spottiswoode.* 199 pages. 18s.

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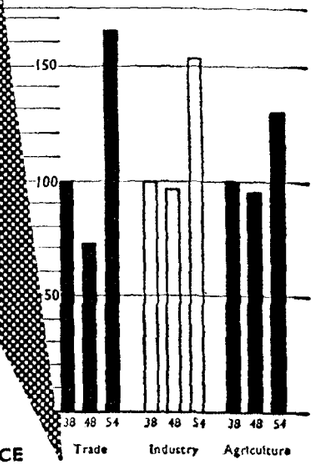

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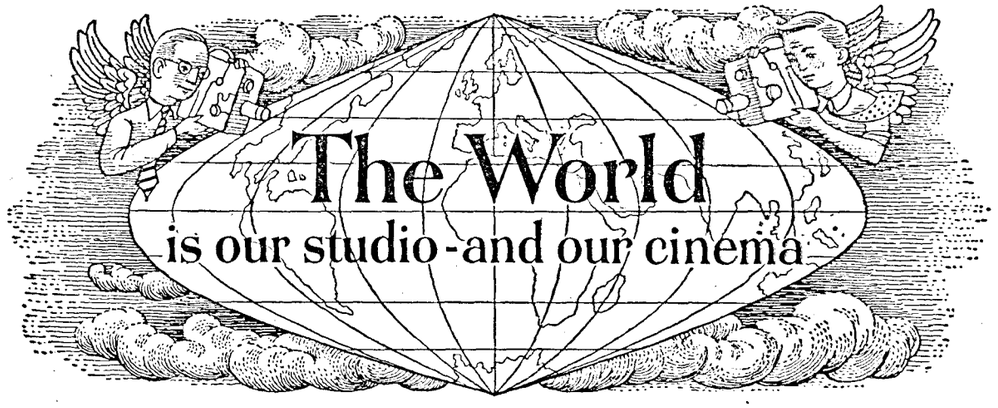

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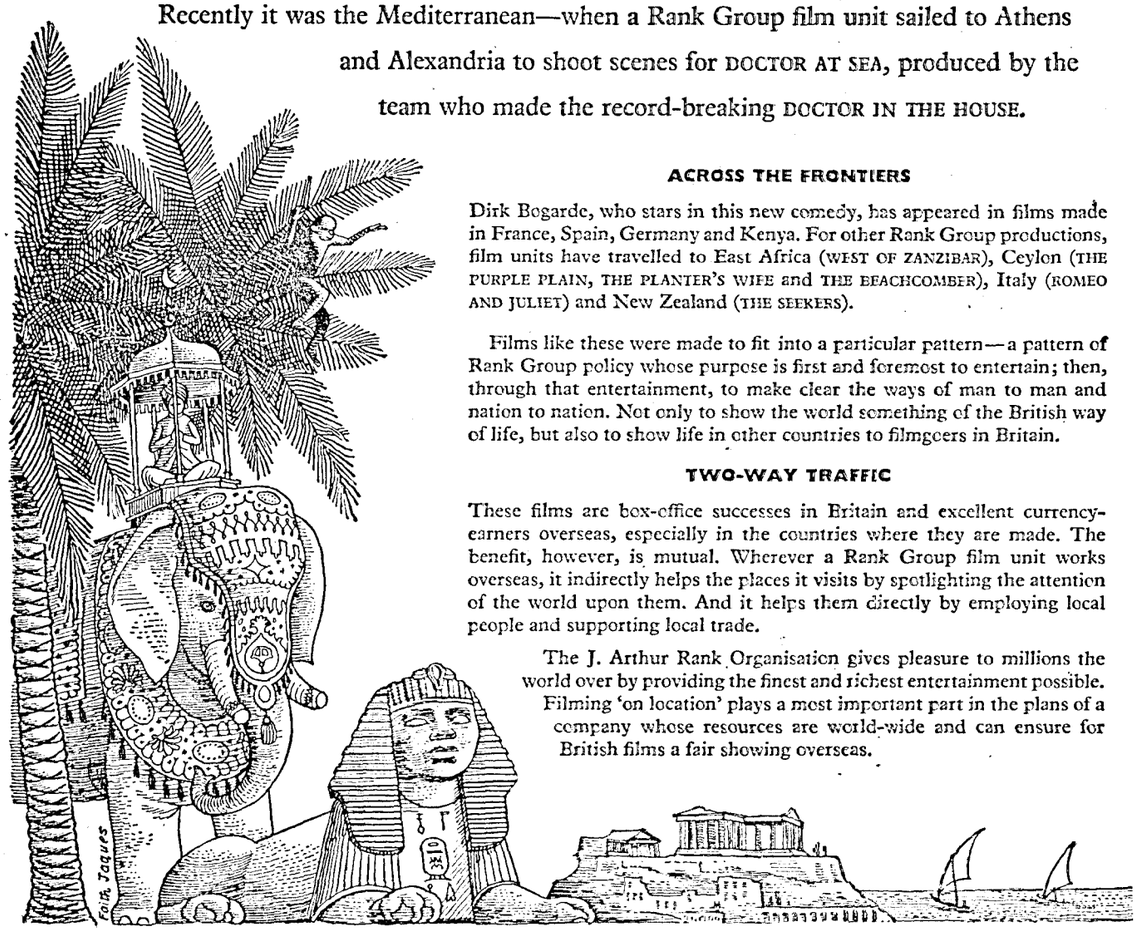

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American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Return To Sanity

Washington, D.C.

NOW that Senator McCarthy has been dethroned, American society is slowly beginning to recover from the hysteria that afflicted it and distinguished men are assuming the task of making the United States a more perfect contrast to the Communist world. The hard knocks that the State Department has recently received in the courts for its capricious handling of the passport problem could not have been delivered at a better moment. Three weeks ago, the department hastily allowed the late Albert Einstein's executor to go to Europe so as to avoid a judicial ruling on its right to withhold his passport without giving a proper reason. But this availed it little. Last week the department was told by the United States Court of Appeals that the reason given to Mr Schachtman, the chairman of a Trotskyite splinter group, for denying him a passport was insubstantial and a violation of the American citizen's "natural right" of free travel.

The language of the court's ruling was important for at least two special reasons. It struck at the insidious notion, always relied on by the government's apologists, that the security programme, in the course of its multiple intrusions into private lives, sometimes withholds privileges—such as serving in the government or receiving a scholarship or a passport—but never denies rights. The court's short answer to this was that nowadays travel is impossible without a passport and that its receipt is, therefore, indistinguishable from the right to travel. Secondly, the court refused to be impressed by the fact that the left-wing group of which the appellant was chairman appeared on the Attorney General's list of 275 allegedly subversive organisations. The Chief Judge pointed out that the list was drawn up for a particular purpose, that of screening civil servants, and even for that purpose was intended to be only a supplementary item of evidence. There was no warrant for the mechanical extension of the list's use to other spheres; "the premise that a man is not fit to work for the government does not support the conclusion that he is not fit to go to Europe."

The timing of these decisions fits into a sequence of events that is, at last, capturing newspaper headlines for advocates of civil liberty. No fewer than three senatorial subcommittees are giving sympathetic hearing to those who are troubled by the inroads on the rights of individual Americans. On Monday a unanimous Senate enthusiastically passed Senator Humphrey's resolution to set up a bi-partisan Commission on Government Security, which should take a completely fresh look at the whole confused issue. The Permanent Subcommittee on Constitutional Rights, which has been revived after years of dormancy, is also planning to provide a platform in the autumn for outstanding men who are worried about the present state of civil liberties.

Reinforcements are at last rolling in to man the line of humanity and common sense that was held until recently only by a few uninfluential organisations and individual members of the American press who ridiculed McCarthyism and exposed flagrant cases of injustice whenever they could. The Fund for the Republic, which was set up by the Ford Foundation under the chairmanship of Dr Robert Hutchins and which contains many conservative and highly respectable names, is now financing studies of such subjects as the case histories of "security risks," blacklisting in the entertainment industry, post office censorship and the intimidation of teachers. It is also very actively promoting the publication in the press, radio and television of items about civil rights. The Senate's Internal Security Subcommittee is taking a favourable view of suggestions to put the Attorney General's list of subversive organisations in "perspective." Even the Administration is doing something. A fair-minded and independent lawyer has been brought into the White House to try to improve matters and there have apparently been no recent instances of the more flagrant types of abuse.

★

What, in fact, went wrong with the effort to make the American government secure without destroying American traditions of individual liberty? Basically, it was the failure to make sufficient distinction between sensitive and non-sensitive positions, and the successive attempts, under political pressure, to carry out a "crash" action against possible subversion across the whole field of government service. This necessitated the hasty hiring of a whole new breed of civil servants, the security officers: "brash young men," says Mr George Kennan,

> whose own superior virtue was documented by no other fact than that they were too young emotionally and too virginal intellectually to have known temptation.

This inspectorate, with no special training in the peculiarly complicated political history of the nineteen-thirties, was empowered to suspend without pay members of the ordinary

civil service whose records contained "information" that was "derogatory" according to a series of extremely vague criteria. It was small wonder that these criteria, which included such items as "sympathetical association" with people involved in "subversive organisation," were applied in a mechanical, unsophisticated way. For the civil servant such suspension meant, and still means, upwards of a year without pay, heavy legal expenses, and at the end of it confrontation with vague charges before a hearing board. There is no certainty that hostile witnesses will be produced for cross-examination and there are no subpoena powers to compel, or expense allowances to persuade, defence witnesses to attend.

Mr Adam Yarmolinsky, of the Fund for the Republic, who has examined upwards of four hundred case histories, says that the majority of the charges were indescribably foolish and in a large number of instances led eventually to re-instatement. But the whole proceedings bear such little relationship to reality, and so much to a kind of Kafkaesque nightmare that everyone concerned begins to become affected by them.

It would be premature, moreover, to think that because the tide has turned at the level of newspaper headlines it has as yet done so at the level of individual experience. The most disturbing feature of the security system is the way it spread like a stain far beyond the confines of what would normally be regarded as government service. Instances have occurred of servicemen being refused "honourable discharge" because they "associate" with a suspect stepfather, of private laboratories having grants from the Public Health Service cut off in the middle of vital projects because they employ workers with a "security question" against their name, or of poor families being refused admission to public housing because of some previous connection with an organisation on the Attorney General's list.

Like a message distorted through transmission by many intermediaries, the security criteria become more mechanical and more crudely applied as they are adopted by states, municipalities and detective agencies reporting to private employers. One American in ten is today subject to investigations, including workers in defence plants. And even now a Bill is before Congress to extend the security system to other key utilities and industries that might become vital in war time.

Banking the Furnaces

As *The Economist* goes to press, it is not yet known whether 600,000 United Steel Workers will go out on strike at midnight on Thursday, or whether their representatives will reach a wage agreement with the steel companies before the deadline. The United States Steel Corporation, the pace-setter in the industry, made an offer amounting to an increase of 10.3 cents an hour in average wages and, so far, the steel companies have refused to go further. Mr David McDonald, president of the USW, has rejected this figure as "an insult.". He wants to obtain an increase comparable with that won by his great rival, Mr Walter Reuther, president of the United Automobile Workers. What Mr Reuther won, of course, is a so-called "guaranteed annual wage" involving a "20-cents package"; at least half of this increase, in fact, derives from pension and unemployment benefits rather than from actual wages. But Mr McDonald, who can only discuss wages this year and must wait until 1956 to ask for a similar plan, is determined to obtain a straight rise in pay spectacular enough to steal some of the headlines from Mr Reuther.

If the strike takes place, it will shut down the furnaces at a time when they are going full blast and when the nation's appetite for steel is voracious. Last week production reached 2,292,000 tons (96 per cent of capacity), and there is little sign so far of the usual summer slackening in demand. Automobile manufacturers, for example, recently had only 20 days' supply of steel in hand whereas 45 days is considered the normal safety margin. Nevertheless, the steel companies know that, even if they grant large wage increases this year, they will be faced by demands for some kind of "guaranteed wage" plan next year and this is making them cautious. For each increase of a cent in hourly wages, the price of a ton of steel increases by 40 cents. Before too long, prices could become so prohibitive that American industry would be encouraged to develop substitute materials. This is what has actually happened in the coal industry where demand has fallen as rising wages have driven prices up and where other fuels have been substituted. Mr McDonald would do well to bear this in mind as he walks out of the negotiating room.

Poor Players

JUST over a year ago, the American public was watching with breathless excitement the great battle between Senator McCarthy and his young minions on the one side, and the Army, led by its civilian Secretary, Mr Stevens, on the other. Today, the antagonists in that great show have all but vanished from the stage. Last week President Eisenhower accepted Mr Stevens's resignation "with deep regret" and nominated Mr Wilber Brucker, a former Governor of Michigan, to succeed him. Mr Stevens will be remembered both for his naïve attempts to placate Senator McCarthy and for his endurance and courage when those attempts ended in the ordeal of his thirteen days on the witness stand. Senior officers have long felt that both in the McCarthy fracas and over the question of accepting President Eisenhower's cuts in the size of the Army, Mr Stevens showed a lack of strength and political skill. With Mr Brucker and General Taylor, the recently appointed Army Chief of Staff, a new team will be taking over.

Had Mr Stevens resigned when he was under pressure, this would have meant a tremendous victory for the Senator from Wisconsin. But today, Mr McCarthy, whose term does not end until 1958, is himself fighting a lone rear-

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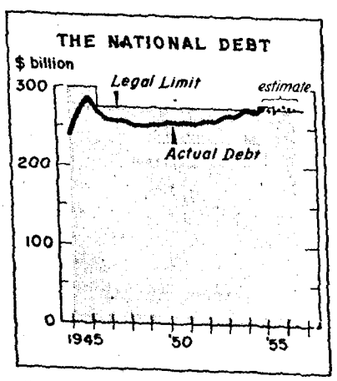
guard action. A year ago, a packed Senate listened with fear and attention to whatever tirades he chose to deliver; now, even a closely reasoned speech elicits either a walk-out by the rest of the chamber or a crushing rebuttal from his former allies. This was demonstrated emphatically in last week's debate on Mr McCarthy's motion to cramp President Eisenhower's freedom of action at the Big Four talks. Basing his case on a discussion of Marxist strategy and on a review of previous conferences at the "summit," Mr McCarthy argued that Geneva was a trap intended to make the west "lose face." He urged the President to place the question of the satellite countries at the top of the agenda, and demanded that no agreement be made with Russia until the iron curtain had been rolled back from the enslaved peoples.

Usually, such a proposition would command wide assent in the Senate, and particularly with the Republican leader, Senator Knowland, who has long advocated a declaration of rights for "the captive states." Mr McCarthy was "dumbfounded," therefore, when Senator Knowland rose to oppose him and to urge the Senate to allow President Eisenhower and Mr Dulles a free hand at Geneva. Sensing defeat, Mr McCarthy and a handful of friends sought to withdraw the motion or substitute a milder one. But Senator Fulbright, perhaps the only man to have weathered the McCarthy storms in their former fury, forced a roll call, and the motion was crushed by 77 votes to 4.

Senator Knowland's refusal to follow on the McCarthy lead has important political consequences. It brings him back into the Administration's fold and it reduces the hard-core right-wing of the Republican party in the Senate to half a dozen votes. It also means that President Eisenhower will head for Geneva with the nearly unanimous support of Congress and public opinion.

Ceiling Stays Up

SENATOR BYRD, Congress's professional economiser, has no intention of losing the opportunity for a regular review of the country's "dangerous fiscal situation" which is provided by the Treasury's yearly request for a lifting of the legal ceiling on the national debt. This has only become an annual event since the Republicans took office. This time the Secretary of the Treasury, Mr Humphrey, has settled for a continuation of the present limit of $281 billion for another twelve months — it was due to fall to $275 billion on June 30th—and has given up the attempt to get a permanent increase. Mr Humphrey would, however, have liked a little more leeway, for it will be even harder for him to avoid bumping against the ceiling during the coming year than it was in the past. Between now and January, the period during which the government's outgoings always exceed its income, the Treasury will probably have to borrow some $10 billion to tide it over; a new issue of government bonds, to raise about half of this sum, is expected early this month.



However, Senator Byrd is rewarding Mr Humphrey for his restraint by giving him his $281 billion without the usual argument, although with a lecture on the error of reducing taxes before balancing the budget. Mr Humphrey, on his side, has warned legislators that he will be forced to come back for more if "the least thing goes wrong" or if Congress makes any increases in the appropriations recommended by the President. So far, however, there is little sign of this and most of the money Bills are nearly completed; the House has in fact made a number of cuts, none of them large, in the amounts requested by the President, but the Senate has been restoring some of them. Mr Humphrey also took the opportunity to remind the general public that it should follow the government's example and be careful about accumulating debts. This remark suggested that he is becoming worried about the growth in both consumer and mortgage credit; at present there is nearly $30 billion of the first and $80 billion of the second outstanding.

Exit Mr Hoover

THIS week, the thirty-first President of the United States may be leaving public service. With the end of the Commission on Organisation of the Executive Branch of the Government, its chairman, Mr Herbert Hoover, will probably retire into private life, forty-one years after he first entered it. Paradoxically, he may receive more credit from historians for some of his early and late accomplishments than for his career in the White House. Denounced during the New Deal era as a prime architect of the depression, Mr Hoover has re-emerged as a respected leader of conservative opinion. It is a pity, therefore, that his final work should once again have brought him into a partisan limelight and should have emphasised his more extreme political leanings.

The Hoover Commission—as it came to be called—was first established by President Truman in 1947 to inquire into the efficiency and cost of government operations. Consisting of an equal number of Democrats and Republicans, it did valuable work until 1949 and nearly 70 per cent of its recommendations have since been acted upon. Re-established by President Eisenhower in 1953, but with a Republican majority and with its terms of reference extended to include examination of the functions of government agencies, the commission began to fish in the troubled waters of policy-making. Taking as their main target "the government's undue interference with free enterprise," its Republican members often endorsed extreme ideas which would, in effect, have turned back the clock to the nineteen-

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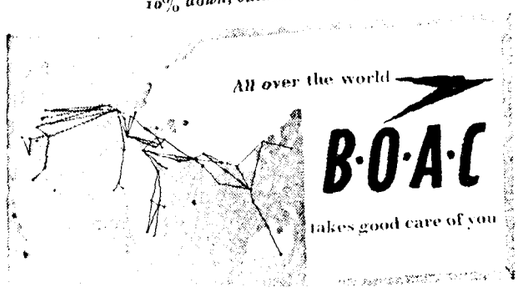

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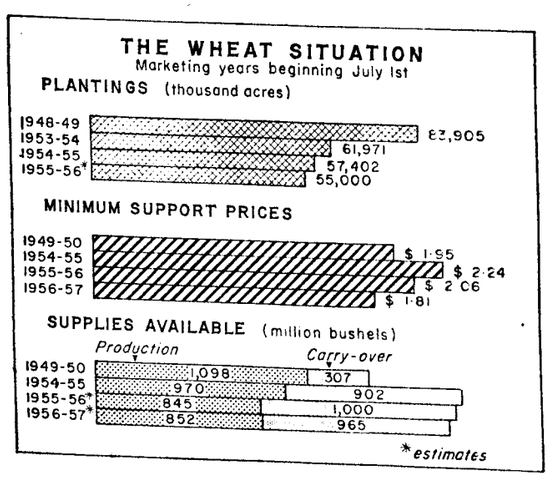
twenties and even earlier. Frequently, moreover, the sharply divided commission entered on questions that have less to do with long-range problems of governmental efficiency than with immediate political arguments. This is particularly true of what is expected to be its final report—a discussion of the development of the country's water resources.

As a result, a Republican Administration has shown far less enthusiasm for a Republican ex-President's work than did its Democratic predecessor. This year's 13 reports, containing 228 recommendations from the Republican majority on the commission, are now being considered by the Administration, but Mr Eisenhower knows well that many of them could never gain acceptance from a Democratic Congress. Nevertheless, Mr Hoover personally has demonstrated that old Presidents need not fade away.

Facing the Wheat Facts

WHEAT farmers, brought face to face for the first time with the full implications of the Republican attempt to adjust agricultural output to the facts of the demand for farm products, have decided that even a little price support makes the strictest regulation worth while. Last week they voted on whether they should again, in the coming season, plant only 55,000 acres—the least the law allows—of wheat or should allow price supports for the 1956 crop to fall to $1.19 a bushel, a level which in effect would mean no support at all. Next year will be the first in which the 1954 legislation, providing for flexible supports, will have its full impact. As a result, even with limited acreages the national average support price for wheat will be at a minimum of $1.81; it can go a little higher if there is a rise in the price of things the farmer buys.

Last year with the minimum average price at $2.06 farmers nearly rejected acreage controls for the crop now being harvested; it was therefore thought possible that the



necessary two-thirds majority for controls might not be obtained this year, for the first time. In fact, last Saturday 254,000 wheat farmers, 77.5 per cent of those voting, agreed to limit their plantings rather than meet the perils of a free market. And the Administration sighed with relief. For a vote against price supports for wheat would have upset the commodity exchanges and would inevitably have sent Congress rushing to the rescue of the farmers. The result might well have been a complete disruption of the Administration's farm programme just as it was beginning to have some effect.

The farmers have indeed run head on into the wheat surplus. For last year's vote in favour of acreage restrictions, coupled with this spring's drought, means that the 1955 wheat output is expected to be the smallest since 1943. This should logically bring bigger plantings and higher price supports next year. But the carry-over of surplus stocks to the new crop year which began on Friday will be about a billion bushels, a record figure. As a result, the supplies available next year will be so far above estimated requirements that the law forces the Secretary of Agriculture, Mr Benson, to continue the most stringent controls on plantings and to support prices at almost the lowest level permissible.

This surplus is almost entirely held by the government and the chances of disposing of it are small. Mr Benson, however, is trying to work out a scheme for differential price supports, which might help a little. This does not go so far as the controversial two-price system, which is sometimes advocated as a means of stimulating export sales. Mr Benson only wants to lower the support price for the poor quality wheat which millers will not buy and which inevitably goes into the government's storage bins and stays there. Yields of this kind of wheat are high and farmers are therefore tempted to grow it rather than grain which is suitable for flour.

No Place to Land

New York.

AIRPORTS may be the Cinderellas of this Administration, but Congress has not been slow to assume the role of Fairy Godmother. Congress has now before it a Bill to provide for a four-year programme of federal aid to airports at an annual rate of $63 million; this compares with only $11 million proposed by the President for this year. This Bill would mean that the outlay of $500 million, originally provided for by the Federal Airport Act of 1946, would be achieved by June, 1959. The grants are generally made on a "matching" basis, with the federal government providing 50 per cent of the cost of building an airport and the local community the rest.

That the condition of the nation's airports is highly unsatisfactory is readily acknowledged by all concerned. Airline traffic has risen by a third since 1953, and private business aviation, which logs more flying hours than the airlines, has more than tripled in volume since 1946. This rapid growth has brought near to saturation point many of the major airports. Of the nation's 2,078 airfields, only 150 have the paved runways of 5,000 feet or more in length which are necessary for the latest heavy four-engined air liners. Only seven civilian airports could accommodate

without prohibitively uneconomic limitations on payloads, the jet airliners which may begin operations in 1960. One of the greatest problems is the encroachment of surrounding communities on airports that have neglected to acquire cleared land for the extension of their runways beyond the 3,000 feet once thought adequate.

The Civil Aeronautics Administration estimates that $290 million in federal aid is needed to bring the nation's airports up to the standards that will be required in 1960. According to state and local authorities the total needs, including terminal buildings, are for $468 million, and over $160 million in local funds are already in hand or have been authorised. Congress, accusing the CAA of undue subservience to the traditionally tight-fisted Bureau of the Budget, has pointed to the discrepancy between these needs and the CAA's parsimonious requests for funds. In reply, the CAA argues that aid to airports is only part of its responsibility, and that greater emphasis, in its opinion, should be given to questions of safety, and to improved techniques of traffic control in the air space which is becoming almost as congested as the airports. It has, therefore, requested more funds for radar and other air navigational aids and for communications equipment, and less for the airports themselves, believing that the rapid growth of air traffic, while creating severe problems, also provides the additional revenue to make airports more nearly self-supporting. But since overcrowded airfields are themselves a primary traffic hazard, Congress sees little logic in this argument.

Government in Economic Life

DR SOLOMON FABRICANT, the research director of the National Bureau of Economic Research, starts his introduction to its thirty-fifth annual report with some strikingly round figures about the large part which governments—federal, state and local—are now playing in America's economic life. Government budgets for the coming fiscal year will add up to about $100 billion; 10 million people are on government pay-rolls; governments hold $200 billion of tangible assets and their debts amount to $300 billion. Of more practical importance is the assessment of the government's actual share in recent economic growth. In 1954, 15 per cent of all workers in the country were employed by governments, 17 per cent of all personal incomes were derived from governments, and output under government auspices amounted to about 20 per cent of the gross national product.

Dr Fabricant points out that this is not primarily the result of defence expenditures, high as they are, and that two world wars do not explain why government activity has grown much more rapidly than has private during the last fifty years. While the government's increasing share of the gross national product, a share that has quadrupled since 1900, is in part due to the greater quantity of the country's resources going into national defence, it is also due to the greater quantity being taken by the government to safeguard the people against threats other than war—unemployment and illness, for example—to provide more public services, and to enable the government to enter fields previously reserved for private enterprise.

All of this and more has been documented in the bureau's valuable and plentiful scientific studies of the basic economic problems of today. Now much attention is being given to the ways in which the large scale of the government's operations do, or might, or can be made to, influence the business cycle, the swing from recession to recovery, always a particular concern of the bureau. The bureau does not give advice on policies, but its researches are certainly contributing, even if indirectly and at several removes, to the public's ability to solve one of the basic political problems of today: where should the line be drawn between private action and government enterprise?

SHORTER NOTES

After two and one half years of legal battle, the government has abandoned its efforts to try Professor Owen Lattimore on charges of perjury. The charges were thrown out as "formless and obscure" by Judge Luther Youngdhal and he was twice supported by the Court of Appeals. Professor Lattimore was long the target of those who sought to associate the victory of Communism in China with alleged "treason" among State Department officials and Far Eastern experts.

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In the nick of time, Congress passed the Bill extending the present system of conscription by selective service. It gives the government the right to conscript men between the ages of 18½ and 25 and doctors and dentists up to the age of 45. Men who have been deferred remain liable to recall until they are 34.

★

The controversial refugee programme has been given a new head. The brave man is Mr Pierce Gerety, who had been working for the Civil Service Commission. He will serve under the famous Mr Scott McLeod, who is usually blamed for the slow progress made by the programme. But Mr Gerety has been assured that he will have complete authority to speed up the admission of refugees.

★

Government employees will soon be taking home larger pay envelopes. The President after vetoing an earlier Bill, has signed a compromise one giving postal workers an average increase of 8 per cent in earnings, and also another Bill giving some 1,075,000 other Federal employees an increase of 7.5 per cent. The annual cost of the two increases is expected to be about $1,250 million.

★

Congress has closed two loopholes in the 1954 Revenue Act, which allowed business concerns to reap greater benefits than had been intended from the income tax changes.

The World Overseas

Politics in Eastern Europe—I

BY A CORRESPONDENT

IT has often been pointed out that the destruction of the European balance by the Soviet Union in the years 1945-1948 means that no proposal for the neutralisation of a united Germany can be acceptable to the West, or safeguard the true interests of the Germans themselves, unless it is accompanied by a similar neutralisation of Eastern Europe. This would involve the restoration of their independence to the Poles, the Czechs and the Danubian peoples.

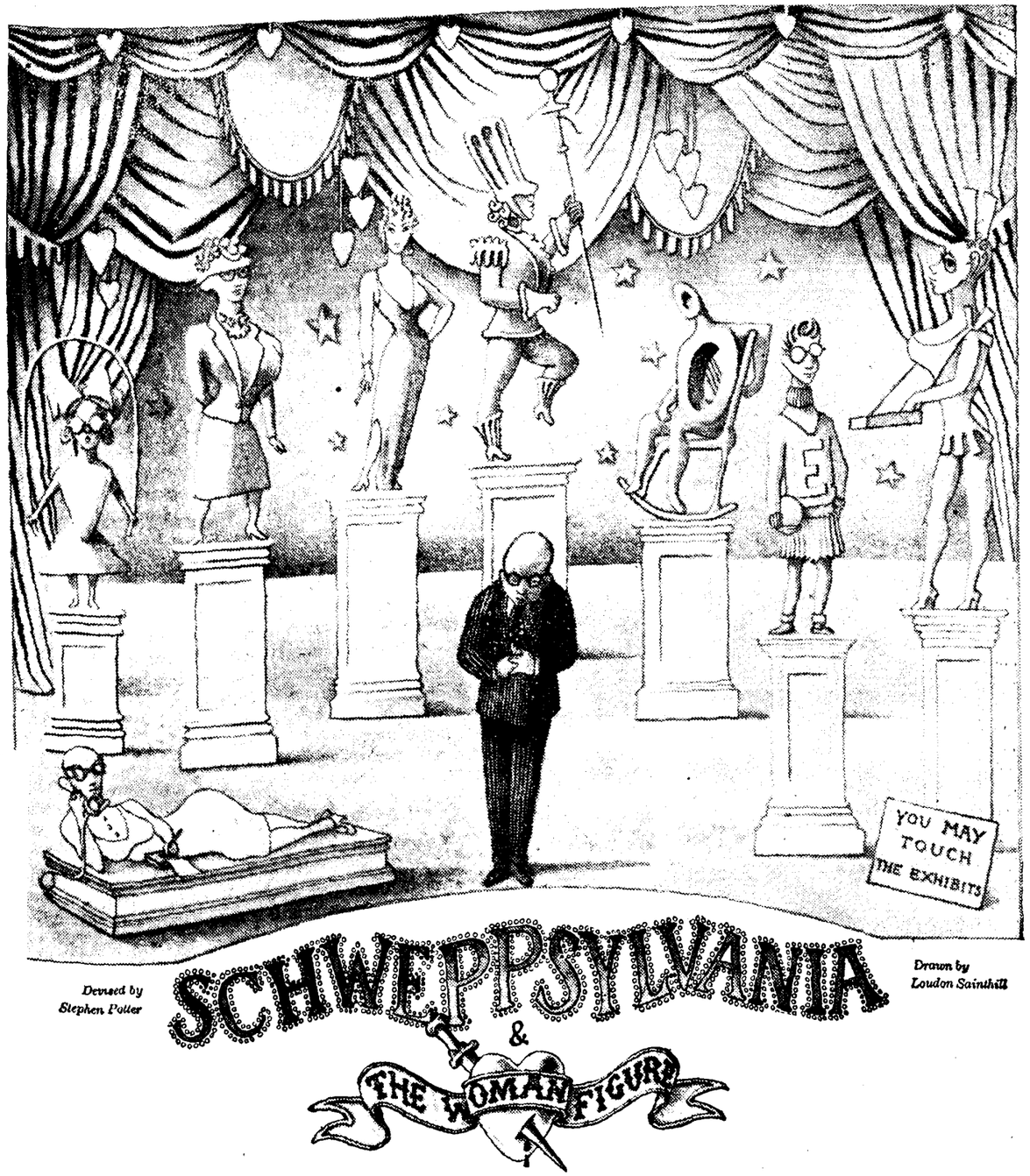
What, then, were the main social and political forces in Eastern Europe before the Soviet conquest, and in what respects are they likely to have been changed by ten years of "popular democracy"? Between the world wars Eastern Europe was an agricultural region with certain industrial enclaves. Private businessmen were most influential in the Czech lands, economically the most advanced part of the whole region. Elsewhere capitalists possessed wealth but not much political power. They received favours from the bureaucracy, but were seldom in a position to give it orders. There were some important industrial enterprises owned by the state, especially in Poland. Large private landed estates existed in Hungary and in parts of Poland: elsewhere the land had been distributed, in 1918 or earlier, among peasant smallholders. Even in Hungary the political power of the landowners was declining. Czechoslovakia was the only country in which it could be said that a private capitalist bourgeoisie was the ruling class; everywhere else the bureaucracy was the dominant social group.

Political forces in Eastern Europe could be divided into three categories—liberal democratic parties, democratic class parties and totalitarian parties. Liberal parties were strong only in the Czech lands. Elsewhere parties professing liberal principles flourished for a short time after 1918, but either drifted into dictatorial policies or simply disintegrated. The democratic class parties were the peasant movements and the Socialists. The most vigorous of the former were the Polish and Bulgarian. Rumania had a strong peasant movement in the 1920s, but it later came under the control of urban nationalist intellectuals and lost much of its class character. Hungary lacked a basis for a peasant movement as long as agriculture was dominated by great estates. When land reform was carried out in 1945, a very impressive peasant party rapidly grew up. Of the East European Socialist parties the most efficient was the Polish, founded in 1892. Its heroic struggle both for Polish independence and for the Polish worker ensured it a devoted following. Socialism was also a considerable power among the Czech and Hungarian workers.

Totalitarian parties included both Communists and fascists. East European Communism, except in the Czech lands, was not based on the working class. It was, as in pre-1917 Russia, a conspiratorial party led by a section of the intelligentsia and enjoying some fluctuating support among peasants and workers. Its attractions varied according to the national attitude to Russia. It was strong in Bulgaria, weak in Poland and Rumania. East European fascism was based on much the same social forces, but enjoyed active support from a part of the bureaucracy, and in certain cases from the churches. In Rumania and Hungary, in the 1930s, fascist parties (Iron Guard and Arrow Cross) became for a time powerful mass revolutionary movements. In both countries landowners and capitalists were for the most part against them.

The collapse of Hitler's armies in 1944-45 brought ruin to the East European fascists, but gave an opportunity to all the other political movements to emerge from a decade or more of repression. In the Czech lands, liberal parties were again strong, until Gottwald's 1948 police "revolution" suppressed them. Peasant movements made an impressive recovery in Poland, Bulgaria, Rumania and Hungary. It was only direct Soviet military intervention that destroyed them. The Socialist parties were able to achieve less, for a combination of Soviet intimidation and Communist infiltration greatly weakened their leadership. Nevertheless the Polish and Hungarian, and rather surprisingly also the Bulgarian, Socialist parties put up a gallant resistance until about 1948.

For the last seven years the Communists have monopolised political power. The political system, a copy of Stalinist Russia, is unlike anything that Eastern Europe has yet experienced. But the social structure is not so very different from the past as might have been expected. In agriculture, peasant smallholders predominate, except in Bulgaria, where 60 per cent of the arable land has been collectivised. Everywhere the peasants have good reason to distrust the intentions of the economic planners, and to dislike both the political tyranny of the Communist party and the interference with their religion. Industry has been developed throughout the area, especially in Poland. The numbers and skill of the working class have increased. Their material conditions have improved from the very low 1945 level, and the unceasing propaganda on the supremacy of the proletariat may have given them an increased sense of their importance. But any improvements come only by favour of the State boss, not as a result of the workers'



Visitors to Schweppsylvania will notice the reverence there, more than anywhere, for the female, and the importance, to the Schweppsylvanian, of the woman-figure. Here we see, being important to the typical man,

the typical Girl Next Door-figure, the Woman He Married-figure, the Woman he Nearly Met-figure the Campus-figure, the Mother-figure, the Girl at School-figure, the Girl he was Never Able to Speak to-figure, and His Friend's Secretary-figure.

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

own efforts. They have no organisations of their own to defend their interests, and they know it. In short, the need for genuine peasant movements and labour movements to defend the rights of peasants and workers against their rulers remains as great as it was between the wars.

The ruling group in Eastern Europe today, as between the wars, is a bureaucracy. But it is a bureaucracy with a difference. It approaches ever more closely to its model—the "toiling intelligentsia" or state bourgeoisie of the Soviet Union. It has the same material privileges, the same spiritual frustrations. But it also has two special features. Firstly, its composition is different. The Soviet state bourgeoisie grew up, over a period of more than twenty years, from persons whose parents for the most part had been workers or peasants. The State bourgeoisie of Eastern Europe was created in a hurry, largely from persons whose parents had belonged to the private bourgeoisie of the inter-war years, and including many who were business or professional men under the old regimes. It is thus ideologically even less reliable than its Soviet counterpart.

Secondly, its awareness of its countries' colonial status is an additional cause of frustration that is lacking in Russia. It may be assumed that Polish and Czech state bourgeoisie feel the same pride in the new factories which they have built as the Soviet state bourgeoisie feel—as Soviet literature abundantly shows. But there is a difference. The Soviet manager knows that he is working for his own country's greatness, the Polish and Czech managers that the fruits of their labour must be shared with a foreign master. To the nationalism of the East European peasant, rooted in tradition, must be added the nationalism of the East European state bourgeois, which can only increase with every new steel mill or engineering works.

(To be concluded)

Forced March for Malaya?

THE World Bank Mission to Malaya and Singapore, whose comprehensive report was published last week, draws a picture of a country poised between affluence and decline. If the rubber industry can be modernised and renewed, if new crops can be successfully introduced, if the enormous areas not yet under cultivation can be opened up, if the whole economy can be put on an expanding basis by developing local resources of skill, man power and savings—then Malaya can have a new lease of life as Asia's richest country; and its rapidly growing population will be an asset. But if the rubber industry, starved of capital, continues to age; if the opening up of the country by new roads, irrigation, public utilities and land tenure reform lags; if political uncertainties inhibit the flow of private capital into local enterprises; if the rigidities of public finance and growing deficits frighten governments from pursuing a resolutely expansionist policy—then everything will move in the opposite direction. At a time when world consumption is rising, Malayan natural rubber will become less, not more, competitive with synthetic rubber, yet Malaya will become more not less dependent on an inefficient industry; other crops and enterprises will not develop; a rapidly increasing population will merely reduce the *per capita* share of a stagnant if not shrinking national income.

In the forefront of its highly detailed recommendations for planned action in the five years 1955-59, the Mission rightly puts the rehabilitation of the rubber industry. It comes down on the side of the Government scheme for a flat acreage grant to encourage the replacement of low-yielding trees by high-yielding varieties, in contrast to the Mudie Enquiry Mission's proposals for tax incentives combined with a cess. The Mission does not consider that these would be effective either for the "poorer" estates or smallholders; in effect the grant system (however inequitable to "superior" estates) would amount to a decisive capital investment in the industry. It would, however, add a very heavy burden to the budget when taken in conjunction with other recommendations for the development of the industry. It is estimated that the cost of making grants would rise from $15 million in 1955 to $35 million in 1959. Expenditure on grants over five years, totalling $125 million, would be the largest single item in recommended public capital expenditures, followed by roads and road transport ($94 million), electric power supply ($71 million) and drainage and irrigation ($55 million).

Rubber Holds its Throne

The emphasis on rubber is, of course, right. Rubber must remain Malaya's first concern. As for tin, the output may in time improve, but over the next five years it will be curtailed and this will have an impact on revenue and the national income. It will, moreover, be a long time before other tropical cash crops, such as cocoa, can be more than a small supplement to Malaya's income from rubber and tin. The Mission was, however, impressed with the possibilities for other crops and recommended that surveys should be made, heavy outlays on drainage and irrigation undertaken, and research continued to diversify agriculture; it did not consider that Malaya should, even as a measure of import-saving, aim at self-sufficiency in rice. But it does foresee a steady growth in income from agriculture if public investment goes into basic services like communications.

The Mission also believes that the time has come for faster industrialisation in Singapore, based on better forms of organisation than the small family business; so far, industrial expansion has no more than kept up with the growth in the working population. It envisages the growth of "a wide range of industries catering chiefly to the domestic and nearby markets"—evidently on the lines of Hongkong—which it considers could be competitive. It also recommends extensive investments in better social services, technical training and research, housing, education and so on—but accepts the fact that social services will increase far faster in Singapore than in the Federation.

The conclusion is inevitably reached that while all development must be directed to the encouragement of enterprise, and investment by companies, estates and smallholders alike, taxation must be substantially increased. The Mission recommends that income tax rates should be raised, and made more progressive, so as to bring in enough money to raise the Federation's estimated revenue for 1959 from $610 million on the present basis to $665 million, which would be sufficient for the plan "making favourable

assumptions about the level of external assistance and the course of emergency expenditure"; if these assumptions were belied, a company tax would have to be levied too. It expects a better yield in Singapore from existing taxation (an increase from $250 million in 1955 to $270 million in 1959); but it forecasts growing deficits and would require that the increased income tax should extend to Singapore also, bringing revenue up to $293 million by 1959. It is understandable that the Mission has turned to income tax to raise Malaya's revenues, but higher income taxes are not easy to collect in Asian countries and most of the burden will have to be carried by the companies and salaried classes.

Study for Stumpers

Whether the more vigorous development programme would outweigh the disincentive effect of heavier taxation is something only events could determine. But there is a psychological factor which cannot be ignored. If, despite higher taxes, the cultivator and business man feels that the country is being forced firmly and competently into an expansionist phase, and that the Communists have lost the war (both the shooting one and that in the unions), confidence will breed the upsurge in private investment that the Mission regards as essential in the next five years. To give enterprise every chance, the Mission's proposals for the establishment of a Central Bank "to permit a measure of deliberate management of the money and credit situation" have much to recommend them; the main object is to develop the internal capital market and ultimately to develop means to insulate the economy to some extent from the fluctuations in the export trade. A Central Bank would fit well into the pattern of increasing political responsibility both in Singapore and in Malaya, and would be a tie between them at a time when politics and racialism tend to force them apart. But there need be no illusion on one point: the Mission's proposals offer no easy solution—immense efforts and skilled administrative action would be needed to bring them to fruition in the critical period at the estimated cost. The report therefore calls for earnest and intelligent study by the new Singapore Legislature and the election candidates now stumping Malaya.

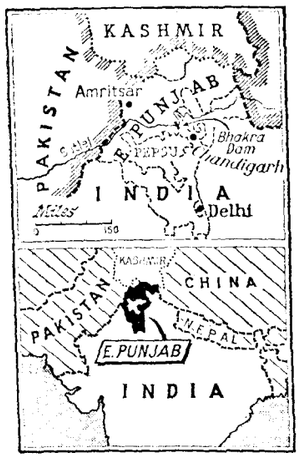
Sikhs and Slogans

FROM OUR CORRESPONDENT IN DELHI

EVERY evening at six o'clock a *jatha* of 70 Sikhs emerges from the passageway which the authorities have obligingly provided alongside the otherwise imposing barricade erected by the police across the entrance to the Golden Temple in Amritsar. Dancing the traditional *bhangra*, their hands held above their heads, and chanting "*Punjabi Suba Zindabad*," the demonstrators gyrate with a conga-like rhythm towards the police vans that await them. These they enter without any prompting, and are driven off to captivity by bored policemen. A large crowd of Sikhs is always on hand to applaud the martyrs. Similar scenes, though on a smaller scale, are being witnessed in Chandigarh, the capital of the Punjab.

The Sikh demonstrators are all either beardless youths, or very old men. The supply appears to be inexhaustible. Fewer than a hundred of the prisoners have so far risen to the authorities' bait of a public apology as the trifling price of their release. Over 4,000 Sikhs have been arrested. Both sides seem to be tranquilly prepared for an indefinite prolongation of this peculiar trial of strength. The Punjab Government has created a prison camp, said to be capable of holding 11,000 prisoners. The Sikhs say they will continue their campaign until the camp is overflowing, or the authorities give in.

Not all Sikhs support this *morcha*; but its instigators are the Akali Dal Sikhs, who overwhelmingly won the elections to the *gurdwara* or shrine committees. The pro-Congress Khalsa Dal Sikhs, who lost, accuse the Akalis of mixing religion with politics, and thus defiling the shrines. The Akalis are also accused of being in league with the Communists—they do not deny having accepted Communist support during the *gurdwara* elections; or even of being the tools of Pakistan — did they not "strengthen Jinnah's hand" in 1937, with their cry for a separate Sikh state of "Khalistan"? But even the Khalsa Dal contends that Sikhs have grievances. It is claimed that in the Punjab the Sikhs are discriminated against in the vital matters of jobs and political appointments. In India in general and in the Punjab in particular, the two are too often one. For this reason, Sikh grievances tend to flood over into the entire field of Punjab politics, setting adrift such dangerous topics as the alleged financial scandal of the nationalised school textbooks, and the reported frustrations of those who have, so far, been foiled in their endeavours to build private fortunes alongside the rising Bhakra Dam. Talking to disgruntled Indian politicians, Sikh or otherwise, can be a disillusioning experience: one so often gets the feeling that their chief grievance is that there has been an unfair division of the swag.



Their chanted slogan indicates that the Sikhs are demanding, not any longer a separate Sikh state, but a "linguistic" Punjabi-speaking state, on the Andhra model. But the current Akali leader (Master Tara Singh being in jail) explains the agitation differently. "The *morcha*," says Bhupindar Singh, "is not an agitation for a Punjabi-speaking state, but a campaign merely for the withdrawal of the ban on slogans; because slogans are important for enthusing the masses." The statement is significant. In post-Gandhian Indian politics, it is better to travel than to arrive. To achieve a Punjabi-speaking state is less important than to be one of the leaders of the masses who have been enthused to shout for it. It is a way, a shrewd and often sure way, of putting pressure on the all-powerful Congress, in order to secure a share of power and influence: certainly a quicker way than being merely one among a large number of Congressmen.

This is why the Akali Sikh leaders prefer long-drawn-out *morchas* to merely stating their case before the States Reorganisation Commission. It is also why shouting slogans and "taking out processions" have become the commonest symptoms of an Indian disease which is proving very embarrassing to Congress (which itself invented them as weapons for use against the former British rulers). Socialists, trade unionists, anti-cow-slaughterers and Sikhs all prefer slogans and processions to more humdrum methods. Such tactics "enthuse the masses"—who incidentally are aware that the penalties for breaking the law are far from severe. Political captivity in India is traditionally a quite comfortable affair—at least by the standards of an age which knows so much of totalitarian brutality.

Turkish Prospects

THE recent visit of Mr Zorlu, the Turkish deputy prime minister, to Washington has had a disappointing outcome for the Turks. Mr Zorlu did not, it is true, return home quite empty-handed; American aid to Turkey under the Mutual Security Programme for the current year is to be increased from $70 million to $100 million. But the Turkish request for a large long-term loan of $300 million was turned down; and reports from Washington suggest that the Americans may have been influenced in their decision by the present state of the Turkish economy and by the apparent reluctance of the Turkish government to take strong remedial measures. This week, however, by its decision to raise the Bank rate from 3 to 4½ per cent, the government has taken a welcome first step towards restoring economic stability.

The need for this and further measures is clear. Inflation and shortages, especially of raw materials for industry, are becoming increasingly severe. Both retail and wholesale prices have been rising quite steeply over the last two years. The money supply continues to expand at a rapid rate. And last year wages increased by about 13 per cent over the previous year's level, while the cost of living went up steeply by 15 per cent. Moreover, the balance of payments does not improve. Although last year both imports and exports decreased, the deficit was larger than in 1953. Exports dropped from TL 1,109 million in 1953 to TL 938 million last year. Imports were reduced from TL 1,490 million to TL 1,339 million in the same period. The drop of TL 171 million in the value of exports was largely due to a fall in earnings from cotton and mineral exports. The expansion in domestic consumption of cotton, and the high prices resulting from the inflated domestic demand, diverted about TL 75 million worth of cotton from the export market. At the same time, the depressed prices of chromium and copper on the international markets, plus rising internal costs, were responsible for a drop of about TL 50 million in earnings from minerals.

Record Harvest Expected

Although the failure of the cereals harvest last year does not seem to have greatly affected the balance of payments in the same calendar year, it must have played its part in the further drop in export earnings in the first four months of this year. This spring, however, Turkey has had a satisfactory rainfall, and the cereals harvest is expected to be a record one. Nevertheless, the import demand is so enormous that it is highly unlikely that the country can balance its foreign trade this year either. And in spite of several bilateral agreements with its creditors, Turkey is finding it difficult to pay off its commercial arrears. The drift to bilateral trade is costing it dear, and the Government is anxious to restore a more normal trade pattern.

Until this week, however, it has refused to take any of the unpopular steps needed to restore internal and external stability. Its hopes seem to have been pinned on getting a large loan from the United States. Turkey can, it is true, put forward a strong claim for substantial economic help from its western friends. It forms the eastern bastion of Nato; it is shouldering a very heavy defence burden; and its long-term prospects are good. But dependence on foreign help in order to surmount short-term difficulties can be carried too far. Turkey is already carrying a heavy burden of foreign indebtedness; since 1949 it has obtained loans to the value of nearly TL 1,400 million. If its export capacity does not rise while its foreign indebtedness goes on increasing, the country is only storing up trouble for the future.

Shattered Calm

Turkey's economic difficulties are playing an important part in domestic politics, which also appeared to take a turn for the worse just before the Turkish parliament adjourned for its summer recess at the end of May. Some acrimonious exchanges between Mr Inönü, the leader of the opposition, and the prime minister, Mr Menderes, shattered the comparative calm that had descended on Turkish politics for some months. The achievement of this more tranquil atmosphere had probably been made easier by Mr Menderes's enterprising foreign policy and the support which this had received from the opposition. Moreover, leading members of the People's Republican Party had become alarmed by the political situation, and suggested that the opposition should now follow a milder, less aggressive course. They hoped that once a calmer atmosphere had been created, it might prove possible to amend by mutual consent various controversial measures affecting the freedom of the press, the independence of the judiciary and the autonomy of the universities, which were thought to be at the root of the present political tension. In fact, they carried their conciliatory line so far that they began to create doubt and confusion among their own rank and file, many of whom began to accuse their leaders of forgetting that it was the duty of an opposition to oppose.

Towards the end of the parliamentary session, however, it began to look as if the opposition's expectations were not to be fulfilled. It is true that the government released the veteran journalist, Mr Hueyin Cahit Yalcin, who had been imprisoned last year under the very rigorous press law. But on the same day it deprived a naturalised Turkish journalist of his citizenship on the vague and unsubstantiated charge of "harmful activities to the country." Some old claims against the printing plants of one of the opposition newspapers were revived; and the editor of a weekly periodical, also critical of the government, was arrested on the charge of "harming the prestige of the government."

(*Continued on page 47*)

(*Continued from page 46*)

Such steps as these seem to have persuaded the opposition leaders that they could expect no change of heart from the Democrats, and presumably induced Mr Inönü to return to the attack in the last hours of the parliamentary session.

The prime minister has also been under fire from within his own party. During the budget discussions in February, the government was severely criticised by some of its own supporters and its proposals for increases in the land tax were actually defeated. In addition, a group of backbenchers, including three former ministers, introduced an amendment to the press law, which in its present form does not recognize the right of an accused person to prove in court his charge of improper activity against a cabinet minister. This group has attracted some attention as the first sign of serious opposition to the official leadership of the Democratic party. Moreover, in some important constituencies, such as Istanbul and Izmir, unrest and dissatisfaction have manifested themselves in a number of resignations of important party officials.

At Sixes and Sevens in Tokyo

FROM OUR TOKYO CORRESPONDENT

AS usual, the Japanese are fifty years behind the times. They have gone to the "peace" talks with the Soviet Union in London in the mood of 1905. "Who do they think won the war?" asked a querulous British Embassy official, as the confident Japanese demands for restoration of Yalta-lost territory were leaked to the press. Every responsible career diplomat in the *Gaimusho* (Foreign Office) would have despairingly echoed the question. There was—and is—no coherent or sensible Japanese foreign policy. No one really knows whether the Foreign Minister, Mr Shigemitsu, earnestly recalling protocol, or the Prime Minister, Mr Hatoyama, heartily recalling election promises, is in diplomatic command. And who today in Japan knows who is supporting the Prime Minister? Certainly everyone knows that it does not matter who is supporting the Foreign Minister, whose Progressive party has been absorbed beyond hope of recall into the Hatoyama Democrats. As for Mr Hatoyama, a senior *Gaimusho* diplomat has already shrugged off his idealistic policy of kindness-to-everyone as "scavenging."

Japan, it must be repeated, has no foreign policy in the western sense. There is a tendency among opportunistic politicians to confuse Hiroshima with Tsushima Straits and Pearl Harbour with Versailles. This curious impression may be corrected by the new flexible and realistic American policy of "help to each according to his loyalties." It is an open secret now that the remaining two American divisions of ground troops will be out of Japan by next year. The air force—and air force bases—will remain. This knowledge should strengthen Japan's hand at the discussions in London. But if the Russians insist on the withdrawal of the American air force, even the most opportunistic, anti-American members of the Diet will roll their eyes in dismay and hesitation. "Neutralist" Japanese may hope to be only Indian spectators in any world war, but they do not relish the prospect of being, by default, Siamese participants. The Japanese, above all, do not want to stand up and be counted.

The trouble is that Japanese politicians, in their anxieties and problems, have been spoiled by excessively Rotarian aid and comfort from Washington. The sooner they learn that American help—and British help, presuming that anyone is really interested in Whitehall—depends upon reciprocity and self-help, the better for everyone. The Japanese politicians—right, left and centre—are prepared to bargain "reasonably" with Moscow and Peking; the tragedy is that they have been encouraged in this reckless hope by 50-year-old memories of the white flag of the Czar's fleet and three-year-old memories of the white flag of Mr Dulles. They think that they have nothing to lose, and that they can safely swing Japanese policy on the hinge of Washington-Moscow rivalry. They may not all have forgotten that they lost the war, but they take it for granted that everyone will help them to win the peace.

So they blandly demand the return of Southern Sakhalin, in a Moscow direction; and distrustfully examine the mouth of the uranium gift-horse, in a Washington direction. They will welcome the withdrawal of American security troops on a nationalist basis; they will deplore the withdrawal on a sordid dollar-spending basis. They desperately need foreign investment; they are preparing to tax foreign businessmen out of the country next year. They want self-defence and they insist that it must be Japanese; but they are prepared neither to pay for it nor to ask the people to approve it. They complain bitterly that radioactive rain is falling gently on Japan, but they never admit that the rain comes only on north-westerly clouds from Siberia, and not from Bikini.

In other words, a predilection for righteous self-pity has developed in Japan. This will not be corrected by bribery or weak supplication. But it can be alleviated by the new and wise Washington policy of encouragement of self-help and abstinence from pious and open precept. And it could be abated by some evidence of a realistic British interest in what is happening and may happen in Tokyo today and tomorrow. Fifty years ago, London showed that interest.

Crossing the Hump

BY A CORRESPONDENT

THROUGHOUT Latin America, from Guatemala in the north to the Paraguayan-Argentine border in the south, cattle on some of the more progressively run farms have begun to change shape. The former ideal of a square, chunky, short-headed and short-legged animal of the European type is slowly being replaced by one of a long-headed, longer-legged animal, possibly with a trace of a hump on the shoulder and perhaps with signs of a dewlap. The ascendancy of *bos taurus* is being challenged by *bos indicus*.

The advantages of introducing the Zebu, or, as they are often called, Brahman cattle, into herds which are maintained in tropical or sub-tropical areas are many. Cattle with a mixture of Zebu blood are provided by nature with hides capable of repelling, rather than conserving, heat and are said to be more resistant to tick and to many of the other pests and diseases which are to be found in hot climates. They are better foragers where pasture is short or where the grass is coarser than that preferred by European breeds.

Mortality rates are lower and the cattle mature faster than their European counterparts, thereby enabling a year to be cut from the reproductive cycle. And finally, the percentage of dressed meat is as high as, if not higher than, that of European cattle.

Despite all these advantages, however, the introduction of Zebu strains has met with considerable opposition. The majority of cattle breeders are conservatively inclined, and certainly Zebu crossbreds look curious to eyes accustomed to herds of pedigree Shorthorn, Aberdeen Angus or Hereford cattle. But in hotter climates where breeders have watched their herds of pedigree European cattle deteriorate within two or three generations and have been faced with the prospect of selling cattle and land at knockdown prices, Zebu strains may well provide the answer.

Beef Drying Up

The benefits to be obtained from cross-breeding European with Indian cattle are not, of course, confined to Latin America. Pride of place in the introduction of Zebu strains must undoubtedly go to the breeders in the southern parts of the United States, and particularly to the Kleberg family who, at the King Ranch in Texas, have for the last 45 years been perfecting the now well-known Santa Gertrudis breed, the first distinctively American breed to receive recognition as such. Research has also been going on in northern Australia, the northern Transvaal and East Africa.

The importance of the development lies in the fact that the traditional suppliers of beef in the world markets—Argentina, Australia, New Zealand and Uruguay—are failing to keep pace with the growing demand, both domestically and from abroad, and new sources of supply must be opened up. In Latin America alone, the falling off in meat exports is only too well known, especially through the long drawn out wrangles over supplies of Argentine beef to the United Kingdom. Other countries, such as Brazil, Peru, Colombia and Venezuela, which were once exporters of cattle, now provide insufficient meat to cover domestic demand, while Paraguay's meat canning industry is faced with loss through the drying up of traditional supplies of cattle on the hoof from Argentina.

So far, only a few Zebu crossbreds have been imported into Latin America. But their number is increasing and their value becoming more and more widely recognised, and it is possible that their introduction may prove of immense importance to a region where most of the countries are anxious to diversify their export production and to raise the standard of living.

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Operation *Carte Blanche*

FROM A CORRESPONDENT

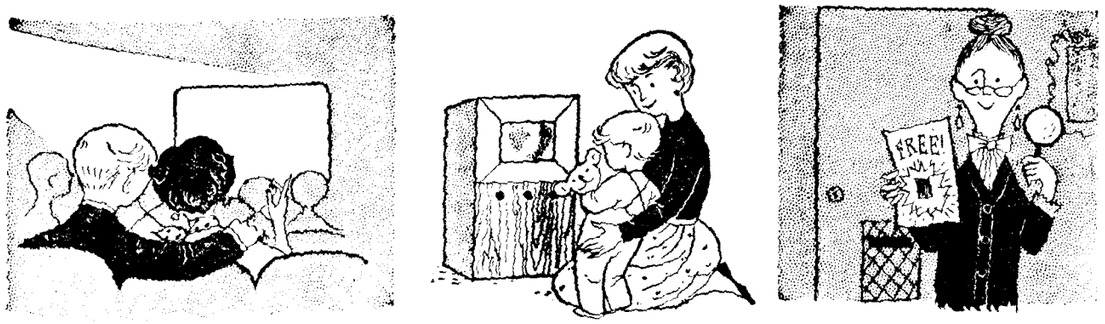
THE chief lesson to be learnt from operation *Carte Blanche*, the recent Nato air manœuvres over France and Germany, is that there is no real defence against a large-scale atomic attack *once it has been launched*. The only defence lies in deterrence—in building up a defensive force that could retaliate so quickly and so effectively that the potential aggressor would be restrained from ever launching an attack by the knowledge that he would suffer as devastatingly as his victim.

Operation *Carte Blanche* involved the use of about twice as many aircraft as the comparable Nato air exercises held two years ago. There was also a higher proportion of modern jet aircraft engaged, particularly Canadian and American built Sabres and British built Hunters. The exercise provided an opportunity to test fully the mobility and the communications system of the air forces involved. This is clearly important when aircraft from eleven Nato countries are involved.

In one respect *Carte Blanche* was inevitably artificial. This was in the simulated use of the tactical atomic weapons, which will form a major part of the future Nato armoury. A high proportion of the fighter-bomber units of the 2nd and 4th tactical air forces operating in *Carte Blanche* will probably be equipped and trained to drop the smaller atomic bombs. Squadrons of the American Matador pilotless guided bombers will be fitted, in part at any rate, with atomic war heads. There is also the growing number of atomic shells and rockets—especially the Corporal rocket propelled guided missile and the Honest John atomic rocket which will be operated by ground forces. There is no military precedent for the large-scale use of such weapons and the pretended use of them in manœuvres poses virtually insoluble problems of assessing damage and casualties. In past wars this aspect of staff work has always been some thing of an Achilles heel. The advent of atomic weapons has aggravated the problem almost beyond measure, and has made "tactical exercises without troops" even more artificial than before. The Red Army is reported to have had special difficulty in umpiring military manœuvres earlier this year because of the feigned use of atomic weapons.

A further artificial element in *Carte Blanche* has been the difficulty of introducing radio counter-measures into the manœuvres in a realistic way. The Russians are thought to have reached a high standard in this important field. But it is, for instance, difficult to rehearse the Soviet ability to jam the French early warning system or to bend successfully the beams that may control a flight of guided weapons. The recent manœuvres clearly took this factor into account, but how accurately the account can be rendered is another question. They were a reminder that in an age of rapidly changing military weapons, military manœuvres cannot provide a complete and realistic dress rehearsal for war. This does not make them less valuable, but points to their inevitable limitations.

Introduce the name



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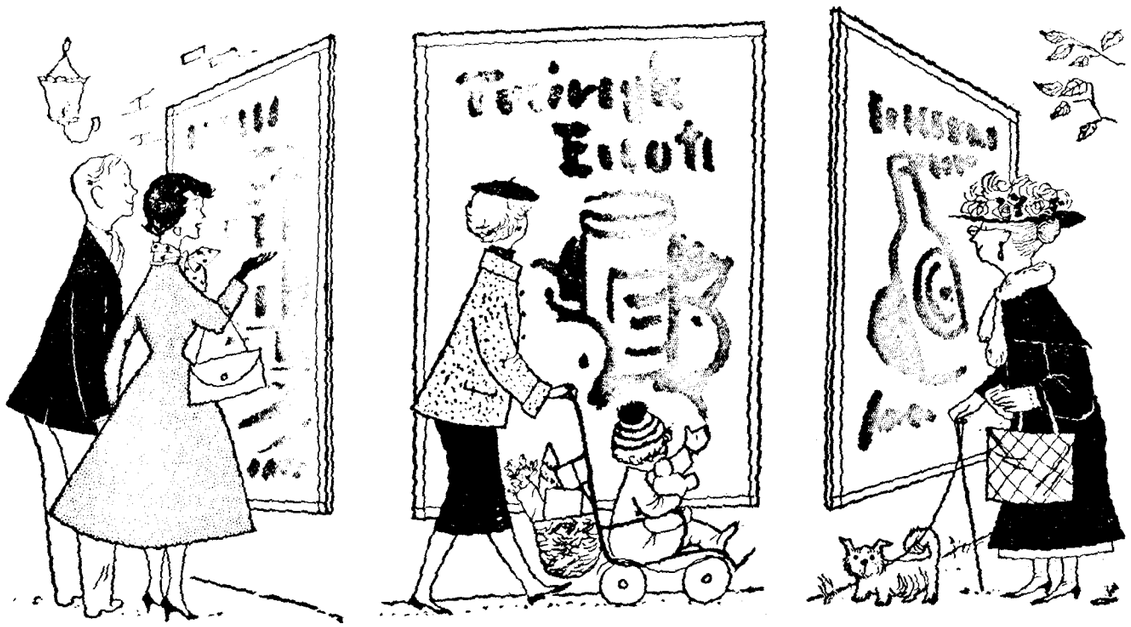

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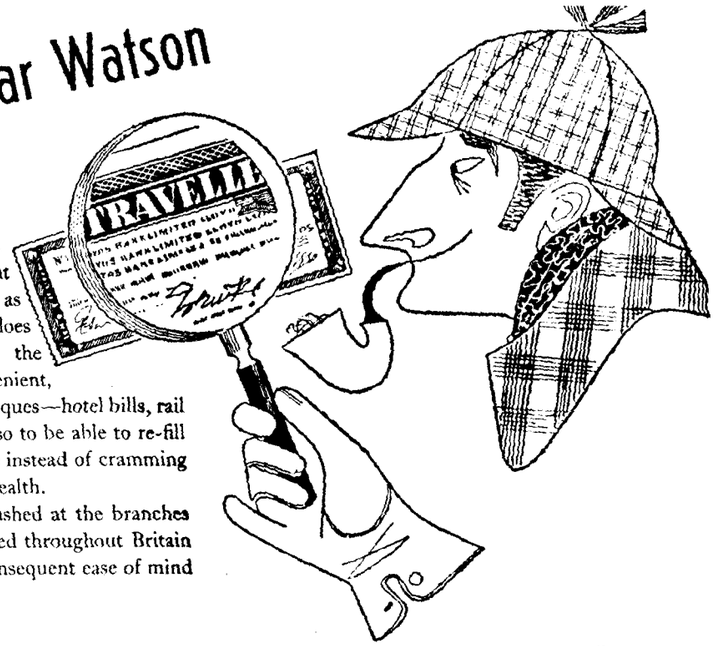

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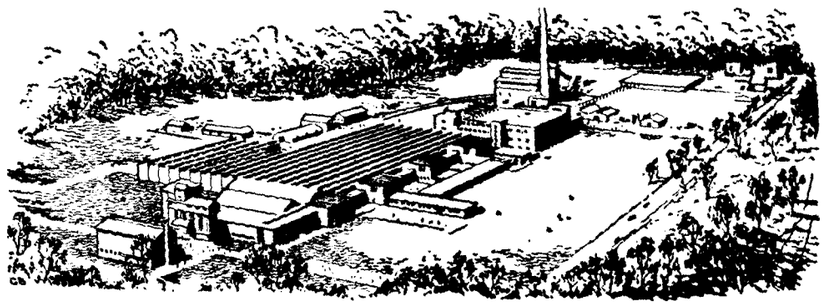

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THE BUSINESS WORLD

Cash and Carriage

NO one is surprised that the British Transport Commission was nearly £12 million "in the red" last year. It is just as obvious that there will be a thumping deficit for 1955. Taking this year with several others, there could easily be an accumulated deficit of £80 million by the end of this year, and it would then become even easier for those who rely on the test of earnings to condemn the Transport Commission for atrocious mismanagement. That test, indeed, is a crucial one; but the Commission's results are so much affected by economic and political conditions beyond its control that a deficit does not by itself rank as proof of inefficiency. Had the Commission's undertakings in 1954 been conducted with impeccable efficiency (which indeed they were not) a deficit might still have resulted from a year in which it felt most severely the cutting edge of inflation, in which it was quite unable to reach satisfactory terms with its men, and in which it was able to make only tiny steps towards the commercial freedom that the Act of 1953 promised.

The Transport Commission is now British Railways at work, with no ambitions of co-ordinating different types of transport. Hanging round its neck are British Road Services (still a bright jewel last year, for although much chipped away by the denationalisation of publicly owned road transport its net receipts were only slightly down at £8.7 million) and London Transport (more millstone than jewel, for its small surplus of £2.3 million was at least as much below its proper contribution to interest and central charges). But the results of the railways swamp the rest, and their net traffic receipts were well under half of what they were in 1953—£14.8 million against £33.0 million. The Commission's other activities showed better results, and the working surplus of £45.5 million, against £59.4 million in 1953, was less severely mauled than the net outturn of the railways, leaving a deficit of £11.9 million after meeting interest and other charges, compared with the modest 1953 surplus of £4.2 million.

"The fall in the working surplus," says the report, "is not the result of deterioration in efficiency or in economy of operation. . . . It is explained, in the main, by the simple fact that fares and freight charges were never able to catch up quickly enough with rising costs in the shape of higher wage and price levels." The cost blade cut deep, while the fares and charges blade moved only part of the way to meet it, and then after much delay. The full year cost of last year's wage increases is put at £23¼ million (£18 million of it for the railways); the further increases that came into effect last January will cost nearly as much. By the time that the freight increases of March, 1954, had become effective, some £4 million of revenue had been lost. When the 6 per cent wage increase of February last year supplanted the earlier 4s. award of December, 1953, the Commission apparently left the difference uncovered by any compensating increase in charges; but any fond hope that increased productivity would make it good was promptly shattered by an unofficial strike on the Western Region, and the year's results were £12 million the worse. After this experience, there was only a despairing justification for the moderation of the increase in freight rates a month ago which were postulated on "special measures of economy" which it was hoped would produce £15 million. But no sooner had the application been made—even on this hopeful assumption—than the strike was called; its direct costs in terms of net revenue may not be killing, but its longer run effects on traffics must be significant. And already in 1954, with its marked increase in industrial output, the railways were not succeeding even in maintaining the physical volume of traffic.

These troubles get in the way of a fair assessment of efficiency on British Railways. There is no doubt that, in absolute terms, it is much lower than it could be if two conditions were fulfilled: first, a modern

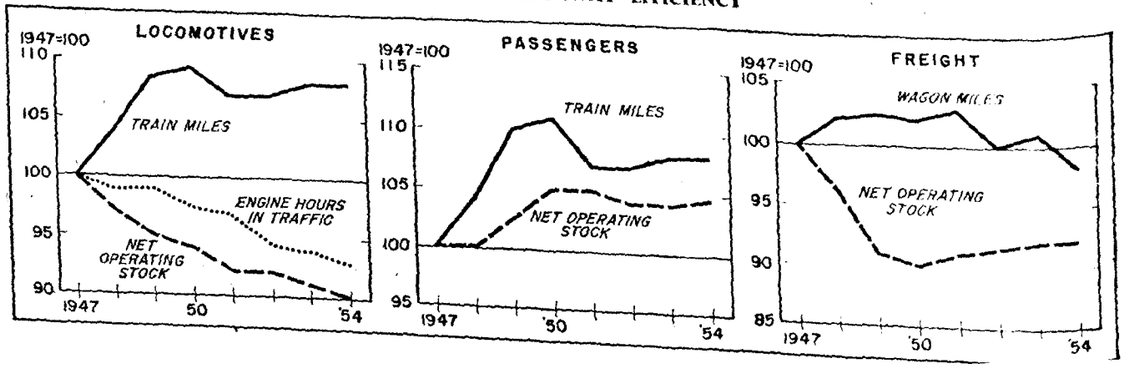
equipment, and secondly, a genuine interest in efficiency throughout the railway staffs. Recent labour troubles have encouraged many people at least to pose the question whether a £1,200 million programme of new investment is likely to be justified; it would certainly be a waste of money if it attracted nothing more than Luddite indifference. But there are faint signs that a trickle of new equipment and the progress of the few new development schemes since the war are beginning to stimulate interest among the men, as well as among railway users. This, for what it is worth, might be set off against the evident disappointment that the Commission feels about the drive towards higher productivity. They choose their words with great circumspection; they consider "there is still wide scope for increasing efficiency, and they realise that the whole-hearted cooperation of the trade unions and the staff generally is indispensable towards this end." These are aims to which the unions are twice forsworn.

Such increases in efficiency as have been secured—and they are by no means negligible—seem to stem mainly from the more effective use of capital equipment by the management. The charts at the foot of this page give some indication of these achievements. In seven years the stock of locomotives has been reduced by 10 per cent, but total train miles are up by 8 per cent. An increase of less than 5 per cent in passenger vehicles since 1947 compares with a rise of 8 per cent in passenger train miles. And while the total of miles run by freight wagons has shown a falling trend for three years, the carrying capacity of the wagon stock has markedly increased without involving a rapid increase in the number of trucks. More work is being got out of the equipment, and this itself is improving. These points deserve to be emphasised, not to encourage the slightest hint of complacency, but at least as a counter to the accusation that the railways' plight arises from their own inefficiency.

There is another aspect of efficiency in which railway users are more directly concerned. The Act of 1953 contemplated a new measure of commercial freedom for the railways. They were to be allowed much greater flexibility of charging, under the limits of a ceiling; once these maximum charges had been endorsed by the Transport Tribunal, the railways could then compete with all-comers at any price below the maximum. It is no secret that the scheme for maximum charges is being strongly opposed and its progress threatened with serious delay by important bodies of railway users. These users are mainly in the heavy industries, and their concern about future railway freight rates is at least understandable. What is perhaps less easily understood is their reluctance to admit that competitive principles ought to have their place in transport, and that no supplier of transport ought to have his hand tied behind his back merely because fifty years ago he was a monopolist. The railways are not monopolists now, and it is ironical that when, with the sanction of statute, they are trying to introduce competitive flexibility as an essential ingredient in their charges, they should meet such powerful resistance.

Yet the public resistances are still most marked. The sentimentalists will fight unendingly for the survival of the branch line, convinced that its charm is well worth preserving so long as somebody else (which means railway users in general) makes good the running loss. The complete overhaul of passenger services, with new traction, is conditional on the cutting out of much uneconomic passenger mileage that is now being run. The provision of cheap and fast freight services rests on the bulking of longer distance loads and the ability of road haulage to handle shorter distance traffic (and, no doubt, a good deal of the long-distance traffic, too) much more economically than the railways. A new acceptance of change will have to permeate the staff, from top to bottom. None of this will be easy, and to keep one's eye fastened on these hopeful but essentially long-run possibilities is difficult indeed at the middle point of British Railways' worst year. As things are going, and with an increase in coal prices surely about to be sanctioned after so long a delay, the railways could easily find themselves £40 million in the red for 1955—or say £80 million short of what they ought to earn to cover their capital charges. It is a frightening thought that railway transport should be sold so far below its cost. Is it really surprising that inflation assails the British economy when the prices of the primary necessities of its industrial life—railway service, coal and power—can for considerable periods lose touch with the costs of providing them?

INDICES OF RAILWAY EFFICIENCY



Taxation of Profits and Income—III

What Are Profits?

THE present activity in taxation reform, of which the report of the Royal Commission marks a climax but not the conclusion, stems from 1949. In that year Sir Stafford Cripps called together the first Tucker Committee to consider the taxation of trading profits, and this was followed a year later by the second Tucker Committee which reviewed retirement benefits. These committees covered two specialised fields in taxation and their reports did much to clear the ground for the Royal Commission which was set up in 1951 with over-riding terms of reference. It would be ungracious to regard them as merely devilling for the Commission; "Tucker I," at least, has already achieved a great deal in its own right, for more than twenty of its recommendations, including all those relating to the treatment of losses, have already been enacted.

The Radcliffe Commission, rightly seeking to see the wood as well as the trees, has not hesitated to go over the ground a second time where questions of general principle seemed to be at stake and its conclusions do not always agree with those of the earlier report. This article is concerned with some matters concerned with the computation of profits, on which the road was trodden twice and sometimes led to a different destination.

Fixed Assets and Depreciation

Sir Stafford's immediate purpose in 1949 was to find out whether changes in the value of money ought to be taken into account in computing taxable profits—in particular whether stocks and depreciation should be calculated on the basis of historical cost, or revalorised in some way. The internecine controversy between "monetary" profits and "real" profits has ebbed and flowed ever since; the contestants long ago chose their colours and it would be futile to expect that any findings of the Commission could encourage many desertions from one side or another.

The report is prefaced with the general premise—a staggeringly large one—that there will be no marked increase or decrease in the purchasing power of money. It concedes, indeed, that its recommendations about depreciation would not hold if there were a persistent decline in the value of money, "even if only a slow one." Having made this basic assumption, and having accepted the Tucker Committee's endorsement of the existing capital allowances (though without great enthusiasm and on the basis of practice rather than of principle) the Commission nevertheless finds it desirable to re-examine the efficacy of the allowances in times of rising price levels. It finds that support for the depreciation of fixed assets by reference to their replacement cost was stronger than had appeared to the Tucker Committee, and that the latter's conclusions did not commend themselves to most of the Commission's witnesses. But the argument that the capital of productive enterprise is being "eroded" by reason of inadequate capital allowances is found to be unsupported by adequate evidence; this judgment has found recent support in Professor Paish's estimates in the *District Bank Review* which show that in the seven years 1948-1954 the allowances—ordinary, initial and investment—totalled £2,965 million compared with depreciation at replacement cost of £2,740 million. On the theoretical side the claim is rejected on the ground that the fall in the purchasing power of money affects other taxpayers as well as traders: if the trader "decides to continue in business with a new and more expensive asset he must venture that much more money." The conclusions are firm and, however regretfully they are read, their authority must be recognised:

> (1) We do not accept that as a matter of principle a trader's profits in times of inflation must be computed with allowance for the cost of replacement of fixed assets or the fall in the purchasing power of money.
>
> (2) We think that for the purposes of taxation a system of computing his profits that does not make allowance for these factors is preferable to one that does.

These unequivocal statements are enough to show that the Commission could not regard the initial and investment allowances as mere consolation prizes for the replacement cost school. Their true purpose is not bound up with the problem of business profits in a period of inflation; it is the stimulation of investment in selected kinds of assets by a system of tax preferences. The Commission is clearly not happy about discrimination of this (or any other) kind and its discussion of these allowances includes some of the most penetrating comments of the whole report. The allowances are "imprecise for an instrument of taxation the whole justification of which lies in its service to the economic welfare of the State." The highly progressive taxation of individuals, as contrasted with the treatment of corporations, calls for fairness and impartiality and "this argues for finding vehicles other than the tax system to convey the State's encouragement of particular economic purposes . . . a democracy supported by universal suffrage ought to be peculiarly careful to guard itself against experiments in discriminatory taxation. . . . It is, therefore, an incomplete analysis that does not recognise that the [investment] allowance is in this sense a selective remission of taxation for the benefit of those individuals who are members of the corporations affected." These are weighty and impressive warnings and they can be applied in wider contexts. It is not surprising that the investment allowance receives at best a lukewarm acceptance.

The Role of Stocks

The Commission's analysis of the relation of stock values to the ascertainment of profit rests on the argument that the figure for closing stock is in no sense a "valuation" (except where current market prices are lower than cost). On the contrary, the stock figure represents the unabsorbed cost of the stock, to be carried forward against receipts of a succeeding year. No one would suggest that the figures for other prepayments should be revised from an actual cost to a replacement cost basis, and the same principle holds good for the cost of stocks. Hence it follows that where the "first in, first out" principle operates, a monetary inflation of profits is unavoidable when prices rise, and the consequences of increased tax liability must follow. By implication the Commission endorses the accountant's view that monetary profits are the only relevant profits, rather than the economist's view that true profits show themselves as an increase in real wealth.

But FIFO has no particular sanctity, for the tax code does not prescribe any rule for "valuing" stock in trade, beyond refusing to accept arbitrary or fictitious methods. This conclusion of the Commission conflicts with the Inland Revenue's insistence that FIFO alone can claim respectability. The Commission does not overlook that FIFO is the accepted method in this country, but neither does it overlook the Revenue's resistance to other methods. Having thus undermined the authority of FIFO the Commission examines alternative methods. FIFO does not necessarily accord with the physical facts, and it concludes that "last in, first out" would be an equally honest method, based on an equally good, if broad, assumption. In both the United States and in Canada, the Commission points out, LIFO is acceptable.

On the economic consequences of the adoption of one method as compared with another, the Commission is divided. In the main report it is recognised that FIFO leads to heavier tax charges in times of rising prices and of widespread prosperity. The minority estimate that if stock profits (which amounted to £1,640 million in the six years 1948-1953) had been eliminated the annual loss of revenue would have been of the order of £150 million a year. But this hardly justifies the categorical denunciation of LIFO by Professor Hicks and Miss Sutherland in their reservation. They anathematise LIFO because it postpones the payment of taxes and by thus putting more spending power into the hands of businesses, contributes further to inflationary pressure. Whatever may be the immediate economic consequences in terms of inflation or deflation, is it right that the tax system should be used as a weapon to force industry to run down its stocks?

Subject to this reservation, the general conclusion of the majority is that no single method of dealing with stock can be regarded as obligatory. Liberty to choose one system rather than another, however, must not degenerate into licence, and in particular any method used must be consistently adhered to, and must result in a figure of cost representing a real figure, and not one arrived at by an arbitrary or fictitious process. The minority would not accept LIFO on any terms.

An appendix lays down a set of detailed rules governing a trader's freedom to adopt a given accounting method, and the terms on which he could change from one method to another. These rules, it is recognised, would involve extra costs both in staff and in revenue, but the extra work is justified on the ground that the present system of control of stock is one of the weak points in tax assessment.

Basis of Assessment

Recognising the inherent artificiality of a system which makes it possible to say that "over the life of a business . . . it is only by accident that the total profits assessed exactly equal the total profits made" the first Tucker Committee tried hard to find a way of basing assessments on the actual profits of the tax year. Reluctantly, however, it came to the conclusion that a current year basis of assessment is impracticable in this country. But the anomalies of the existing basis, with its artificial cessation provisions, have since been high-lighted by the textile slump of 1952, which led to a large number of contrived cessations and simultaneously reconstructions aimed solely at taxation advantages. These "recessional" cases were castigated by Mr Maudling in the Commons and the Revenue's position was safeguarded by the complicated provisions in the Finance Act, 1954. Nothing, however, was done to remedy the corresponding hardships which can befall a taxpayer.

The Royal Commission has tried again, and while it has not been able to go the whole way, it takes the plunge so far as companies, 200,000 in number, are concerned. Unfortunately, the Commission also concludes, the million and a half individuals and partnerships who are also taxed under Schedule D must still be left on the existing basis, because the number of separate assessments involved would make any reform administratively impracticable.

Moreover, it is a matter for regret that the only method of current year assessment which the Commission regard as workable should be based on a system of provisional assessment subject to later amendment when the actual profits are known. A continuing duplication of work will inevitably result, and transitional problems would have to be dealt with on a hypothetical basis. Would it not be better to stomach one major upheaval and then to go forward on the new basis of assessment on current year profits in all cases? The tax could be paid after the close of the accounting period as is now done for profits tax.

The upshot is that, if the Commission's recommendations are adopted, the more important Schedule D assessments—those on companies' profits—will be based on profits actually earned in the period which is subject to assessment. This should lead to simplification of the vexed problem of the proper treatment of tax reserves in companies' accounts. Vast numbers of individuals and partnerships, however, will remain on the existing basis with its attendant complications. Thus the British tax system continues to move slowly in the right direction. PAYE, income with tax deducted at source, and property income, and now perhaps the profits of companies have moved on to the current year basis. If the new actual year basis for company assessments were found to work smoothly, could it not pave the way for the same basis for individuals and partnerships?

Fluctuating Incomes

The difference of approach between the Radcliffe Commission and the Tucker Committee is well illustrated by their treatment of fluctuating incomes. The Committee, within its terms of reference, was concerned with profits alone, whereas the Commission looked at all forms of income. The Committee felt the hardship arose mainly from the sharply progressive nature of surtax, and framed its recommendations to give relief accordingly. The Commission finds that the loss of personal and reduced rate relief at the lower end of the scale can be equally serious to the individual taxpayer, and its proposals embrace both big and small.

The Commission sees that it is not changes in income which are in point: it is of the nature of things that income normally increases up to the date of retirement and declines thereafter. Everyone would be better off if taxes were assessed on average earnings over a lifetime, but merely to contemplate such an evening out is to reject it because of its intrinsic impossibility. Significant hardship only arises when a sudden and substantial drop in income occurs, and the Commission proposes that where the total income of a taxpayer for any year is not more than 50 per cent of the total for the previous year the two years shall be averaged. No more than rough justice is claimed for the proposal, but it should be workable (marginal relief will presumably be necessary) and it would be especially welcome to many in the first year of retirement—the only occasion on which the majority of taxpayers will be interested. The Commission also recommends the withdrawal of the existing spreading provisions for authors and others, which resulted from the Tucker proposals, on the ground that it is not based on principle but gives a relief to one class of taxpayers which is denied to others.

Business Notes

Don't be Beastly to the Bankers!

THE bankers this week have given yet another demonstration of the discomfort they are experiencing in adapting themselves to the official policy of restraining the economy by the techniques of flexible money. A point has been reached at which it is bound to become much more costly for the banks to continue to meet the pressure upon their liquidity by selling gilt-edged, and the only other method of meeting it is by tightening the grip upon bank advances. Moreover, even if the banks were prepared to shoulder the losses that would be involved in further substantial sales of gilt-edged—necessarily of longer stocks than those sold in the past four months—they are not sure that such tactics would really achieve the objective at which the official policy is aiming. There is a widespread conviction, which the Chancellor himself evidently shares, that the necessary restraint upon demand within the economy will not be imposed unless the pressure of borrowed money is reduced.

But the bankers are painfully anxious not to be misunderstood. Having become accustomed to the technique of the official "directives" that masqueraded as monetary policy before 1952 and enabled the banks to blame the Treasury whenever they got tough with customers, they have forgotten the responsibilities they always had to shoulder themselves in former times of flexible money. In these circumstances they have now resorted to the lame expedient of appealing to their customers voluntarily to keep down demands for credit—lest they, the bankers, should be put to the pain of saying "no." These club-land manners will bring wry smiles to the faces of many customers—if, indeed, they ever hear this heart-felt cry. There is some doubt about that, for although the banks wanted to make a public appeal, the club rules prevented them from making it: it was couched instead in a mild letter to *The Times*, and no communication whatever was made to the rest of the press. If banking in this modern age must really be conducted by "public relations," it seems that the banks have even more to learn about those than about flexible money.

Meanwhile, there is no reason to suppose that there has been any change at all in official policy. Suggestions current this week that the authorities are putting "moral pressures" upon the banks in order to prevent further sales of gilt-edged appear to be without foundation. But, of course, if the banks' attitude towards borrowers does indeed become more stringent, or if the borrowers do indeed elect not to be beastly to their bankers, then the need for sales of gilt-edged will diminish.

A Halt in the Markets

A WEEK ago it seemed certain that some reaction must be due after the hectic rise in the industrial share market. It seemed equally probable that under the continued pressure of tighter money there was not room for a substantial rally in the gilt-edged market. Both those expectations have been fulfilled. The industrial share market has cooled down. The *Financial Times* index of industrials has fallen steadily from 219.8 on Wednesday of last week to 213.9 on Wednesday of this week. In the same period the index of Government securities has also fallen, from 94.99 to 93.93.

In the gilt-edged market the decline has conformed to its previous type. There has been no big selling, but a mass of small selling orders coupled with an absence of the usual volume of buying by the institutions that are normally regular investors. Some brokers report a drift out of gilt-edged stocks and into the insurance share market. This is an obvious tactic for investors who wish to incorporate an equity element in a high-grade portfolio, and the active market in Refuge Assurance "A" which opened on Thursday at £13⅛ and quickly rose to £14 is an example of its practice. The fall has carried 3½ per cent War Loan below 80. At 79¾ (at which the yield is £4 8s. 1d. per cent) it shows a drop of £1 5s. on the week. It also includes one movement that must be discomforting to the Bank of England and the Treasury. With lists for the exchange of London Electric Transport 2½ per cent stock into British Transport of 4 per cent 1972-77 stock still open, the price of the British Transport 4 per cent stock in the market dropped to 95½—a full point below the prospectus price of the new tranche of the same stock.

By comparison the decline in the industrial market looked much more like a normal technical reaction. The heavy Stock Exchange settlement passed without difficulty; the volume of profit-taking was moderate compared with the recent heavy volume of buying, and a trickle of American and continental buying seems to have continued in the quieter markets. But naturally the whole level of activity has shrunk. Markings in the middle of this week have been running between 11,000 and 12,000 a day, compared with over 19,000 in the middle of last week.

Debate on "Flexibility"

AFTER weakening to $2.78⅝ in the earlier part of this week sterling has recovered to around $2.78½ in the official market against the dollar. The same movement has been apparent in sterling's behaviour in terms of continental currencies and of Canadian dollars. The partial recovery appeared to be devoid of any official prompting. Most close observers of the foreign exchange market, however, await the end-June gold and dollar figures, due to be published on Monday, with a touch of anxiety. If the June figures show a substantial reduction in the gold and dollar reserve it will probably have been due to short term and perhaps reversible capital movements. Continental banks and commercial houses have recently been running down sterling balances to or below what is regarded as the bare minimum. The reasons for these withdrawals are in part connected with the strikes on the railways, docks, and Atlantic liners and with calculations of the delayed impact that these may have on the balance of payments at a time of year when it will have to withstand seasonal stresses.

An even more important cause of some of the withdrawal of London balances has been the echo of recent ministerial discussions at OEEC's headquarters in Paris on the renewal of EPU and the allied topic of convertibility. It transpired from these discussions that the British authorities visualised convertibility in association with a more flexible rate of exchange. The debates in Paris, though they were all held behind closed doors, had an effective sounding board and the opinions expressed have been reverberating around the capitals of Europe. Flexibility in the present context of the pre-autumnal weakness of sterling and of the strikes has all too readily been translated into a prospect of depreciation. In the circumstances it is not altogether surprising that foreign holdings of sterling should either have been covered by the appropriate forward sales or reduced to a minimum. For that very reason, however, sterling should be technically strong. If the effect of the strikes on the balance of payments should turn out to be less serious than some observers expect and if the good work of Bank rate continues to squeeze stocks (as the May trade figures seemed to indicate), the recent weakening of sterling may be followed by a healthy improvement when the working balances are reconstituted. This reinforcement of the demand for sterling would then occur at the time of the year when it is most needed.

Security Sterling

THE most remarkable feature of the foreign exchange market, however, has been the recent strength of security sterling. American security sterling has this week been quoted between $2.77½ and $2.78. Continental security sterling has been slightly cheaper at $2.76¼-2.76¾. This disparity reflects the recent considerable American demand for British equities, all of which has been canalised so far through the market for security sterling. The supply of security sterling is by no means fixed and in recent months has been fed through a number of channels. Certain sterling securities, including those with dollar options, can only be bought by non-residents if paid for in free dollars. When such securities are sold by non-residents the sterling proceeds become blocked and increase the available supply of security sterling. The same thing happens when emigrants leave the United Kingdom for North America. They are allowed to take a part of their assets with them and convert them at the official rate, but can deal with the rest only by offering it as blocked sterling in the security market.

Had it not been for the expansion in the available supplies of sterling it is probable that the recent American demand for sterling securities, would have caused an even

sharper rise in the rate for security sterling. That rate however can never rise beyond the prevailing rate in the official market since sterling bought with free dollars can be used for any purpose, including the purchase of securities. No American wishing to buy British equities would therefore go through the security sterling market if he could obtain his sterling cheaper in the official market. It should be added that in the last few days the American demand for British equities has waned considerably—another reflection of the doubts on exchange stability fostered by the Paris discussions.

Forty Days at Half Speed

THIS week the dock strike passed its fortieth day. The combined effect of the railway strike and this prolonged stoppage at certain ports is beginning to cause difficulties for a number of industries. But from the start, the port stoppage has been viewed by industry as the more serious of the two. Almost three-quarters of the country's trade is handled by the six ports affected—London; Liverpool, Garston and Birkenhead; Manchester; and Hull. These places appear to be working at about half-speed; so that for six weeks now a good 35-40 per cent of both imports and exports have been held up or diverted. Fortunately June is not normally a heavy month for exports although it is quite a busy period for imports. July, however, is a heavy month for both, and the hold-up could become much more serious if the stevedores stay out much longer.

By now most ports are able to handle more traffic than the number of men reporting for duty would suggest, though experience varies. At the Surrey docks in London all the dockers are on strike and no ship has been handled since the stoppage began. Daily meetings between the various authorities concerned and a rough and ready priority system at certain docks have helped to produce a steady increase in the number of ships being worked: for the last three weeks there has also been a gradual drift back of strikers. This time British Railways have not found it necessary to place a general embargo upon the movement of traffic to and from the ports. A few temporary restrictions operate here and there, but apparently most firms are checking with their shippers before dispatching goods.

	Men Out	Ships Idle	Ships Under-manned	Ships Fully-manned
June 29	18,180	164	97	100
" 22	19,043	178	97	147
" 15	19,542	175	86	141
" 8	20,217	164	83	138
" 1	19,628	158	80	116
May 25	18,530	100	96	111

The Chancellor of the Exchequer has asked the National Production Advisory Council to prepare a survey of the impact of this strike upon industry and the export trade, but it is not easy to arrive at any precise measure of the consequences. The accumulation of frustrated exports is now very heavy. More broken delivery promises are losing further goodwill in overseas markets. The expiration of licences for shipments to central and south America, for which few ships are available, may mean some cancellations. Food supplies have not been disrupted; and coal, iron ore, and scrap shipments arrive at other ports. But for the bigger categories of currency earners, textiles, machinery, road vehicles, electrical goods, and chemicals, which between them bring in half total overseas earnings, the proportion handled by the affected ports is higher than three-quarters. The shipment of unassembled vehicles and cycles has suffered particularly and several overseas assembly plants are now almost at a standstill. Both textile and chemical firms have had several anxious moments about the flow of certain imported materials, but in general there does not appear to have been any cutting of production yet.

Building Societies Under Pressure

BUILDING societies do not, as they often point out, readily adjust their interest rates to changes in Bank rate. But when a change in the price of money has been working itself out for some months, it is time for them to pause and think. They will be thinking hard on Friday of next week, when the normal monthly meeting of the Council of the Building Societies Association has to decide between adjusting its ideas to the new money rates and facing the possibility of a breakaway by two big London societies in the £100 million asset class. The dilemma is not easy to solve, though the facts that lie behind it are readily understood.

The first impact of higher Bank rate did not reduce the flow of money into the societies, but it did increase the flow out. No figures are available later than March 31st. Up to that time the inflow of new share subscriptions and new deposits left a comfortable surplus over the volume of withdrawals. Since then it would seem that unrivalled opportunities for speculation in the industrial share market and the attractions of rising yields in the money market and on gilt-edged securities have encouraged withdrawals, particularly of "big money," while the volume of new mortgage advances sought by borrowers has not shrunk. The movement is under pressure, and it is sharply divided about the right course of action. From the North and from the largest of the London societies comes a demand for no immediate change, either in the rate of interest paid to shareholders or in the rate of interest charged to borrowers. Those societies are not unalterably opposed to change, but would prefer to wait for another two or three months and see whether the movement can ride out the storm with its scale of charges unaltered.

From the rest of the South, including two big London societies and a host of lesser fry including the Portman Society that has just increased its payment to shareholders, come two alternative suggestions: first, that rates be put up to 2¾ per cent net paid on shares and 5 per cent charged on new mortgage advances, leaving the existing mortgages unchanged; or, secondly, that 3 per cent net be paid to shareholders and 5 per cent charged on all mortgages, including existing advances. One of these big London societies closes its financial year on September 30th, and this factor may have something to do with its desire for quick decision. It is also noticeable that the impetus for a change comes from the very societies that in recent months have been seeking more business by offering longer mortgages beyond the Association's recommended maximum life of 25 years.

Since these divisions of policy tend to be settled by compromise, 3 per cent on shares and 5 per cent on all mortgages seems less likely to be accepted. The decision, whether it is made public in a week's time or later, is likely to be either 2¾ per cent net to shareholders and a 5 per cent charge on new mortgages or no change, with the risk of a breakaway by some large societies.

Output to Order

SEASONAL correction of the industrial production index, as has been demonstrated this week, depends somewhat upon who does the correcting. But the raw figures themselves—which are provisional, but so far this year have generally erred upon the side of conservatism—suggest that in April and probably in May output was holding its course. The margin over 1954 production in the same period, which has been at times this year nearly 7 per cent, now appears to be slightly over 5 per cent; but it has been sustained better than most people guessed it might be. Given a modest range of error in prediction and measurement, Mr Butler is certainly entitled to quote it as being "of the same order" as the increase of 6½ per cent achieved in industrial output last year. Some effect of monetary policy might be expected to be showing by May; the record would suggest that this policy has not significantly affected output and may have increased exports. The dock strike might blot this copybook; but so far, what more could a Chancellor order?

Atom in the Grid

"THE imminent prospect of industrial nuclear power on a substantial scale but at a somewhat speculative cost" may send the designers even of conventional coal and oil power stations back to their own drawing boards—not so much to compete with the newcomer as to compound with it. Even by 1965, only about 5 per cent of Britain's generating capacity will draw power from the atom, but already, in the words of Mr J. Eccles, deputy chairman of the Central Electricity Authority, "size and steam conditions [of the other stations] are in the melting pot."

Any power station costs so much to build today that it is only worth installing if its fuel costs are low. Having installed so expensive an item of capital equipment, the profitable way to run it is as near continuously as possible; in terms of the continual Dutch auction of grid system operation, the load despatcher always seeks to draw power from the stations offering it at the lowest running cost. Conventional plant design, therefore, has sought to gain the utmost economies of size, in the boiler and turbine equipment, producing plant that technically as well as economically is best run for long periods, not stopped or started too frequently.

But nuclear plant, whatever the total costs of operation—which are adjusted by a somewhat elastic "plutonium credit" for the enriched fuel produced as a by-product—is likely to have lower fuel costs than any conceivable plant using coal or oil. It is the power stations with the lowest running costs that carry the base load, operating day and night except for periodic maintenance and overhaul: and nuclear plants, however long commissioned, will always be able to "underbid" even the new coal and oil stations. But as and when the bank of nuclear plant available becomes enough to handle this more or less continuous load (at present the equivalent of about a fifth of CEA's capacity is running all the time), new coal or oil stations may need to attain their maximum efficiency over only about two-thirds of the 24 hours, the "plateau" of normal daily demand. This means, Mr Eccles suggested this week at the British Electrical Power Convention, "that all sets must be capable of two-shift and single-shift working"; it will require modifications in specification, and may offer a wider field for various forms of the gas turbine cycle than until recently has seemed likely. It has also encouraged BEA to go forward with its first "pumped storage" hydro-electric scheme. At Blaenau Ffestiniog in North Wales electricity from the base load stations designed to run all night (hence eventually from nuclear stations) will be used at times of low system demand to pump water from a low reservoir to a higher one. At peak demand periods the water will run down again through a turbo-alternator that can reach peak output from standstill in five minutes. At peak hours, therefore, CEA will be able to switch on a huge battery of cheap power.

Oil and Cheap Power

LORD CITRINE and Sir Leonard Sinclair last week signed an agreement by which the Central Electricity Authority will buy fuel oil at cut prices for several new power stations in addition to the station being built at Marchwood, on Southampton Water. The fuel oil will be supplied by Esso Petroleum Ltd.—to "the majority of the stations"—at such a price "that generating costs will not be increased compared with equivalent coal consumption," which at present would imply less than £6 a ton. But by the time Esso has to deliver significant quantities—annual deliveries will reach nearly 3 million tons by 1960, and over the ten-year contract Esso expects to supply about 24 million tons in all—the price of coal will be higher, and the coal-oil parity (reckoning 1 ton of fuel as equal to about 1.6 tons of coal) may not mean so large a discount.

The joint statement last week said: "It is felt that oil price fluctuations will not be so sharp as those of coal." That may well be true, but so far as markets on this side of the Atlantic are concerned, demand for fuel oil, at the full price, is continuing to mount.

Rubber Above 3s.

RUBBER this week has been bounding up again. At the high point—3s. 1d. for spot—the price was a shilling a pound higher than at the beginning of this year and indeed at its highest since early 1952. Those were the days when the Korean commodity boom was fading

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One Burroughs man solved this problem. The Phonotas Co. Ltd. (weekly telephone cleaning and sterilizing service) have 80,000 separate accounts, and until recently, in London and in provincial offices, figures were copied by hand. As this led to errors and delays, they called in this Burroughs man, Mr. J. G. Winterbottom (left). He showed Phonotas how, with just two typewriter-accounting machines *and two* abbreviated-description accounting machines, they could halve their accounting time, and obtain up-to-date figures—*all without extra staff*.

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away and the Americans had been talking loudly of "price gouging." Nobody is talking of price gouging now, but many are talking of a "squeeze," a temporary shortage in the market that should right itself in a month or two. It is probably for that reason that activity in the rubber share market, substantial a week ago, has now died down, though prices are steady in the quieter trading. (Rubber share markings in the first three days of this week numbered only 1,250 compared with 2,632 in the first three days of last week.) It is probably for that reason, too, that there has been no substantial volume of the semi-professional investing in rubber shares such as usually comes with a rising commodity market, despite the fact that if the price could be trusted to steady even a little below its present level, most Malayan producers, and not merely the most efficient fringe, would be working to a comfortable profit margin.

Is the diagnosis of a squeeze correct? A squeeze in the top grades for early shipment there certainly has been. No. 1 sheet commands a premium of about 4d. a lb over No. 3 sheet. About a penny or even less would be more normal. It has little or nothing to do with the dock strike: not more than about 300 tons of rubber has had to be diverted from British ports. Delivery of the Russian purchase of June rubber has been the trigger that set off the present market movements. The London market had to scrape the bottom of its barrel; a substantial Chinese merchant in Singapore has been unable to find the large quantity, reported to be 2,500 tons, of high grade rubber due to the Russians. Rubber if not of the right quality and if not on the right date will eventually be provided from that quarter. In London the June trading is being satisfactorily settled. Therefore prices are already 1d. per lb below the peak and might ease further.

But it would be a gross over-simplification to leave the picture as merely a technical squeeze in June rubber now ended. Consumption is high and supplies no greater than adequate. Moreover there is no big reservoir either of stocks or of productive capacity from which additional supplies can be quickly obtained. The Russian purchases due to be delivered in June may have been of the order of 6,000 tons. It is believed that the deliveries due to them in July are nearly twice as great and the Russians will no doubt later have to buy again, and still have to buy the high grades which alone they can apparently use. But Russia is neither the sole cause nor the sole victim of the tight supply. Manufacturers, in this country, on the continent and in America have on the rising market probably all bought less than they should. Stocks in London and Liverpool at the end of May were a mere 13,000 tons, against an average British monthly consumption of over 20,000 tons. While supplies remain so low the danger of another squeeze will persist and to increase supplies either of natural or synthetic rubber against a background of rising world demand is not a short-term problem. In the end it will be solved and the substantial premium that natural rubber now commands over synthetic will again come under pressure, but that event may still lie far ahead.

Six Million on the Roads

ANY doubts that may have existed a year ago about motor sales during 1955 have proved unfounded. Up to the end of May, car and lorry output was 25 per cent up on last year; there is still a heavy back-log of orders for the most popular models overseas, which the dock strike is certainly not helping to diminish, and the waiting list at home is running anywhere up to fifteen months ahead. The major factories are working to the hilt of capacity, which is continually being increased by improvisation until the formidable expansion schemes announced last year can be brought into full operation. At the present pace the motor industry could turn out 1¼ million vehicles this year. It has taken the industry only five months to pass the half million mark; this point was not reached until June last year and not before August in 1953.

This cheerful picture, however, has some darker shades. Car shipments, at 152,000 (£52 million) for the five months, are 20,000 (£6 million) up on 1954 in total but these broad figures conceal some unpleasant changes of fortune in certain critical markets. Sales in the sterling area rose by more than 20,000, including an extra 9,300 to Australia, 4,500 to New Zealand, 3,500 to South Africa, and nearly 3,000 to other parts of British Africa. But in Western Europe and North America, which the Germans have been making their main targets, shipments have dropped by 8,000. British firms are just about holding their own on the continent if Sweden is excluded. Here the ban on German imports has been lifted, and a cut of 4,000 in British sales (including commercial vehicles) in what is still the third largest car market for this country must be compared with an advance of about 18,000 by German vehicles. The further decline in North America is also most disappointing for a market where there has been a general recovery for many months now. Both saloon cars and some sports cars are losing ground to the Volkswagen, though certain models, such as the Jaguar, Austin Healey, and Triumph T.R.2, appear to be holding their own.

The commercial vehicle side of the industry is still making excellent progress almost everywhere, and exports are now 37½ per cent higher than in 1954. Most of this increase has been scored in station wagons and in pick-ups. Here again, though, Australia is still by far the largest single market. This may augur trouble later in the year when Australian import restrictions start to have an effect upon shipments. The dock troubles at this end have cut shipments of some manufacturers by more than half. But diversions to the home market have not made any marked inroads upon the long waiting lists here. When a count was made last September of the number of vehicle licences in existence a total of 5,775,000 vehicles was discovered. With the usual seasonal increase in registrations since then the number must by now have topped 6 million.

Petroleum Chemicals Expansion

BRITISH PETROLEUM CHEMICALS is one of the young giants of the chemical industry, the offspring of those two massive enterprises, British Petroleum and Distillers. The doubling of BPC's capacity, which was decided upon some time ago, will cost about £8 million—more than the original investment—and the first of the new installations should be working by the end of the year. The partnership between Distillers and British Petroleum has proved highly successful. The production of petroleum chemicals is a postwar innovation in this country and none of its

techniques is easily acquired. BPC is centre of a complex of plants linked by common dependence on the products of refinery gases, mainly ethylene and propylene, derived from naphtha, which is piped from British Petroleum's adjoining oil refinery at Grangemouth.

Some of the plant's output is sold on the open market, but a portion of it is fed to Grange Chemicals, in which the two BPC partners have each a one-third share, the remainder being held by a subsidiary of Standard Oil of California. Part of the new plan involves an increase in capacity for making detergents at Grange Chemicals. A quantity of BPC's output is also sold to Forth Chemicals, in which Distillers and British Petroleum again hold a third each (through BPC) with Monsanto as the other partner. Monsanto in turn buys a big proportion of the output of Forth Chemicals, the main product of which is the plastic material styrene. The demand for styrene products has been especially strong and a £4 million expansion in Forth Chemicals was put in hand some months ago. The expansion of BPC follows almost inevitably to meet the increasing requirements of Forth Chemicals. This network of associates has had happy results in resolving technical problems of production and commercial problems of marketing.

Agreement on Uranium

THE agreement signed recently between the Belgian and United States governments over the future sale of uranium mined in the Belgian Congo automatically affects Britain and Canada since these two countries are members, with the United States, of the Combined Development Agency that buys uranium on their behalf and distributes it according to requirements. Belgium has undertaken to give the Agency the option, which it will almost certainly exercise, to buy 90 per cent of the uranium and thorium ores produced in the Congo next year and the year after, and 75 per cent of the ores produced there for two further years. The agreement means that Belgium now has some uranium available for experiment and probable commercial use; it also reflects the mounting volume of ore coming from the South African gold mines and the volume that is to come from Australian deposits. The price paid for Belgian ores, as distinct from the quantity offered for sale, is the subject of separate negotiation by the governments, and these negotiations go on almost continuously.

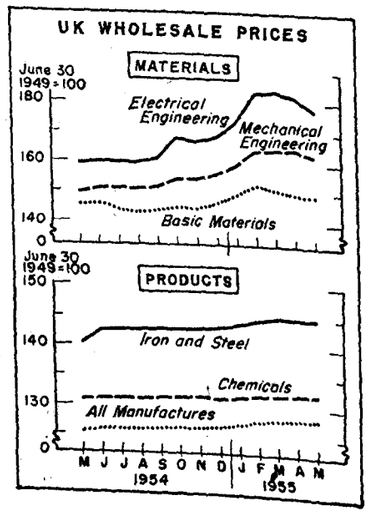
The Belgian-American agreement does, however, also include clauses that concern only the United States, and these involve an undertaking to supply Belgium with considerable technical assistance, including supplies of nuclear fuel, in building atomic reactors. This is the price that Belgium has demanded all along for its uranium; the country badly needs an additional source of power without wishing to undertake the heavy expense of conducting its own atomic research. The implications of this kind of agreement for Britain and for manufacturers in this country who hope to build up an export trade in atomic reactors and their equipment are not encouraging. More work has been done in this country on commercial, as distinct from experimental, reactor design than in the United States and with good results. The Atomic Energy Authority and the Government should press this lead in Europe and elsewhere. Otherwise it will not be surprising if other countries come to regard the United States as the source of all nuclear developments and the only country able to supply advice, materials and equipment.

Dividend from FCI

THE latest report and accounts of the Finance Corporation for Industry are the most encouraging since its establishment in 1945. Until this year the directors had felt obliged to apply the whole of the corporation's net

What Industry Pays and Charges

PRICES of basic materials (other than fuel) used in manufacturing industry fell in May for the third successive month; the fall was slight, the Board of Trade's index dropping by only 0.3 per cent to 149.0 (June 30, 1949 = 100) and the recent behaviour of such commodities as rubber and copper suggests that it has not since continued. Reductions of 5.7 per cent in prices of copper, of 8.4 per cent in raw jute, and of 1.2 per cent in hides and skins more than offset a rise of 2.2 per cent in rubber, of 0.5 per cent in wool, and of 11.7 per cent in tungsten. The fall in copper in May reflected the introduction of a fixed price of £280 a ton for copper sold by the Selection Trust Group; at that time the market was firm and it has become stronger. That had a significant effect upon the indices of materials used in the electrical and mechanical engineering industries. The index for electrical engineering fell by 2.0 per cent to 177.8 and the index for



mechanical engineering fell by 1.1 per cent to 162.5.

The indices for materials measure the changes in the "input" prices that British industry pays for its raw materials. What of the changes in the prices that industry charges for its output? The Board of Trade's new price index for manufactures other than fuel, food and tobacco, now provides a link between the "input" and "output" prices of industry as a whole, and there are also "output" indices for certain sectors, though unfortunately not yet for the important mechanical and electrical engineering industries. The index for manufactures has risen by 2 per cent in the past year, compared with a 2½ per cent rise for basic materials. The index for iron and steel products has risen by 3 per cent, while the index for chemicals has risen by 1 per cent.

income to writing down the value of investments; in 1953-54 this absorbed the whole sum of £2¼ million received when steel was nationalised for the corporation's former rights to subscribe ordinary shares in Steel Company of Wales. Clearly it was the investment in Petrochemicals that had to be written down, for the directors now report that these depreciated investments "were realised during the year." No further writing off has been necessary; investments have been stated at cost; and FCI has paid a maiden dividend of 6 per cent to its shareholders (insurance companies, investment trusts and the Bank of England).

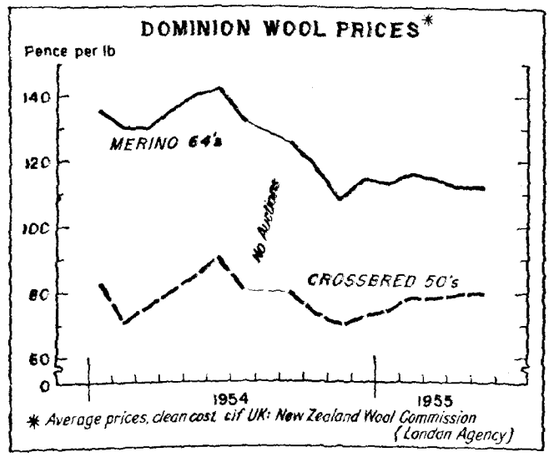
FCI had sunk some £9½ million into the Petrochemical venture, now taken over by Shell, and has received back approximately half that sum. This repayment accounts for nearly the whole of the fall of £5 million, to £58.9 million, in the value of investments in the balance sheet drawn up at March 31st last. The money was used mainly to repay bank advances, which are down from £60.1 million to £54.2 million. No further reduction was made in holdings in the still nationalised steel companies (comprising principally the holding in "Scow"); these remained at £36.3 million. The corporation has, moreover, made a substantial new commitment to one of the denationalised steel companies. This is understood to have accounted for a considerable proportion of the large increase shown in total new investment commitments outstanding at March 31st—£32.8 million, against £18.3 million a year before and £11.3 million in 1953.

The profit and loss account benefited from sales of holdings in F. Perkins (all of which have been realised since March 31st), and also from the appreciable increase, from £393,007 to £490,821, in net earnings from interest and dividends. The first net profit to be shown by FCI accordingly reached the respectable total of £497,699. A transfer of £250,000 was made to investment reserves, and after provision of £17,250 for dividend (the issued capital totals only £500,000) there remained a balance of £179,367.

The Season in Wool

DOMINION wool growers will look back on the 1954-55 season which ended this week as one in which their fears of a sharp set-back in prices were soon realised, only to be mitigated by a recovery in the second half of the season. And British exporters to Australia, who have good reason to watch the wool market, must be thankful for that recovery. The break in prices which was particularly sharp for merino wools, coupled with a fall in shipments following the dock strike in Australia last November, was a major cause of the tightening of restrictions on imports from Britain and other countries early this year. In the first eleven months of the season (July to May) the value of Australian wool sold dropped by £29 million to £260 million compared with the same period of last season. Sales in South Africa from July to April fell by £5 million to £55 million, despite a rise in the volume. On the other hand, New Zealand, which produces mainly crossbred wools, has fared better this season than last. As the chart shows, crossbred prices have suffered less than merino prices, partly because they have been substituted for the dearer merinos and partly because women's fashions have favoured woollen rather than worsted cloths. Those preferences, plus a larger clip, sent up New Zealand's sales by £4 million to £63 million from July to April.

The recovery of wool prices owed something to good fortune. The season opened with the prospect of a small surplus of wool, which was accentuated by a fall in the rate of world consumption in the fourth quarter and by reduced purchases by Japan and Russia. But the available supply



of raw wool also began to shrink. Shipments were held up by the dock strikes in Australia and Britain, and sales of surplus American wool and of South American crossbred wool were handicapped by high prices. In the first quarter the rate of world consumption rose by about 3 per cent, thanks mainly to a long-awaited recovery in the American industry. Demand generally was encouraged by the lower level of prices and Japan and Russia bought more. Though shipments of Australian wool returned to normal, and South American wools moved more freely, it became clear that supplies available for the rest of the season would be in reasonably close balance with world needs.

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THE Herald is an unpretentious-looking, medium sized (36 passenger) aircraft that Handley Page is offering to the airlines as a replacement for the ubiquitous DC 3. This could be, in its way, as lucrative a market as that for the bigger and more spectacular trunk route airliners, which is probably why Handley Page is venturing about £2 million of its own capital in designing and developing the Herald as a private venture. The first prototype, which is due to fly in a few weeks, has been built in just over a year; the second will fly next spring. Delivery, at £135,000 an aircraft, is being offered for the end of 1957.

The company seems to have devised a successful formula for a difficult requirement, since it already has signed orders for a total of 29 aircraft—the buyers being Australian National Airways, Queensland Airlines, and Lloyd Aero Colombiano. The biggest sales effort is being directed to operators in the less developed countries where local airfields are only capable of taking a DC 3 type of aircraft. The Herald can take off and land from grass airfields; is expected to break even at 50 per cent of its capacity; and conveys the impression of a reasonably modern design (which some "DC 3 replacements" do not) by using four engines and having a mildly pressurised cabin for comfort. To get economical operation at low altitude, the Herald uses piston engines built by Alvis; competitors such as Fokker in Holland are prepared to wait until the Rolls-Royce Dart turbo-prop becomes available for general sale in 1958.

Fokker is using only two engines; so are most other Herald competitors. It is a nice point how operators will balance the relative merits of four piston engines against two tubro-props. The French candidate being built by Hurel Dubois has achieved a spectacular take-off at the cost of a distinctly odd appearance; it is not clear yet how much importance operators attach to this aspect of an aircraft. The Twin Pioneer built by Scottish Aviation, which has had Government support and which flew this week, might also be considered as a Herald competitor: although it carries only 16 passengers, it has been specifically designed for operation in difficult terrain. Handley Page has the capacity to produce up to six Heralds a month and this, combined with the fact that it has sufficient backing from actual and potential customers to justify going straight into production gives it, for the time being, a lead in this field.

Lorry Sales After Two Years

SINCE the Road Haulage Disposals Board set up shop in May, 1953, it has put up for sale some 24,600 of the lorries owned by British Road Services and has sold 15,700, with the results of the offer of the last 1,400 still to come. The Transport Commission owned some 36,000 vehicles at the time the denationalisation Act was passed. Of these, 32,500 were earmarked for disposal. Arrangements have been made for the piecemeal sale of 2,000 state lorries operating on contract hire as and when their existing contracts run out; the BRS parcels and smalls fleet of about 4,000 vehicles will be offered in October as one operating unit; and the Commission now intends to seek permission to retain the 400 lorries the railways use for collection and delivery work. Thus there are fewer than 2,000 vehicles still to be put up for tender at least once. The proportion of successful sales in each list has been rising steadily, with the exception of the offer of the trunk network in March, when only 544 out of 6,115 lorries were taken up. But so has the number of re-offers been rising (43,300 offers for 24,600 vehicles) and so has the proportion of vehicles offered in small units without depots attached (now about half). Over 10,000 vehicles have been sold in depot-less units of fewer than 10 lorries each.

The fourth six-monthly report of the Disposals Board, published this week, covers the period during which the first stage of denationalisation—the sale of 15,000 vehicles to the small haulier—was nearing completion, and the Board and the Commission turned to the second stage of breaking up and selling the long-distance trunk network that BRS has built up and has operated at a considerable profit. The first general attempt to sell this fleet failed; no tenders at all were received for nearly half the depots and lorries. The Board takes pains to explain in its report the disadvantages it sees in the company method of disposal. The Road Haulage Association has argued that these larger units should be offered as going concerns in order to attract the required capital outlay. But the Act stipulates that shares in such companies must be offered in one parcel and also that once a company has been formed its shares shall be offered as soon as "is reasonably practicable." The Board considers that the time needed to build up adequate trading records for each company for the purposes of a prospectus under the Companies Act would not be "as soon as is reasonably practicable"; and that the offer of unincorporated transport units would probably attract just as many buyers and just as good (or bad) prices. Three such companies, comprising 400 vehicles, have so far been sold; and the best part of this year is being spent in preparing the prospectus and valuations for the parcels fleet, the fourth company to be set up.

The Board and the Commission are now considering what to do about further offers of the unsold trunk depots, and hope to announce their policy shortly. But the Minister of Transport is also considering present progress and policy and may decide to make certain changes in the disposal programme.

SHORTER NOTE

Turkey has been admitted to the sterling transferable account area. This area now comprises the whole non-sterling world with the exception of countries in the dollar area, so that sterling is quite freely transferable throughout the non-dollar world. When the transferable account area was widened in March, 1954, Iran, Hungary and Turkey were excluded from it, all for special reasons. The former two countries have been re-admitted for some time, and the negotiation early in 1955 of a payments agreement with Turkey providing for the settlement of its commercial debt with Britain cleared the way for the grant of transferable facilities.

Company Notes

UNION MINIERE DU HAUT KATANGA. This company is an important producer of copper, cobalt, uranium and other metals in the Belgian Congo. Copper and cobalt, the directors insist, are its principal products. But the company's affairs are of great interest to the British public for two reasons: Britain along with America is buying nearly all the Congo's uranium at prices that are often under review but so far have certainly not been disadvantageous to the producers. Moreover, British and other Commonwealth shareholders are important, though indirect, investors in Union Minière. Tanganyika Concessions holds a cool £77 million worth of Union Minière securities in the form of 179,760 no par value shares standing on the Brussels Stock Exchange at frs. 6,030 (about £43) per 1/10th of a share, 61,384 4½ per cent debentures of frs. 100 each. It also owns 40 per cent of the royalties that Union Minière pays.

Thus "Tanks" may have a mere 14½ per cent interest in the equity of Union Minière but it is still Britain's best investment in the uranium mines of the Congo. And as an investment it is still a great success even though Tanganyika Concessions may have settled down to a sober life as an investment trust. On the basis of the Brussels quotation, which is not necessarily the price of a big block of shares, the whole of the Tanganyika Concessions capital at present prices is covered with an ample margin by the Union Minière investment alone, leaving out of account that company's ownership of the Benguela railway.

In 1954 with the contract for uranium between the Belgian Congo and the British and American governments in the process of revision Union Minière again records a bumper profit. The gross figure before tax was frs. 4,904,331,396 compared with frs. 4,698,363,460 and the net figure after tax available for distribution was frs. 3,268,217,600 compared with frs. 3,128,626,070. The dividend has been raised again. The final payment of frs. 1,000 per share makes a dividend of frs. 1,600 net per share for the year 1954 compared with frs. 1,450 for the previous year. "An outstanding year for the Union Minière" the chairman, M. Edgar Sengier, called it and he foreshadowed plans for further expansion of production necessitating capital expenditure which the company's own cash could cope with.

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LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES. Mr Harold MacMillan was a successful and brave Minister of Housing—successful because when his team had rashly promised 300,000 houses a year he delivered more, brave because when rents were left almost the only service controlled down to its prewar price, he granted the landlords an unpopular but overdue rise. It is still a cynical commentary on the treatment meted out to landlords that the biggest London owner of residential properties to let, now finds the outlook clear enough to take an option on two fine new buildings—not in London but in Southern Rhodesia. It is a further striking commentary on the long struggle before the Rent Tribunals and the County Courts that has followed the Housing Repairs and Rents Act that company's net revenue rose in the latest year only from £816,117 to £818,770, although the Act had been in force for seven months of it.

The accounts of London County Freehold and Leasehold Properties should be examined against that background. Investors will notice first that without any material assistance from the new rents

	Years ended March 31 1954	1955
Consolidated earnings:—	£	£
Net Rents, etc.	816,117	818,770
Charges	194,052	189,058
Taxation	391,579	402,778
Net revenue	230,486	226,934
Ordinary dividend	153,389	175,854
Ordinary div. per cent	11¼	12½
Consolidated balance sheet:—		
Fixed assets	12,201,833	12,275,617
Less Depreciation	1,177,191	1,257,306
Debenture capital	4,985,816	4,968,693
Provision for repairs	226,442	221,476
Revenue reserves	1,105,839	1,138,260
Capital reserves	661,828	631,790
Preference capital	821,000	821,000
Ordinary capital	2,479,000	2,479,000

the directors have increased the dividend. The final payment of 8¾ per cent makes 12½ per cent, against 11¼ per cent. Secondly, a rough measure is now available of the benefits to come. The rent roll at March 31st was £2,423,432, an increase of £83,872 over last year's income. With the trek to the Rent Tribunals now nearly finished, the final adjustment is doubtless bigger. Probably even the cautious can count an extra £100,000 of revenue and it happens that an extra 1 per cent (with distributed profits tax) costs just over £30,000. Investors must also reckon that the company will sooner or later carry through the revaluation of properties that was postponed last year because of the anomalies in the new Act. That revaluation will obviously reveal a capital surplus. It will also involve recalculating the sinking funds appropriations, but as the sinking funds are in surplus the revaluation "will effect little difference in the total annual provision." There should still be something more for shareholders whose 10s. units yield £4 18s. per cent on the present dividend. And they will not have so long as usual to wait for a guide. It has been decided to pay three dividends a year instead of two, presumably with the idea that each of them should represent about one-third of the year's probable total. Clearly it will this year be not the first interim in November, but the second in March that will give the best indication of the prospect.

The new Rhodesian venture also provides the company with an interesting two-way option. The company has the right to purchase the two blocks at the end of two years. If the venture succeeds the ultimate possibilities, involving the issue of new capital, and perhaps a link-up with the big building plans of the copper-belt companies are great. If not the exit is still open.

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WHITBREAD. The Whitbread equity is in the top flight of brewing shares. The company has consistently and vigorously pursued an expansionist policy since the war through all those years when the brewing trade has been fighting an uphill battle against a changing social habit. It came therefore as something of a shock when the preliminary report showed a fall in trading profits (from £2,920,836 to £2,610,366) in 1954, leaving the directors no other choice but to maintain the ordinary dividend at 21 per cent. Now in his statement the chairman, Col. W. H. Whitbread, reveals that while total beer consumption in 1954 fell by 4.5 per cent (bad weather helped the decline) the company was "able to hold its own." The reason for the decline in profits can therefore be traced to a rise in costs per unit, notably in transport, building and in wages and salaries.

To counteract the effects of the decline in draught beer consumption Whitbread has made every effort to sell bottled beers. The number of agreements it has made with other brewers to sell Whitbread's beers in their own tied houses has been growing steadily. To strengthen the trade links, Whitbread has also made small investments in some of those breweries. Another keystone in its policy is to improve the appearance and amenities of its own tied houses, of which it has a large number. Col. Whitbread's belief that a public house is something more than a shop for selling beer is revealed in his comment that there is no "reason why a public house should not make the same substantial profit out of selling a cup of tea, a cup of coffee, a good meal or a snack as the many unlicensed cafés and licensed and unlicensed eating-houses do today." But such a policy requires money. In Col. Whitbread's mind it is associated with conservative dividends.

As the efforts made by Whitbread to expand its trade show, competition between the brewers is intense. Another symptom of competition was the recent proposal that Courage and Barclay Perkins, two of the biggest brewers in London and the Home Counties, should be merged. **Barclay Perkins** has now issued its preliminary report for the year to March 31st. It is probably the last report it will issue as a separate entity. It shows that the company's trading profits have fallen from £1,042,671 to £991,354 and its net profits from £290,729 to £259,111. But the directors have raised the ordinary dividend from 8 to 10 per cent. The significant point about that 10 per cent dividend is that it is almost exactly the same dividend as is expected from the new holding company if and when Courage and Barclay Perkins merge. The dividend then is expected to be at least equivalent to Courage's 22½ per cent in 1954.

BOVRIL. The dynamism to be found in the accounts of expanding manufacturing industries is not to be expected on an old-established food and pastoral company such as Bovril, and until last month, this company was among the few large businesses that had failed to increase its dividend since the war. The rise now in the Deferred dividend from 12½ to 15 per cent reflects a more generous policy, rather than any big new advance in earnings. The year's increase in profit is only 5½ per cent, and much of that is due to the fact that in 1953 the balance was struck after writing trade investments down by £40,000. The peak profits of 1948 and 1951 have not been reached again.

Lord Luke's review shows that home sales increased during 1954 and have risen further since, and that exports were "well maintained." But the well known difficulties of working in Argentina, where the factory operated at a large loss last year, put a severe brake on progress. Net fixed assets in Argentina amount to well over half the consolidated balance sheet total, though happily the proportion of net current assets that are in Argentina is barely one-quarter.

	Years to Dec. 31, 1953	1954
Consolidated earnings:—	£	£
Trading profit	756,041	799,155
Depreciation	94,138	110,463
Taxation	419,665	418,448
Net profit	*286,835*	*322,865*
Deferred dividends	68,750	85,625
" " (per cent)	12½	15
Retained profits	80,515	106,809
Consolidated balance sheet:—		
Fixed assets, *less* depreciation	2,371,409	2,291,014
Net current assets	3,891,865	4,049,405
Stocks	4,314,115	4,213,591
Reserves	3,775,817	3,866,166
Deferred capital	1,000,000	1,000,000

£1 Deferred Stock at 41s. xd. yields £7 6s. per cent.

Bovril appropriately has for some time been broadening its activities, to become less dependent on meat products. It sells processed foods and dairy produce, and has bought an interest in the soft drinks trade. The shareholder cannot tell whether these developments have been bringing in as much profit as was hoped, or what benefit lies in the future. He must rest on the hope that whatever the growth, the high gearing of the deferred capital will make the most of it. On the 1954 results, the Deferred dividend is covered 2¼ times, and equity earnings amount to 29 per cent. In the absence of signs of actual, and not merely potential, growth, the high yield obtainable on the Deferred units is to be expected.

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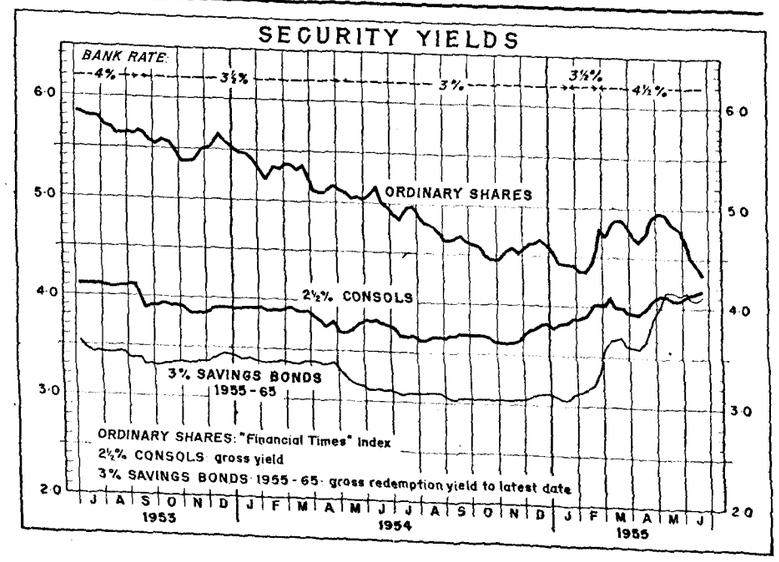
ALLIED IRONFOUNDERS is a highly successful company whose net earnings have risen steadily in the 10 post-war years from £436,013 in 1946 to £2,400,256 in the year ended March 31, 1955. It has indeed ridden to prosperity on the housing boom; Aga cookers, baths, and rainwater and soil pipes, are among its products, and shareholders have benefited. This year's final dividend of 8¾ per cent makes a total of 13¼ per cent. Since it is payable on a capital increased by last year's 100 per cent free scrip issue, it compares with the equivalent of 11¼ per cent for the previous year. The year's available profit was £938,032 net against £778,138 and dividends still absorb less than half.

Shareholders whose £1 ordinary shares at 54s. yield £5 1s. 10½d. per cent will have two thoughts in mind. They must be cheered by the chairman's forecast: the works are well employed with good prospects and subject to a fair climate in the national economy Mr Shaw expects last year's progress to be maintained. That feeling must be tempered a little by the chairman's warning that the group has a heavy programme of capital expenditure ahead on projects that will take some years to reach full maturity. The allocation of another large sum to reserve (£486,242, against £838,878) is an indication that profits may have to provide much of that capital expenditure.



LONDON STOCK EXCHANGE

Next Account begins: July 6th
Next Contango Day: July 6th
Next Settlement Day: July 12th

A STEADY curtailment of activity on the Stock Exchange throughout the week brought the Financial Times Industrial Index down to 213.9 on Wednesday, compared with 219.8 a week earlier. That decline has run side by side with a further fall in the gilt-edged market from which large operators have been standing aside, leaving the flow of small sales to depress prices. The government security index has droped from 94.99 to 93.93, War Loan reaching 79¼ on Wednesday.

Insurance shares, however, remained relatively active and on Thursday morning, when dealings started in Refuge Assurance, the £1 A shares opened at 13⅝ and rose quickly to 14, while the 10s. B shares opened at 6 11/16 and soon reached 6 13/16. Foreign Bonds lost none of their attraction; Berlin 6 per cent reached 96, Prussian Electric were dealt in at 17⅞ after the redemption offer, Peruvian Corporation stocks reflected hopes of a settlement and Japanese issues rose with the start of trade talks.

Industrials generally moved downwards with small losses among the leaders. Metal Box lost some of the recent gain. Bowater Paper new opened at 35s., but with substantial selling of rights that could not be exercised they slipped back to 29s. premium before recovering to 31s. 3d. Enfield Rolling Mills also fell slightly after opening at 34s. 6d. On expectation of a bid, Mappin & Webb rose from 60s. a week ago to 75s. 7½d.

A general advance in Kaffirs from the start of the account was not fully maintained. Tanganyika Concessions and Rio Tinto reached fresh peaks, the latter on the decision to split the shares. Less activity was evident in oils, but Burmah held steady on the strength of their asset backing and on the chairman's reassessment of the gas reserves in the Sui field at 4 million cubic feet, compared with the previous estimate of 2¼ million. Activity died down in rubber shares despite the further rise in the commodity.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Security Indices Fixed Int.†	Yields 2½% Cons.	Yields Ord.
			%	%
June 22	219·8	107·22	4·17	4·39
" 23	219·0	107·12	4·18	4·31
" 24	217·2	107·03	4·20	4·35
" 27	215·5	106·71	4·21	4·38
" 28	214·2	106·54	4·23	4·41
" 29	213·9	106·33	4·24	4·42
				Total bargains 1955
1955, High	219·8 (June 22)	115·97 (Jan. 7)		June 22 19,379
" Low	175·7 (Mar. 15)	106·33 (June 29)		" 23 16,359
				" 24 13,831
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)		" 27 15,209
" Low	151·1 (Jan. 1)	111·78 (Jan. 5)		" 28 11,846
				" 29 11,109

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to June 29 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 22, 1955	Price, June 29, 1955	Net Yield, June 29, 1955 §	Gross Yield, June 29, 1955
					£ s. d.	£ s. d.
100 8/16	97½	Funding 2½% '52-57	97⅞	97⅞	2 14 2	4 0 5 l
100½	97⅞	War Bonds 2½% '54-56	98 3/32	98 3/32	2 17 6	4 6 4 l
100 10/16	96	War Loan 3% '55-59	96 29/32	96 29/32	2 12 6	3 19 11 l
100 23/32	99¾	Serial Funding 3% 1955	99 15/32	99 15/32	2 6 11	4 1 2
100½	96⅛	Serial Funding 2½% 1957	96½	96½	2 17 8	3 18 3
99 31/32	92⅞	Conv. 2% 1958-59	93 3/32	93 5/32	3 4 4	4 1 10 l
97¾	91½	Exchequer 2% 1960	91 15/32	91 15/32	3 0 9	4 0 3
104½	96½	Exchequer 3% 1960	96 31/32	96⅞	2 9 1	3 17 0
100 13/16	90⅝	Savings Bonds 3% '55-65	92 1/16	91⅞	2 15 8	4 3 10 l
100¾	91⅛	Funding 2½% '56-61	91⅞	91½	3 1 2	4 4 5 l
97	86½	Funding 3% '59-69	86 13/16	86½	2 19 10	4 8 4 l
103 7/16	97	Funding 4% '60-90	97 11/16	97½	2 19 11	4 15 11 e
96⅛	85⅝	Savings Bonds 3% '60-70	86½	85⅞	2 19 6	4 8 6 l
102⅛	92 7/16	Exchequer 3% '62-63	93⅛	93	2 14 5	4 1 2 l
99 3/16	87⅛	Exchequer 2½% '63-64	84 5/16	87½	3 1 8	4 5 0 l
95 1/16	83⅞	Savings Bonds 2½% '64-67	84¾	83⅞	3 2 0	4 5 11 l
94 5/16	83¼	Savings Bonds 3% '65-75	84 5/16	83⅞	3 17 2	4 6 7 l
105⅛	98	Victory 4% '26-76	99 1/16	98½	2 10 6	4 6 4†
98½	86½	Funding 3% '66-68	88⅜	86½*	2 19 3	4 6 9 l
103	92½	Conv. 3½% 1969	93⅜	92⅞	2 14 5	4 6 8
98⅜	87⅞	Treas. 3½% '77-80	88⅞	87⅞	2 14 4	4 6 10 l
99 5/16	88½	Treas. 3½% '79-81	89⅜	88⅜	2 13 8	4 6 10 l
88½	77⅞	Redemption 3% '86-96	78½	77⅞	2 12 8	4 3 7 l
95 11/16	86	Funding 3½% 1999-2004	86⅞*	86*	2 10 2	4 3 4 l
97⅞	88 11/16	Consols 4% aft. Feb. '57	91⅛	88⅞*	2 11 9	4 9 10 l
88 5/16	79½	War Ln. 3½% aft. Dec. '52	80⅞	79⅞	2 10 7	4 8 1 l
89 11/16	79½	Conv. 3½% aft. April '61	81 7/16	79⅞	2 10 9	4 8 7 l
78⅛	69½	Treas. 3% aft. April '66	70⅞	69½	2 10 1	4 7 7 l
66⅞	59½	Consols 2½%	60*	59½*	2 8 7	4 4 6 l
66⅛	58 1/16	Treas. 2½% aft. April '75	59 13/16	58⅞	2 9 2	4 5 10 l
94 13/16	84½	Br. Elec. 3% '68-73	85⅛	84½	2 18 2	4 7 1 l
93 15/16	83½	Br. Elec. 3% '74-77	84⅛	83½	2 16 0	4 5 3 l
109 1/16	99½	Br. Elec. 4½% '74-79	100 5/16	100	2 9 7	4 6 6 e
98 13/16	87½	Br. Elec. 3½% '76-79	88⅜	88	2 14 1	4 6 7 l
105⅜	97½	Br. Gas 4% '69-72	98⅞	98½	2 9 10	4 5 6 l
102½	91½	Br. Gas 3½% '69-71	92⅞	92½	2 13 0	4 5 2 l
88 7/16	78½	Br. Gas 3% '90-95	79 11/16	78½	2 12 2	4 2 7 l
94 13/16	84⅞	Br. Trans. 3% '68-73	85⅛	84⅞	2 18 2	4 7 1 l
105 1/16	95⅛	Br. Trans. 4% '72-77	96⅞	95⅛	2 11 3	4 6 3 l
88 3/16	77½	Br. Trans. 3% '78-88	78⅛*	77½*	2 15 6	4 6 7 l

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11½ years approximately.

Prices, 1954 High	Low	Prices, 1955 Jan. 1 to June 29 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, June 22, 1955	Price, June 29, 1955	Yield, June 29, 1955
							£ s. d.
97⅞	90⅛	94⅜	86½	Aust. 3½% '65-69	88⅛	88½	4 7 7 l
101⅞	97½	101⅜	94½	Ceylon 4% '73-75	97⅞	97½	4 3 9 l
106⅛	98½	103⅜	94½	N. Zealand 4% '76-78	94⅛	94⅛	4 7 9 l
79⅞	71⅞	75⅞	66½	I.C.C. 3% aft. 1920	68	68	4 8 3
99⅞	95	99	88½	Liverpool 3% '54-64	90½	89½	4 9 0 l
87⅞	80⅛	84	73½	M. Wtr. 'B' 3% '34-2003	74⅞	74½	4 6 0 l
104½	100	102½	99	Agric. Mort. 5% '59-89	100⅛	100½	4 17 3 e
109⅛	71⅞	120	91	German 7%	117	114½	...
168⅛	102	191½	149	German 5½%	188⅛	190½	...
171	132⅞	193⅞	160	Japan 5% 1907	189½	191½	...
198½	167	232½	190	Japan 5½% Conv. 1930	230⅛	232½	...

Prices, 1955 Jan. 1 to June 29 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, June 22, 1955	Price, June 29, 1955	Yield, June 29, 1955
		%	%		BANKS & DISCOUNT			£ s. d.
58/7½	48/9	5	*a*	7	*b* Barclays £1	57/6	57/-	4 4 3
76/7½	64/-	7	*a*	8	*b* Lloyds 'A' £5, £1 pd.	68/6	68/-	4 8 3
89/3	76/9	8	*a*	10	*b* Midland £1, fully pd.	81/6	82/-	4 7 10
87/-	76/-	8½	*a*	9½	*b* N. Prov. 'B' £5, £1 pd.	83/6	83/6	4 6 3
96/10½	84/6	8	*a*	8	*b* Westmstr 'B' £4, £1¼ pd.	90/-	90/-	4 8 11
69/-	50/-	7½	*a*	8½	*b* Alexanders £1	51/6	51/6	4 17 1 x
58/6	47/6	5	*a*	7	*b* Nat. Disc. 'B' £1	51/-	51/-	4 14 1
60/-	51/-	5	*a*	7½	*b* Union Disc. £1	54/-	54/-	4 12 7
48/10½	39/6	4	*b*	4	*a* Barc. (D.C.O.) £1	48/-	47/6	3 7 4
51/9	42/3	7½	*a*	7½	*b* Chart. Bk. of India £1	45/-	45/-	6 13 4
					INSURANCE			
21½	14½	50	*a*	110	*b* Leg. & Gen. £1, 5/- pd.	20½	19½	2 0 6
26⅛	20⅛	20	*a*	45	*b* Pearl £1, fully pd.	26½	25	4 10 5
52	42½	112½	† *c*	117½	† *c* Prudential 'A' £1	51½	48	4 3 6
					BREWERIES, ETC.			
141/-	124/-	33	*b*	10	*a* Bass £1	126/3	126/3	6 16 3
34/9	22/-	25	*c*	10	*a* Distillers 6/8	34/-	31/9	3 3 0 h
49/6	40/3	15	*b*	8	*a* Guinness 10/-	46/-*	46/6*	5 1 1
93/9	81/-	7	*a*	14	*b* Whitbread 'A' Ord. £1	82/6	82/6	5 1 10

Prices, 1955 Jan. 1 to June 29 High	Low	ORDINARY STOCKS	Price, June 22, 1955	Price, June 29, 1955	Yield, June 29, 1955
					£ s. d.
		STEEL & ENGINEERING			
46/-	46/-	17½ *c* B.S.A. £1	45/-	45/-	3 17 9 p
13/10½	10/-	3½ *a* 10½ *b* Cammell Laird 5/-	13/6	12/9	5 9 6
39/3	27/-	... 3 *a* Colvilles £1	37/6	35/6	4 10 2
36/3	23/-	... 8 *c* Dorman Long £1	35/-	35/-	4 11 6
105/9	62/4½	5 *a* 15 *b* Guest Keen N'fold £1	105/-	98/9	4 1 1
79/9	42/-	12½ *c* 5 *a* Stewarts & Lloyds £1	77/6*	72/-*	3 9 5
47/-	27/6	6⅞ *b* 4 *a* Summers (John) £1	44/3*	42/-*	4 15 3 m
50/-	28/6	6 *b* 4 *a* United Steel £1	48/6	45/-	4 8 11
47/10½	35/9	2½ *a* 6 *b* Vickers £1	46/6	45/-	3 15 7
		TEXTILES			
30/4½	21/9	4 *a* 6 *b* Bradford Dyers £1	24/6	23/3	8 12 1
35/-	26/10½	3 *a* 7 *b* Brit. Celanese £1	32/3*	29/6*	6 15 7
29/6	23/-	2½ *a* 6½ *b* Coats (J. & P.) £1	28/6	27/-	6 9 8
55/3	35/-	4 *a* 6 *b* Courtaulds £1	54/6*	51/-*	3 18 6
34/1½	26/6	7½ *b* 5 *a* Lancs. Cotton £1	32/6*	31/-*	8 1 3
36/0½	28/-	15 *b* 2½ *a* Patons & Baldwins £1	34/-	35/-	5 14 3 m
		MOTOR & AIRCRAFT			
22/10½	17/4½	3½ *a* 6½ *b* Bristol Aeroplane 10/-	21/6	22/9	4 7 11
15/-	9/10½	8½ *b* 4 *a* British Motor 5/-	14/6	14/-	4 8 11
27/3	21/3	7½ *c* Nil *c* De Havilland £1	25/6	25/9	Nil
60/-	37/-	5 *a* 10 *b* Ford Motor £1	58/9	53/9	2 15 9 v
70/9	43/1½	7½ *b* 5 *a* Hawker Siddeley £1	69/3*	66/3*	3 15 5
49/-	33/6	25 *c* 30 *c* Leyland Motors £1	47/6	47/6	4 4 3 m
118/9	71/3	5 *a* 12½ *b* Rolls Royce £1	118/1½	115/7½	3 0 7
9/9	6/10½	12 *c* 12 *c* Standard Motor 5/-	9/6	9/3	6 9 9
		SHOPS & STORES			
41/1½	25/-	10 *a* 17½ *b* Boots Pure Drug 5/-	40/-	40/-	3 8 9
45/3	36/9	7½ *a* 20 *b* Debenhams 10/-	44/1½	43/10½	6 6 4
62/6	43/9	45 *b* 15 *a* Gt. Universal 5/-	57/-	57/-	5 5 3
114/-	97/6	5 *a* 17½ *b* Lyons (J.) 'A' £1	102/6	102/6	4 7 10
76/-	58/6	15 *a* 30 *b* Marks & Spen. 'A' 5/-	75/-	73/6	3 1 3
71/9	55/3	36½ *b* 20 *a* Woolworth 5/-	67/-	66/-	3 15 9 d
		OIL			
123/-	68/6	5 *a* 14 *b* British Petroleum £1	118/1½	114/4½	2 12 6 h
152/9	100/-	7½ *a* 13½ *b* Burmah £1	150/-	149/4½	2 16 3
£58½	£50½	6 *a* 10 *b* Royal Dutch 100 fl.	£56	£57	2 12 9
136/9	109/9	5 † *a* 10 † *b* Shell Reg. £1	134/4½	132/6	3 18 9
35/1½	26/9	15 † *b* 5 † *a* Trinidad L'holds 5/-	33/9	33/9	5 3 1
		SHIPPING			
37/3	25/10½	5 *a* 7 *b* Cunard £1	29/-	28/-	7 2 10 m
57/-	45/-	12 *c* 12 *c* Furness Withy £1	53/6	52/-	4 12 4
76/-	55/-	3 *a* 13 *b* P. & O. Def. £1	68/-	66/6	4 16 6
		MISCELLANEOUS			
90/3	61/3	14 *c* 2½ *a* Assoc. Elect. £1	90/-	83/9	3 6 11
123/-	88/9	5 *a* 15 *b* Assoc. Port. Cem. £1	122/6	117/6	3 8 1
111/6	67/-	7½ *a* 15 *b* Bowater Paper £1	121/3	102/6	3 10 3 u
55/3	44/1½	2½ *a* 7½ *b* B.I.C.C. £1	53/6	53/-	3 14 9
52/9	35/6	4 *a* 8 *b* Brit. Aluminium £1	52/6	50/-	4 16 0
61/3	47/10½	15 † *c* 5 † *a* Brit. Amer. Tob. 10/-	60/-	58/6	4 9 2
$64½	$51⅞	3 *b* 3 *a* Canadian Pacific $25	$64½	$62½*	4 7 11
45/4½	31/4½	41½ *b* 6½ *a* Decca Record 4/-	44/9	44/3	3 7 10 r
33/4½	27/-	4 *a* 10 *b* Dunlop Rubber 10/-	31/6	31/3	4 9 7
78/3	54/1½	4 *a* 8½ *b* English Elect. £1	77/6	73/9	3 7 10
68/1½	51/3	12½ *c* 4½ *a* General Elect. £1	67/6	63/9	3 19 1
61/6	38/3	4 *a* 6 *b* Imp. Chemical £1	60/9	56/10½	3 10 4
65/10½	57/9	8½ *a* 12½ *b* Imp. Tobacco £1	65/-	63/6	6 12 4
$129⅞	$105½	$2·90 $2·90 *c* Inter. Nickel n.p.v.	$129⅞	$128⅞	4 1 0
76/-	57/6	7½ *a* 10 *b* London Brick £1	72/6	74/4½	4 14 1
38/6	26/-	6⅞ *a* 15½ *b* Monsanto Chemicals 5/-	37/-	36/9	3 1 3
81/3	60/3	3½ *a* 14½ *b* Tate & Lyle £1	80/-	79/4½	4 1 1 g
99/3	72/6	10 *b* 10 *a* Tube Investments £1	97/6	95/-	4 4 3
118/3	95/6	17½ *b* 5 *a* Turner & Newall £1	115/1½	111/10½	4 0 6
91/6	69/3	6 *a* 9½ *b* Unilever £1	88/6	87/6	3 9 1
43/3	34/6	7½ † *b* 7½ † *b* United Molasses 10/-	37/6	39/-	5 13 4 q
49/9	34/-	2½ † *a* 27½ † *b* Cons. Tea & Lands £1	38/9	38/3	27 5 8
2/8½	1/10½	10 *c* 15 *c* London Asiatic Rbr. 2/-	2/6	2/6	12 0 0
54/3	38/9	7½ *a* 20 *b* United Sua Betong £1	53/1½	52/6	10 9 7
		MINES			
9 3/16	7 11/16	20 *a* 50 *b* Anglo-Amer. 10/-	8 7/16	8 3/16	4 1 9
143/3	106/10½	80 *a* 120 *b* De Beers 5/- Bearer	127/6	128/9	7 15 7
126/3	78/9	... ... Free State Geduld 5/-	88/9	90/-	Nil
70/9	51/7½	10 *b* 10 *a* Randfontein £1	56/10½*	57/6*	6 19 2
9/0⅞	6/8½	24 *c* 28 *c* London Tin 4/-	8/10½	8/11½	12 10 8
40⅞	31½	200 *b* 50 *a* Rhokana £1	40⅞	39½	6 6 7

New York Closing Prices

	June 22 $	June 29 $		June 22 $	June 29 $		June 22 $	June 29 $
Ba.t. & Ohio	50⅞	49	Am. Smelting	53	51½	Inter. Paper	111½	110
Can. Pac.	35	34⅞	Am. Viscose	58⅞	57½	Nat. Distill.	21⅞	22½
N.Y. Cent.	44⅞	43½	Cel. of Am.	24⅞	24	Sears Roebuck	93⅞	93½
Pennsyl.	30	28⅞	Chrysler	81	80⅞	Shell	63½	63
Amer. Tel.	183	182⅞	Gen. Elec.	55⅞	53½	Std. Oil of N.J.	122½	127⅞
Stand. Gas	10⅛	9⅞	Gen. Motors	108⅞	108½	U.S. Steel	50⅞	53
United Corp.	6⅞	6⅞	Goodyear	64⅞	61	Westinghouse	70⅞	67⅞
W. Union Tel.	26	25½	Inter. Nickel	71⅛	71⅛	Woolworth	49	48⅞

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 15%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8½%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*u*) Dividend [illegible] 7½%. (*x*) On 12½%.

Statistics

The following list shows the most recent date on which each statistical page appeared.

British		Overseas	
Prices and Wages	This week	Western Europe	
Production and Consumption	June 11th	Production and Trade	This week
Manpower	June 18th	British Commonwealth	June 11th
External Trade	June 25th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	June 18th
Industrial Profits	April 30th	United States	June 25th
World Trade	April 30th		

Prices and Wages

	Unit	1952	1953	1954	1954			1955			
		mid-June			June 15	June 22	June 29	June 7	June 14	June 21	June 28
WORLD PRICES											
Commodity Price Indicator: (1)											
All items	1952=100	99	89	99	99	99	100	92	93	95	95
Food	"	99·5	93·2	119·6	119·6	121·4	122·6	89·7	91·4	95·0	95·6
Fibres	"	98·5	87·0	88·7	88·7	88·0	87·1	82·2	82·9	83·2	82·8
Metals	"	100·0	80·0	81·5	81·5	82·0	82·6	96·4	95·4	96·2	95·2
Other items	"	96·3	95·9	93·5	93·5	93·9	95·9	104·6	106·3	110·7	112·1
		Monthly averages			1954			1955			
		1952	1953	1954	Mar	April	May	Feb.	Mar.	April	May
BRITISH WHOLESALE PRICES											
Old series:											
All articles	1938=100	323·3	323·5	325·3	324·1	325·2	326·3	333·6	330·5	329·4	328·1
Food and tobacco	"	292·6	314·6	314·6	317·8	317·4	317·4	318·5	310·0	308·4	305·5
Materials used in:	June 30 1949=100										
Non-food manufacturing		162·1	145·8	143·5	141·8	143·6	145·1	152·2	151·0	149·4	149·0
Mechanical engineering	"	149·9	145·7	150·4	146·7	147·5	149·3	163·9	164·3	164·4	162·5
Electrical machinery	"	165·4	155·2	160·5	155·7	156·7	159·0	183·2	184·2	182·3	177·8
Building and civil engineering	"	133·6	130·4	131·4	130·3	130·7	131·0	135·0	135·2	136·0	136·0
House building	"	130·6	128·7	130·7	129·2	129·8	130·3	134·2	134·4	135·5	135·6
Commodities:											
Cotton, raw (6)	"	171·9	140·6	155·0	155·8	155·6	156·1	157·9	153·9	150·6	150·7
Wool, raw	"	147·9	171·1	160·8	160·5	167·4	173·4	151·3	149·6	148·1	148·8
Rubber, No. 1 RSS, one month future	"	282·8	199·1	197·9	163·9	176·1	185·3	290·2	259·1	261·7	267·5
Softwood, imported	"	158·0	144·1	145·0	142·6	143·3	145·3	155·9	155·9	153·9	155·9
Copper, ex-warehouse (2)	"	220·7	217·6	213·4	204·3	206·1	208·2	294·0	301·6	281·8	265·7
UK RETAIL PRICES											
Interim index:	June 17 1947=100										
All items		136	140	143	141	142	141	146	146	147	147
	Jan. 15, 1952=100										
All items		102·6	105·8	107·7	106·6	107·0	106·7	110·2	110·2	110·8	110·6
Food	"	105·4	111·3	114·2	111·6	112·6	112·1	118·8	118·6	119·9	119·8
All items	1938=100	221	228	232	229	230	230	237	237	238	238
Food	"	221	233	239	234	236	235	249	248	251	251
Rent and rates	"	122	129	134	132	134	134	136	136	137	137
Clothing	"	259	253	255	255	255	255	255	255	255	255
Fuel and light	"	197	207	216	217	218	213	223	223	223	216
Household durable goods	"	294	286	284	285	284	284	284	284	284	285
Drink	"	255	256	257	257	257	257	260	260	260	260
Tobacco	"	386	387	387	387	387	387	387	387	387	387
Purchasing power of £ (based on all consumer spending)	1938=100	45	44	43	43	43	43	42	42	42	42
UK TERMS OF TRADE (4)											
Import prices:											
All items	1954=100	113	100	100	98	99	100	105	104	103	103
Food, drink and tobacco	"	100	96	100	97	99	100	105	103	101	101
Basic materials	"	123	102	100	98	98	99	103	104	104	104
Export prices:											
All items	"	105	103	100	100	100	100	101	101	101	101
All manufactures	"	105	103	100	100	100	100	101	101	101	101
Metals	"	105	102	100	101	100	100	100	101	102	103
Engineering products	"	98	100	100	99	99	99	101	101	102	101
Textiles (excluding clothing)	"	110	98	100	99	101	101	100	101	101	100
Terms of trade:											
Ratio of import to export prices	"	108	98	100	98	99	100	104	103	102	102
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	100·0	77·5	86·1	77·4	75·8	77·4	119·8	113·7	110·2	122·6
UK WAGES											
Weekly wage rates:											
All workers	June 30, 1947=100										
Men	"	130	136	142	139	141	142	147	149	152	152
Women	"	129	134	140	138	140	141	145	147	150	151
Weekly earnings: (5)	"	133	140	146	144	145	146	151	153	154	154
All workers	s. d.	151 11	160 1	171 9	...	166 6	...	...	...	...	...
Men	"	178 6	189 2	204 5	...	197 8	...	...	...	...	...
Women	"	96 4	102 5	108 2	...	105 3	...	...	...	...	...
	Oct., 1938=100										
All workers		285	301	323	...	313	...	...	...	...	...
Men	"	259	274	296	...	287	...	...	...	...	...
Women	"	296	315	333	...	324	...	...	...	...	...

(1) From August, 1953, the index has been revised to show a more representative wheat price. (2) Figures up to July, 1953, relate to delivered prices and subsequently to ex-warehouse prices of H.C. electrolytic copper. (3) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (4) Annual figures are based on unit values and are influenced by changes in the composition of trade as well as price movements. (5) Surveys made twice a year: annual figures relate to October survey. (6) Revised series based on Liverpool spot market prices, as from July 1 1954.

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) (1948 = 100)												
1938	118	82	78	90	193	132	76	101	89	81	67	64
1953	184	114	121	127	251	193	143	161	146	142	111	149
1954	210	124	129	139	282	235	146	176	160	151	115	...
1954, November	232	131	140	150	325	251	150[3]	181	174	163	127	...
" December	222	132	131	151	313	259	...	186	179	150	125	...
1955, January	198	124	128	149	296	245	...	176	147	152	122	...
" February	228	128	134	152	300	235	...	173	150	181	124	...
" March	...	...	136	154	309	250	...	...	...	172	124	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas[4]	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T.
IMPORTS (c. i. f.)												
1938	50	1,922	135	3·84	505	1·2[5]	3·45	0·94	118	99	174	12·5
1953	1,106	10,094	573	121·52	1,334	592·6[5]	15·28	124·75	738	543	680	124·3
1954	1,416	10,624	669	126·84	1,611	823·1	14·99	125·05	891	606	766	111·6
1954, November	1,758	10,602	698	125·03	1,947	1,019·8	15·87	129·58	954	698	843	108·7
" December	2,108	11,235	719	131·89	2,036	852·9	15·11	125·67	1,107	685	910	119·1
1955, January	1,693	11,131	677	116·56	1,693	927·6	15·98	129·42	1,054	652	844	100·5
" February	1,644	10,881	686	139·52	1,819	792·0	17·52	129·66	895	674	803	105·1
" March	2,077	12,678	682	139·89	1,997	...	20·86	142·12	...	730	926	142·9
EXPORTS (f. o. b.)												
1938	30	1,806	128	2·55	468	0·9[5]	2·02	0·88	87	65	154	12·1
1953	1,099	9,414	508	117·24	1,542	282·1[5]	9·50	77·50	672	303	638	92·4
1954	1,321	9,597	546	126·03	1,837	376·0	9·59	85·24	755	347	685	78·2
1954, November	1,363	10,881	620	138·49	2,025	814·2	10·55	113·28	886	337	748	108·8
" December	1,528	10,684	598	146·66	2,303	728·7	11·38	89·77	803	406	812	124·8
1955, January	1,258	11,009	648	133·82	1,761	489·0	9·68	75·72	790	355	707	73·6
" February	1,286	10,685	528	138·53	1,908	375·0	8·81	83·66	776	385	655	99·6
" March	1,462	12,121	582	136·72	2,219	...	10·63	90·15	...	423	583	75·6
BALANCE												
1938	− 20	− 116	− 7	− 1·29	− 37	− 0·3[5]	− 1·43	− 0·06	− 31	− 34	− 20	− 0·4
1953	− 7	− 680	− 65	− 4·28	+ 208	−310·5[5]	− 5·78	−47·25	− 66	− 240	− 42	− 31·9
1954	− 95	− 1,027	− 123	− 0·81	+ 226	−447·1	− 5·40	−39·81	− 136	− 259	− 81	− 33·4
1954, November	− 395	+ 279	− 78	+13·46	+ 78	−205·6	− 5·32	−16·30	− 68	− 361	− 95	+ 0·1
" December	− 580	− 551	− 121	+14·77	+ 267	−124·2	− 3·73	−35·90	− 304	− 279	− 98	+ 5·7
1955, January	− 435	− 122	− 29	+17·26	+ 68	−438·6	− 6·30	−53·70	− 264	− 297	− 137	− 26·9
" February	− 358	− 196	− 158	− 0·99	+ 89	−417·0	− 8·71	−46·00	− 119	− 289	− 148	− 5·5
" March	− 615	− 651	− 100	− 3·17	+ 222	...	−10·23	−51·97	...	− 307	− 343	− 67·3
VOLUME OF EXTERNAL TRADE (2) (1948 = 100)												
IMPORTS												
1938	266	93	118	...	249	...	79	88	118	100	94	91
1953	207	126	169	119	271	...	111	175	156	141	118	217
1954	288	137	205	129	341	...	108	180	196	161	134	221
1954, November	385	134	223[3]	133	408	...	113	185	213	184	151[3]	214
" December	439	144	...	140	430	...	109	178	249	189		210
1955, January	346	147	...	127	355	...	...	181	227	174		170
" February	344	...	...	149	386	...	...	178	...	175	149	...
" March	446	...	...	149	412	...	...	...	...	187		..
EXPORTS												
1938	147	110	139	...	530	...	136	119	156	123	111	107
1953	270	151	206	209	783	...	188	150	292	144	145	182
1954	330	167	225	243	970	...	192	163	344	166	158	172
1954, November	344	185	238[3]	279	1,079	...	215	174	394	160	180[3]	214
" December	383	188	...	293	1,222	...	231	167	367	195		250
1955, January	315	183	...	281	927	...	...	146	360	161		136
" February	320	...	...	282	1,005	...	...	164	...	172	149	...
" March	361	...	...	276	1,157	...	...	...	...	198		...

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark and Greece exclude mining; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports with the exception of Ireland which covers general trade with exports seasonally adjusted. Belgium includes Luxemburg. (3) Average of fourth quarter. (4) New drachmas introduced May 1, 1954 (1 new drachma = 1,000 old drachmas). (5) Thousand million drachmas.

Financial Statistics

EXCHEQUER RETURNS

For the week ended June 25th there was an "above-line" deficit (after allowing for Sinking Funds) of £27,343,000 compared with a deficit of £11,589,000 in the previous week and a deficit of £14,371,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £12,463,000, bringing the total cumulative deficit to £266,029,000 (£212,182,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to June 26, 1954	April 1, 1955 to June 25, 1955	Week ended June 26, 1954	Week ended June 25, 1955
Ord. Revenue					
Income Tax	1877,400	215,693	215,129	16,865	22,311
Sur-tax	136,000	20,400	18,500	1,000	1,100
Death Duties	185,000	42,400	43,300	3,500	3,300
Stamps	74,000	15,800	15,100	1,900	900
Profits Tax & EPT	180,000	29,100	32,000	2,900	3,700
Excess Profits Levy	25,000	14,200	9,000	800	400
Special Contribution and other Inland Revenue	1,000	350	150	...	...
Total Inland Rev.	2478,400	337,943	333,179	26,965	31,711
Customs	1131,700	268,867	268,318	25,016	21,509
Excise	796,050	159,220	167,485	5,430	4,945
Total Customs and Excise	1927,750	428,087	435,803	30,446	25,454
Motor Duties	80,000	8,067	9,180	...	...
PO (Net Receipts)	...	...	...	...	*Dr.* 6,650
Broadcast Licences	25,000	2,500	3,300	...	...
Sundry Loans	24,000	2,838	2,837	667	666
Miscellaneous	175,000	34,922	18,436	2,407	1,374
Total	**4710,150**	**814,357**	**802,735**	**60,485**	**52,556**
Ord. Expenditure					
Debt Interest	600,000	140,647	150,036	...	1,351
Payments to N. Ireland Exchequer	53,000	11,309	13,248	2,572	3,962
Other Cons. Fund	10,000	760	1,277	...	157
Supply Services	3862,875	796,586	766,092	72,023	75,080
Total	**4525,875**	**949,302**	**930,653**	**74,596**	**80,550**
Sinking Funds	36,000	6,665	6,174	260	350
"Above-line" Surplus or Deficit	—	**141,610**	**134,091**	**14,371**	**27,343**
"Below-line" Net Expenditure*		70,572	131,938	12,249	12,463
Total Surplus or Deficit	—	**212,182**	**266,029**	**26,620**	**39,806**
Net Receipts from:					
Tax Reserve Certificates		105,065	29,235	8,258	1,546
Savings Certificates		4,600	10,200	1,100	1,500
Defence Bonds		– 6,399	1,897	840	826

* Since end September, 1954 the capital expenditure of the Post Office has been charged directly on the Exchequer instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at June 25th this item stood at £11,800,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954 June 30	4,700·0		268·6	3·3	4,971·8
1955 " 26	3,180·0	1,741·5	329·1	...	5,250·6
" 31	4,931·4		315·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
" 16	3,220·0	1,830·5	269·8	...	5,320·3
" 23	3,240·0	1,765·2	315·9	...	5,321·0
" 30	3,250·0	1,797·2	273·9	...	5 321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
" 14	3,270·0	1,760·7	275·8	0·8	5,307·2
" 21	3,270·0	1,768·8	295·7	...	5,334·5
" 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
" 11	3,240·0	1,903·6	282·7	...	5,426·3
" 18	3,230·0	1,948·7	293·7	0·5	5 472·9
" 25	3,220·0	1,974·9	311·5	3·3	5,509·6

THE MONEY MARKET

Credit conditions in Lombard Street tightened on Wednesday and Thursday under pressure from calling by non-clearing banks for the half-yearly make-up. Earlier in the week credit supplies had generally been exceptionally plentiful. Only on Thursday of last week was special aid from the authorities needed. Subsequently outside balances were available at rates down to 2½ per cent and even at 2 per cent. The stringency at the half-year end brought one or two houses into the Bank for very small amounts on Wednesday and seven or eight, for "fair amounts," on Thursday—despite very large special purchases.

The market maintained its bid unchanged at £99 0s. 2d. per cent at the Treasury bill tender on Friday last. Applications were up by £15 million to £380·5 million, and as the amount on offer was raised by only £10 million to £270 million, the market's allotment fell from 65 to 58 per cent. At yesterday's tender the offer was further raised to £290 million, the highest since September, 1953, and £20 million in excess of matching maturities—in contrast with the shortfall of £10 million of new bills obtaining in recent weeks.

Sterling weakened further early in the week. The price of gold has fluctuated in sympathy. Silver has risen sharply on account of a continued shortfall of supplies. The price in London rose by ¾d. an ounce on Monday, to 78d., and by Wednesday it had reached 78¾d. an ounce.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4
Banks	2½	3 months	4
Discount houses	2½*	4 months	4
Money Day-to-day	2½-3½	6 months	4-4½
Short periods	2½-4½	Fine trade bills:	
Treas. bills 2 months	3⅛	3 months	4½-4⅜
3 months	3⅛	4 months	4½-4⅜
		6 months	4½-5⅜

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 June 30	1955 June 22	1955 June 29
Issue Department:			
Notes in circulation	1,647·4	1,785·6	1,782·7
Notes in banking dept.	27·9	29·8	42·7
Govt. debt and securities*	1,671·3	1,821·2	1,821·3
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	10·6	17·0	14·4
Treasury special account	8·7	9·3	0·8
Bankers	367·7	245·0	246·6
Others	71·3	66·3	72·9
Total	398·3	337·6	334·7
Securities:			
Government	360·9	290·4	285·3
Discounts and advances	11·7	7·2	5·7
Other	13·7	16·0	16·1
Total	386·3	313·6	307·3
Banking department reserve	50·2	42·2	45·1
" Proportion "	% 7·5	% 12·4	% 13·4

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,825 million from £1,775 million on June 8, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954 June 25	260·0	426·0	260·0	32 1·48	38
1955 Mar. 25	280·0	410·2	280·0	75 11·21	51
April 1	270·0	408·5	270·0	75 10·33	48
" 7	250·0	402·4	250·0	74 5·00	61
" 15	250·0	420·7	250·0	75 3·09	33
" 22	230·0	385·2	230·0	77 1·08	39
" 29	220·0	380·3	220·0	77 11·45	39
May 6	230·0	384·8	230·0	78 3·59	41
" 13	230·0	382·4	230·0	78 4·69	46
" 20	240·0	375·6	240·0	78 4·64	50
" 27	250·0	389·9	250·0	78 4·37	48
June 3	250·0	370·5	250·0	78 11·80	52
" 10	260·0	378·6	260·0	79 7·53	53
" 17	260·0	365·6	260·0	79 5·17	65
" 24	270·0	380·5	270·0	79 4·53	58

* On June 24th tenders for 91 day bills at £99 0s. 2d. secure about 68 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £290 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates June 29	Market Rates: Spot June 23	June 24	June 25	June 27	June 28	June 29
United States $	2·78-2·82	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝
Canadian $	...	2·74-2·74¼	2·74 1/16-2·74 3/16	2·74 1/16-2·74 3/16	2·74-2·74¼	2·74 1/16-2·74 3/16	2·74 1/16-2·74 3/16
French Fr.	972·65-987·35	976¼-976¾	976¼-976¾	975¼-975¾	975-975¼	975-975¼	975-975¼
Swiss Fr.	12·15 1/16-12·33 1/16	12·21-12·21½	12·20½-12·20¾	12·19½-12·19¾	12·18½-12·19¼	12·19-12·19¼	12·19-12·19
Belgian Fr.	138·95-141·05	139·82½-139·87½	139·85-139·90	139·85-139·90	139·82½-139·87½	139·85-139·90	139·87½-139·92½
Dutch Gld.	10·56-10·72	10·64-10·64½	10·64½-10·64¾	10·64½-10·64¾	10·63½-10·64	10·64½-10·64¾	10·64½-10·64¾
W. Ger. D-Mk.	11·67 1/16-11·84 11/16	11·69½-11·70½	11·69½-11·69¾	11·69½-11·69¾	11·69½-11·70	11·70-11·70½	11·70-11·70½
Portuguese Esc.	79·90-81·10	80·10-80·40	80·20-80·50	80·20-80·50	80·20-80·50	80·50-80·85	80·50-80·85
Swedish Kr.	14·37½-14·39½	14·45-14·45½	14·44½-14·44¾	14·43½-14·44¼	14·42½-14·42¾	14·42½-14·42¾	14·42½-14·42¾
Danish Kr.	19·19½-19·48½	19·38½-19·38¾	19·38-19·38½	19·37½-19·37¾	19·36½-19·37	19·36½-19·36¾	19·36½-19·36¾
Norwegian Kr.	19·85-20·15	20·00½-20·01½	20·00½-20·01½	20·00½-20·01½	20·00½-20·01½	20·00½-20·01½	20·00½-20·01½

One Month Forward Rates

	June 23	June 24	June 25	June 27	June 28	June 29
United States $	⅛-⅜c. pm	⅛-⅜c. pm	⅛-⅜c. pm	⅛-⅜c. pm	⅛-⅜c. pm	⅛-⅜c. pm
Canadian $	⅛-⅜c. pm	⅛-⅜c. pm	⅛-⅜c. pm	⅛-⅜c. pm	⅛-⅜c. pm	⅛-⅜c. pm
French Fr.	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis
Swiss Fr.	1⅞-1⅞c. pm	2-1⅞c. pm	2-1⅞c. pm	2⅛-1⅞c. pm	2⅛-1⅞c. pm	2-1⅞c. pm
Belgian Fr.	⅛-⅜ pm	⅛-⅜ pm	⅛-⅜ pm	⅛-⅜ pm	⅛-⅜ pm	⅛-⅜ pm
Dutch Gld.	2-2c. pm	2⅞-2⅞c. pm	2⅞-2⅞c. pm	3-2⅞c. pm	3⅛-2⅞c. pm	3⅛-2⅞c. pm
W. Ger. D-Mk.	½pf. pm-½pf. dis	½pf. pm-par	½pf. pm-par	½pf. pm-par	1pf. pm-par	1pf. pm-par
Swedish Kr.	⅛ pm-⅛ dis	⅛ pm-⅛ dis	⅛ pm-⅛ dis	⅛ pm-⅛ dis	⅛ pm-⅛ dis	⅛ pm-⅛ dis
Danish Kr.	Par-25 dis	Par-25 dis	Par-25 dis	Par-25 dis	Par-25 dis	Par-25 dis
Norwegian Kr.	⅛ pm-⅛ dis	⅛ pm-⅛ dis	⅛ pm-⅛ dis	⅛ pm-⅛ dis	⅛ pm-⅛ dis	⅛ pm-⅛ dis

Gold Price at Fixing

	June 23	June 24	June 25	June 27	June 28	June 29
Price (s. d. per fine oz.)	251/7½	251/6½	[illegible]	[illegible]	[illegible]	[illegible]

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Keep in touch with Canadian trade prospects. The Bank of Montreal, prominent in Canada's commercial life since 1817, will be glad to introduce business men to this modern, thriving country and to provide them with appropriate banking facilities.

CANADA'S OLDEST BANK

BANK OF MONTREAL

47 THREADNEEDLE STREET, LONDON, E.C.2.
Head Office: MONTREAL.
626 Branches across Canada Assets exceed $2,500,000,000
Incorporated in Canada in 1817 with Limited Liability

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for

complete insurance protection and service

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But everybody knows

how easy (and safe) it is to make use of Travellers' Cheques or Travellers' Letters of Credit when on a journey abroad.

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HEAD OFFICE: ZURICH, Bahnhofstrasse 45
UNION DE BANQUES SUISSES
SCHWEIZERISCHE BANKGESELLSCHAFT

OVER 30 BRANCHES THROUGHOUT SWITZERLAND

Capital, fully paid	Swiss Francs	90,000,000
Reserves	Swiss Francs	72,000,000
Total Assets	Swiss Francs	2,197,426,611

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SAFETY FIRST INVESTMENT

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Two and a half per cent per annum

Income Tax paid by the Society

Equivalent to £4.6.11 per cent to investors

subject to income tax at the standard rate

Total Assets exceed £213,461,000

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BUILDING SOCIETY

Head Office: ABBEY HOUSE, BAKER STREET, LONDON, N.W.1

NATIONAL MORTGAGE BANK OF GREECE

40, El. Venizelou Street, Athens, Greece

Established — May 1927

Governor — CHARLES C. ARLIOTIS

Sub-Governor — ELIAS D. KRIMPAS

London Correspondents — Hambros Bank; Erlangers

New York — Atlantic Bank

BALANCE SHEET AS AT 31st DECEMBER 1954

LIABILITIES

Capital	Drs.	21,200,000
Reserves	"	9,875,432
Deposits	"	64,022,649
Blocked Deposits	"	12,404,884
Bank of Greece Fund	"	271,247,753
Sterling Obligations	"	390,322,579
Dollar Obligations	"	1,105,223,266
Other Liabilities	"	65,749,831
Profit carried forward	"	192,760
Total	Drs.	1,940,239,154

ASSETS

Cash & Banks	Drs.	45,252,857
State Bonds, etc.	"	4,785,485
Loans	"	33,048,974
Bank of Greece Loans	"	303,150,788
Sterling Claims	"	390,790,148
Dollar Claims	"	1,105,223,266
Other Assets	"	57,987,636
Total	Drs.	1,940,239,154

THE UNITED COMMERCIAL BANK LIMITED

(Incorporated in India. Liability of Members is limited.)

Head Office:

2 ROYAL EXCHANGE PLACE, CALCUTTA

London Office:

15, THROGMORTON AVENUE, LONDON, E.C.2.

•

G. D. BIRLA, Esq., Chairman.

AUTHORISED CAPITAL - Rs.80,000,000
SUBSCRIBED CAPITAL - Rs.40,000,000
PAID-UP CAPITAL - - - Rs.20,000,000
RESERVE FUND - - - - Rs. 8,000,000

With over 90 Branches at the leading centres of Industry and Commerce in India, Pakistan, Malaya and Burma, The United Commercial Bank is well equipped to serve Banks, Commercial Institutions and individuals carrying on business with India or intending to open connections with that country.

S. T. SADASIVAN, General Manager

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THE ROYAL BANK OF CANADA

CANADA'S LARGEST BANK

Incorporated with limited liability in Canada in 1869

BANK MELLI IRAN

(NATIONAL BANK OF IRAN)

Incorporated by Law in 1927

HOLDER OF EXCLUSIVE RIGHT OF NOTE ISSUE

CAPITAL FULLY PAID	Rials	2,000,000,000
RESERVE (Banking Dept.)	Rials	522,000,000
DEPOSITS	Rials	16,652,867,603

Governor and Chairman of Executive Board:
MR. ALI ASGHAR NASSER.

HEAD OFFICE: TEHRAN, IRAN

Over 190 Branches and Agencies throughout Iran

New York Representative

One Wall Street, *New York*

CORRESPONDENTS IN IMPORTANT CENTRES ALL OVER THE WORLD

The Bank, through its Banking Department, offers complete banking service for Foreign Exchange Transactions, provides special facilities for Documentary Credits, etc., and with its numerous Branches in Iran deals with every description of banking business. Especial services for all kinds of information regarding import, export and trade regulations in force in Iran.

ADMINISTERS NATIONAL SAVINGS

THE

STANDARD BANK OF SOUTH AFRICA LIMITED

Bankers in South Africa to the United Kingdom Government. Bankers to the Federal Government of Rhodesia and Nyasaland, and to the Governments of Southern Rhodesia, Northern Rhodesia, Nyasaland and Tanganyika.

Capital Authorised	£15,000,000
Capital Subscribed	£12,000,000
Capital Paid-up	£7,000,000
Reserve Fund	£7,000,000

10 CLEMENTS LANE, LOMBARD STREET and 77 KING WILLIAM STREET, LONDON, E.C.4

LONDON WALL Branch — 63 London Wall, E.C.2
WEST END Branch—9 Northumberland Avenue, W.C.2.
NEW YORK Agency — 67 Wall Street.
HAMBURG Agency — Speersort, 6.

BRANCHES THROUGHOUT THE UNION OF SOUTH AFRICA, SOUTH-WEST AFRICA, SOUTHERN AND NORTHERN RHODESIA, NYASALAND, KENYA, UGANDA, TANGANYIKA, ZANZIBAR AND PORTUGUESE EAST AFRICA.

Banking Business of every description transacted at all Branches and Agencies.

Habib Bank Limited

Established 1941.

Head Office: KARACHI (PAKISTAN)

Authorised Capital	**Pak Rs.**	**30,000,000**
Issued & Subscribed ...	**Pak Rs.**	**15,000,000**
Paid-up Capital	**Pak Rs.**	**15,000,000**
Reserve Funds	**Pak Rs.**	**10,000,000**
Deposits as on *Dec. 31, 1954*	***Pak Rs.***	***431,800,000***

With a network of 58 branches in all the important trade centres of East and West Pakistan, Habib Bank Limited, is in a position to assist those desiring to establish contacts for exports or imports. *The Bank's services are always available* for any banking requirements in Pakistan.

The Bank is fully competent to handle all foreign exchange business, *including opening and advising of commercial* letters of credit, collection of documentary bills, remittances, etc.

FOREIGN BRANCH:

BOMBAY (INDIA)

Habib Bank (Overseas) Limited,

Head Office: KARACHI (PAKISTAN)

BRANCHES:

RANGOON (BURMA) and COLOMBO (CEYLON)

Correspondents and Agents in all important Cities of the World

COMPANY MEETINGS

Telephone Rentals LIMITED

OPERATING TR SERVICES

A SUCCESSFUL TRADING YEAR

COMPANY'S HEALTHY LIQUID POSITION

MR FRED T. JACKSON ON PROGRESS OF OVERSEAS ACTIVITIES

The twenty-sixth annual general meeting of Telephone Rentals Limited was held on June 27th at The Caxton Hall, Westminster, London, S.W.1, Mr Fred T. Jackson, OBE, CompIEE (Chairman and Joint Managing Director), presiding.

The Secretary (Mr W. J. H. Ainley) read the notice convening the meeting and the report of the auditors.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended December 31, 1954:

At the risk of being monotonous I am once more able to report that we have had a successful year's trading during 1954. Our Profits have again grown and as a Board we feel every justification for increasing our Dividend to 12½ per cent.

You will no doubt recollect that in the last few years when the question of an increased dividend has been raised, that I have repeatedly told you that the Board would not recommend an increase until such time as they felt the liquid resources of your Company, and the future prospects, warranted it. Due to the relief granted in our taxation liabilities, by the abolition of EPL and the reduction in the Standard rate of Income Tax, and to a considerable improvement in our cash resources, I think we have now arrived at the stage when, subject to no unforeseen catastrophe occurring, and to reasonable stability in trading conditions, we can have every hope of maintaining the payment of the dividend at 12½ per cent. Such being the case it is proposed that the Interim Dividend, which is usually paid in January of each year, would be 5 per cent, instead of 4 per cent as hitherto, with a final dividend of 7½ per cent, thus maintaining the proportionate payments.

You may remember at our last year's Meeting I paid a tribute to the whole of our Staff and the effectiveness of our Profit Sharing Scheme, and I feel it is only right to emphasise that much of our progress is due to the employees, whatever their positions in the Company.

There is an old Scotch saying, which translated into English, says, "If you do not blow your own trumpet, surely it shall not be blown," and first of all our success is due to good management at the top, because from the top comes the direction which is passed on to the employees, who during the past year have certainly excelled their previous efforts, and they are definitely entitled to share in the Company's increased prosperity.

COMPANY ACTIVITIES

I will now deal with the progress made during the year in the Company's activities. The biggest part of our profits naturally arise in the Home Market, but I will endeavour to survey briefly the whole of our activities which now extend to a considerable part of the British Commonwealth.

BRITISH ISLES

During the year we certainly met with the increased competition which I forecast in my speech last year, but we do not fear competition, for it can always be overcome by good management and increased efficiency on the part of our salesmen. The net additional Annual Rental secured under Contracts was slightly in excess of our target, and it is a very comforting thought that the more our services are employed and their value becomes appreciated, the more our business expands, and this coupled with the fact that our salesmen year by year are becoming more proficient, is a very good indication of our future prospects.

New business on an increasing scale, as I have explained in the past, requires additional finance and therefore, in June of last year having secured the permission of the CIC, we made a Rights Issue of 640,000 Ordinary Shares at 7s. 6d. per share, and it is most gratifying to record that 92.5 per cent of the shareholders took up their allotments, and that for the small balance of 36,000 shares, 1,462 shareholders applied for a total of over 906,000 shares. This in itself is a tribute to your faith in the present and future prosperity of the Company.

You will see from a perusal of the Accounts that the liquid position of the Company is extremely healthy and the indications are that we should not have to raise fresh Capital for some while to come. A word of caution against interpreting the figures of liquid resources too liberally might not be out of place, since we still have to face commitments abroad which at present are unknown, and as you will see from the Balance Sheet there are considerable tax liabilities outstanding. With regard to these tax liabilities, we are in the process of negotiating a settlement with the Inland Revenue, and it is very much hoped that by the end of this year the position will have been clarified.

Taking it altogether on the Home Front it looks as though the year 1955 will be equally as successful as the year under review, and business for the first four months of this year has exceeded our target figure.

SOUTH AFRICA

I have to report that our two Operating Companies in South Africa continue to be successful and have made good profits during the year. In Johannesburg, where we started first in 1948, the progress made has enabled them to pay a dividend of 10 per cent to our Holding Company in South Africa, and they have also been able to finance their own development. The other Operating Company in the Cape, which is very much smaller, has also made good progress but they are not yet in the position of being able to finance themselves, though there are indications that the day is not too far distant when they will be in that desirable position.

CANADA

In Canada, as I told you last year, we only commenced operating in September, 1953, and we cannot expect to see any profits for a few years. This is inevitable in starting a rental business from scratch, and the fact that to the end of 1954 we have an accumulated loss gives no cause for alarm. I should explain that the investment in our Canadian Companies is included in the Balance Sheet of the Parent Company at cost, but the deficiency is well covered by our Contingencies Reserve. This loss is, of course, incorporated in the Consolidated Accounts.

I told you last year that it was our intention to appoint a Manager of our Overseas Companies Department at Head Office, and this appointment was made at the beginning of September. Almost immediately he paid a visit to Canada, where he stayed for a couple of months. The visit was highly successful in that, not only did business increase during his stay, but they have maintained a higher level of rental secured since his return.

The Canadian Market is a much tougher one than even we had anticipated, but we have proved that with the right selling approach the business is there to be taken.

AUSTRALIA

The Company in Australia in which we acquired a half interest commenced trading under its new title of TR Services (Pty) Limited, at the beginning of 1954, and during the year representatives from our Sales, Engineering and Accounts Departments have paid visits of varying lengths, in order to help establish our routines and methods in all Departments, and to train personnel. In addition one of our Sales Managers from London has been out there for over six months, and one of our London Branch Managers was sent out at the beginning of this year to act as General Manager of the Company for a period of about two years, thus releasing the present General Manager to come over here for training.

It is a matter of great satisfaction to me personally, and to your Board, that we are once again operating in Australia, and I would take this opportunity of expressing our sincere appreciation of my old friend Mr J. I. Carroll, the Chairman of Email Limited, and all his colleagues who have been so co-operative in launching the New Company. There is much yet to be done to bring this business into line with our own, but things are moving extremely well, business is good, prospects are good, and the only uncertainty is the Australian Import situation. To what extent that is likely to retard the progress of our Australian venture it is impossible to foresee at this stage.

PARIS

I would draw your attention to the note on the Balance Sheet regarding the contingent liability under a Guarantee to a foreign bank, which is in respect of our Paris Company. This Guarantee has since been cancelled and we have placed additional Capital of £41,000 at their disposal, which will clear the overdraft and provide them with the working Capital which they so badly need, the lack of which has considerably hampered their activities in recent years.

For some years past Le Teleautomate have been busily seeking new lines of business to replace the diminishing telephone business, and in particular their efforts have been directed to the electrical contracting field. From the orders taken and executed in the last couple of years, and the present state of their order book, it appears they have found a solution to their problem. The Manager of our Overseas Companies Department has helped them to reorganise the Company to cater for this new line of business, and will continue to make periodical visits to keep a close check on the progress of this new project.

Despite their many handicaps the Company again made a small profit in 1954, but now that they have some fresh Capital, I think we may look forward to increased profits in the future.

BRUSSELS

Our Brussels Subsidiary traded at a profit slightly in excess of that for 1953, in spite of increasingly severe competition on the Telephone side of the business. Their efforts to develop their business in other directions have met with considerable success, and despite adverse trading conditions in Belgium, we may reasonably look forward to the continued profitability of our Brussels Company.

ACCOUNTS

I will now refer to the Accounts, which reflect a few major changes as compared with the previous year.

Profit and Loss Account.—The gross Profit at £690,753 shows an increase of £35,184 over the previous year, whereas Profits Tax and Income Tax at £356,844 show a substantial reduction in the sum of £101,935. Thus our net Profit has taken a considerable jump from £196,790 in 1953 to £333,909 in 1954. You will therefore appreciate that we have every cause to feel grateful to the Chancellor of the Exchequer for removing a little of the crippling burden of taxation, which has so seriously affected our activities in the past few years.

After providing for the Transfer to General Reserve of £200,000 and the dividends on both the Ordinary and Preference Shares amounting to £134,640, we are left with an unappropriated balance of £120,844 to be carried forward to the current year.

BALANCE SHEET

The issued Capital has increased to £2,160,000 as the result of the Rights Issue of £160,000 in June of last year. The Share Premium Account has also increased by £76,548 for the same reason. The only other movement in the Capital Reserves has been to increase the "Surplus on Realisation of Capital Assets" by the sum of £14,436, represented by the Profit of £310 on sale of a house, and £14,126 being the Profit on Sale of our Email Shares in Australia.

The Revenue Reserves now stand at £1 million after the transfer of £200,000 from the Profit and Loss Account.

The Shareholders' interests, consisting of Capital, Reserves, and the unappropriated Balance, amount to £3,419,633 as compared with £2,969,380 at the end of 1953.

Current Liabilities have increased by £165,600, the major increase being accounted for in Sundry Creditors and Accruals in the sum of £92,605, which consists mainly of amounts due to our Suppliers for increased Stock purchases.

Turning now to the Assets side of the Balance Sheet, the net value of the revenue bearing Installations is £2,671,239, which is equivalent to 1.45 year's rent.

The increase of £8,635 in the value of Freehold and Leasehold Properties is accounted for by the purchase of additional house property, necessitated by the transfer of staff and to the cost of extensions to our Newcastle Office Premises

Although the amount invested in our Subidiary Companies reflects but little change in total, the loans have increased by £18,353 as a result of a further remittance of $50,000 to our Canadian Company.

Current Assets have risen by £211,918 which is accounted for by the improvement of £143,732 in our liquid resources, by increased Stocks, and Debtors.

CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

The Consolidated Accounts have been prepared on an identical basis to that of the Parent Company, and consequently the material changes have already been dealt with in the foregoing remarks.

The net Profit of the Group before Taxation is £725,941 compared with £702,430 for 1953. After providing for Taxation, the Transfers to Reserves, and Dividends, the balance of unappropriated Profits carried forward and attributable to the Holding Company's shareholders amounts to £186,848.

CONCLUSION

I cannot conclude my remarks without a word or two of appreciation of two of my old friends and colleagues who retired from the Board in 1954. I refer, of course, to Mr John MacMahon and Mr Conrad P. Heseltine, both of whom were appointed Directors of your Company at its incorporation, and each, in his own different sphere, has given yeoman service to the interests of your Company. Their wisdom and shrewdness has been of inestimable value in building up and developing your Company, which today is regarded in every quarter with the greatest respect.

I feel sure you would wish to join with me and my colleagues on the Board, in expressing our sincere appreciation and thanks for the services they have rendered.

In November last, we appointed to the Board Mr A. A. P. Ethelston, who is a partner in Grenfell and Company, and who I am sure will be of great value to us, because he is right in the heart of things in the City, and also has interests in South Africa.

The report and accounts were adopted and the final dividend of 8½ per cent, making 12½ per cent for the year, was approved.

The retiring directors, Mr Campbell Cochran, BL, and Mr A. A. Ethelston were re-elected and the remuneration of the auditors, Messrs Chas. W. Rooke, Lane and Co., having been fixed, the proceedings terminated.

THE MORGAN CRUCIBLE COMPANY LIMITED

RECORD SALES FIGURE

MR P. LINDSAY'S STATEMENT

The twenty-first annual general meeting of The Morgan Crucible Company Limited will be held on July 20th, in London.

The following is an extract from the circulated statement by the chairman, Mr P. Lindsay, OBE, MC:

The improvement in volume of trade which became noticeable in the closing weeks of 1953, developed favourably throughout the year under review and, as a result, your Company has enjoyed a high level of production and sales.

Proceeds from sales reached a record figure, exceeding those of the previous year by 15 per cent. This provides also a measure of the increase in volume of business, there having been no general price changes in the course of the year.

Though Proceeds from export trade have contributed to the general growth of sales, the ratio of foreign to total trade has fallen slightly from 44 per cent to 42 per cent, largely due to the relatively delayed trade revival in the Western Hemisphere.

Group trading profit reached a record figure. This abnormal growth illustrates the inestimable boon of full employment of our capital and our personnel which should be taken into account in any appraisal of profit level. Having enjoyed such a favourable volume of trade, the profit outcome is, in fact, less than might be expected due to shifts in the pattern of sales and losses sustained in market development of specific products as well as to rising costs.

Efforts to offset the cost spiral by mechanisation and improved organisation have not been unsuccessful, but the rate of rise of our index of productivity has, in fact, slowed down for reasons which we may hope are temporary. As providing a measure of increased mechanisation, I may mention that the figure of HP installed per employee is now double that of prewar.

Three months have elapsed since the end of the year under review. The current of trade remains strong, capital investment—a reliable barometer—is still increasing, and the rewards of equipment recently installed throughout industry have not been fully reaped. These pointers justify the expectation of another satisfactory year, always provided that the stress of full employment does not create undue strain on industrial economy.

Looking further ahead, we cannot fail to see signs of phenomenal technological progress by industry in general. The simultaneous impact of electronics and atomic energy gives promise of revolutionary changes in tempo, trend and technique of industrial development.

We are conscious of our responsibility to extend the range of our technical and commercial research, so as to be able to seize the opportunities and cope with the problems which the future is likely to unfold.

A statement of the principal products manufactured by the Group will be found on the concluding page of the report. It will give Stockholders an indication of the diversity and specialised nature of our output and a guide as to the trades we seek to serve.

The Board considers that the proposal contained in the Directors' Report reflects appropriately a year of favourable trade, without prejudice to the future

STEEL BROTHERS AND COMPANY LIMITED

INCOMPATIBILITY OF INTERNATIONAL TRADING AND MILITANT NATIONALISM

POLICY OF OVERSEAS INVESTMENT

MR J. K. MICHIE'S REVIEW OF WORLD-WIDE ACTIVITIES

The sixty-fourth annual general meeting of Steel Brothers and Company Limited was held on June 30th at the offices of the company, 24-28 Lombard Street, London, E.C.3.

The following is the statement by the chairman and managing director, Mr J. K. Michie, which has been circulated with the report and accounts for the year ended December 31, 1954:

A year ago trading prospects for 1954 looked distinctly uncertain and this proved to be a mild description. In this Country a number of markets had been set free, but without complementary action in countries of origin these conditions merely meant that the international merchant or "shipper" achieved freedom to sell but not necessarily to buy; at the same time he has had to face fluctuations caused by the sudden and often unpredictable actions of Governments in regard to *e.g.* export policy and export duties. The methods and vagaries of Government agencies which in certain cases control supplies have also had to be contended with. In some trades the actions of Governments in completely different parts of the world by releasing surpluses, stopping exports or manipulating exchanges for export purposes have affected severely the prices of commodities in which we are interested.

Our export business has been attended by similar hazards. We can buy in the UK and other industrial producing countries, but we can never be certain that import bans, quotas or other restrictions will not be imposed on our activities by the countries in which we sell.

Altogether the lot of the merchant shipper is not a happy one and I wish I could see a prospect of real improvement in these respects. International trading and militant nationalism in their application to business unfortunately are not very compatible and unless there is less of the latter there is going to be increasingly less of the former as we knew it, for nationalism does not stop to consider whether or not the results are economically sound but tend to regard all such questions from the angle of ideology only.

Although the total profit shown is less the net, results for 1954 work out very much the same as for the previous year, due largely to the need for a smaller provision for income tax.

After provisions for depreciation the sum available for distribution is £141,400, as against £137,650 a year ago, and the dividend distributions are unchanged.

Our income from investments has again increased satisfactorily, but partly for the reasons I have already mentioned our experiences in trading were overall less satisfactory.

As I report in detail later, as funds become available your Board continues to follow a policy of investment in countries in which we find encouragement. We realise that this process of rebuilding takes time and patience and in its earlier stages may well mean some sacrifice in income; but in the long run such a policy is not only advisable but essential to a continuance of our life and growth.

BURMA

The life blood of Burma is her exportable surplus of rice, so its disposal is of vital importance to her economic health. As the market has been a falling one throughout the year the large carry over from the 1953 crop is doubly unfortunate. Deterioration of stocks which have had to be sold for feeding purposes at under cost, deterioration in the terms of trade of the country and finally the recent restrictions placed on imports of consumer goods have been the natural and inevitable consequences.

Unless trends are reversed, and of this there is no sign, Burma will have to continue to adjust her import policy in respect of both capital and consumer goods, and as her Government has undertaken considerable commitments of a capital nature all of which are not equally important this may be a somewhat painful process. As I see them the first needs are to organise and improve transport and port facilities and marketing and milling so that the rice crop can be disposed of in the most saleable qualities and condition and at the seasons which suit buyers. This means recognising that sellers' markets are a thing of the past and that catering for buyers in the widest international sense is essential.

Against the hope that this will happen we are maintaining our marketing organisations, but the conditions and methods current in Burma greatly restrict our opportunities and our future policy must automatically be governed by that of the Government of Burma in regard to rice and other exports such as timber, cotton and feeding stuffs.

Our import business too is dependent on the policy of Government as to total volume and as to the share in which we are allowed to participate. It has been announced recently that 60 per cent of imports will be reserved for indigenous merchants.

I am glad to report that the Oil Joint Venture with Government, operating under the name of The Burma Oil Company (1954) Limited, is prospering and should continue to do so. Our subsidiary, the Indo-Burma Petroleum Company Limited, holds a 10 per cent interest in this Company.

Last year I reported the nationalisation of the Burma Cement Company Limited, which was taken over on August 1, 1954. I regret, however, that terms have not yet been settled, so that our considerable capital investment in the Company is temporarily sterilised.

Strand Hotels Limited again had a satisfactory year and the Company has continued to increase its accommodation as opportunity offers. I am glad to say we get very favourable reports on the quality of the service the Management provides.

INDIA

Our Managing Agencies for the Indo-Burma Petroleum Company Limited and the Assam Sillimanite Company Limited again worked smoothly.

The volume of our food procurement for the Indian Tea Association was very reduced last year, while general trading was difficult throughout the year and our own was on a restricted scale.

PAKISTAN

Import business into Pakistan by Companies such as ourselves is increasingly affected by the restriction of local financial facilities imposed by the Government. Despite this our trading was moderately successful with the exception of our jute exports business in which we suffered a loss through default by our supplier.

As you know our largest interest in Pakistan is our holding in the Attock Oil Company Limited, which we manage.

HONG KONG

The hoped for improvement in 1954 did not happen and we again incurred a small loss largely on the realisation of old stocks.

Any increase in the trade of Hong Kong with the mainland of China would have a stimulating effect on the turnover of the Colony. Meantime it is adjusting itself quite remarkably to the different conditions, particularly by developing light industries. The situation of Hong Kong is unique and I have no doubt given reasonable accommodation between East and West that it will again flourish with benefit to all.

JAPAN

As indicated last year we have reduced our commitments. On the revised basis we have hopes of coming out on the right side in 1955.

SIAM: Continues to be a very difficult country in which to trade, partly due to the instability of its exchange, the shortage of money and in consequence the dearness of finance. While Bank interest rates are around 10 per cent per annum and buyers are slow in paying, margins must indeed be high to cover overheads and yield a profit.

The Siam Rice Agency is still in being but on a much reduced scale.

We have re-entered the "free" Rice Export trade, but because of the large percentage of the trade done on a Government-to-Government basis opportunities are very restricted.

CEYLON

Our two subsidiaries, Messrs E. B. Creasy & Company Limited and Messrs Darley, Butler & Company Limited, maintain their positions in their different lines very successfully, but during the greater part of 1954 relatively poor. We expect to improve on that performance this year.

MIDDLE EAST

Despite the prosperity of Middle Eastern countries arising from a growing Oil production this is not yet reflected in an increase in general purchasing power, partly because prices of their agricultural produce have fallen and partly because the large schemes of water control conservation and irrigation which are being financed from oil royalties have not yet fructified.

In common with others our associate Company, Messrs Spinney's (1948) Limited, had a somewhat disappointing year and is now adjusting its organisation to the slower tempo of expansion we must now expect. The long-term prospects continue good.

EAST AFRICA

Our friends and associates, Messrs A. Baumann & Company Limited, had a satisfactory year and continue to expand the size and scope of their activities.

Our timber Company in Tanganyika again made a small profit.

BRITISH GUIANA

The Agreement under which we managed British Guiana Timbers Limited on behalf of the Colonial Development Corporation expired on March 31, 1955, but for mutual convenience it was agreed that it would be terminated at December 31, 1954.

Our investment in the Company is now being withdrawn, for our subscription to the capital was conditional on the conclusion of a Managing Agency Agreement.

The Colonial Development Corporation asked to retain practically the whole of our staff engaged in the management and technical control of this Company and in so far as we were able to do so we have met their wishes.

CANADA

Our investments in Alberta are still in the teething stage. Further expenditure on plant at Loders Lime Company Limited will be necessary to raise production to a more economic level and enable the Company to participate in the growing demand for lime products which the industrial development in Western Canada is bringing in its wake.

In September last we took over the management of the Alberta Ytong Manufacturing Company Limited, whose factory started production in October. There are still a number of mechanical and technical problems to be solved before an optimum output can be reached.

We believe that both investments will justify themselves in due course.

Our trading branch in Vancouver, opened in August, 1953, made a satisfactory beginning although inevitably failing to cover expenses, but we look for a progressive improvement.

As a result of our Company being established there two opportunities to expand our interests in British Columbia have recently presented themselves and we have obtained Treasury sanction for both.

The first is the acquisition of a majority interest in two well-established businesses in building supplies and brick-making through Pitkethly Brothers Limited.

The arrangement provides for an acquisition of shares in the companies trading under the names of Pitkethly Brothers Limited and Mainland Clay Products Limited. Mr David Pitkethly will continue to look after the operation of both concerns for the next few years.

The second gives us an entry into the lumber industry by the acquisition of the Texas Creek Timber Company Limited which owns a small saw mill near Hope B.C. about 100 miles from Vancouver well sited in respect of rail, road and water facilities for its log supplies and its lumber production.

It is intended to develop this mill under the name Hope Lumber Company Limited in which we shall hold two-thirds of the no par value stock.

UNITED KINGDOM

Carbutt & Company (1928) Limited.—What I have already written about rice markets illustrates the difficulties this subsidiary has had to contend with and which continue. Until rice prices find a point of balance these difficulties will remain, for it is natural that our customers should be cautious in their buying policy while it is essential that we should have stocks to meet their reasonable needs.

Through Carbutts we have an interest in a grass drying business in Yorkshire which in 1954 suffered from the fall in the prices of feeding stuffs. This year I am glad to say prospects are better.

MACTAGGART AND EVANS LIMITED

Results for 1954 showed an improvement and a small profit was made. There are reasonable grounds for expecting a continuance of this upward trend for the Company is fully employed and the field for independent industrial research is a wide one.

PETERLITE PRODUCTS LIMITED

This Company is at the pilot plant stage of production and we consider that the prospects for the development of its processes and the marketing of its products are distinctly encouraging. The Company continues its researches into various allied potential products.

OIL PROSPECTING IN LANCASHIRE

Operations are still at a standstill but a case to establish our rights to continue prospecting to a conclusion one way or the other is now being heard and a decision should be known within a few weeks.

PROSPECTS

On the whole I consider prospects are more favourable than they were a year ago.

The business and its organisation are continually under review by your Board and they and the London Management regularly visit the various areas of our operations.

Last summer I was able to visit East Africa and in the Autumn with Mr Nicoll spent five weeks in Canada. Other tours of a similar kind are in contemplation. They can do nothing but good.

STAFF

The continuous readjustment in the conditions in which we trade places unusual strain and responsibilities on our staff and I wish once again to thank them for their devotion to the interests of the Company.

The report and accounts were unanimously adopted.

ARTHUR BALFOUR AND COMPANY, LIMITED

CURRENT TRADING IMPROVEMENT

The fifty-sixth annual general meeting of Arthur Balfour and Company Limited, was held on June 27th at Capital Steel Works, Sheffield, 3, The Honourable R. A. Balfour, JP (Managing Director) presiding in the absence of the Chairman, the Right Honourable Lord Riverdale of Sheffield, GBE, LLD.

The following is an extract from the Chairman's circulated statement:

1954 has been a difficult year on the whole, with many changes in trading conditions. Demand was subdued in the early months and we were working at less than capacity in many sections. A slight improvement, however, developed in the middle of the year and there was a considerable recovery in the order book—particularly on the steel side—during the later months.

This year, with a lower turnover, due in great part to lower prices, difficult and competitive conditions, a marked increase in wage costs resulting from the considerable increase of May, 1954, and the insidious increases that followed them, the trading profit is down against 1953, but the final net profit for the year is improved owing to the decreased effect of the exchange factor.

Our efforts overseas are widely spread and as is quite usual in our experience some markets have declined sharply in the period; some have improved considerably. The final effect is that our Branches and Subsidiary Companies have contributed less in total this year than in 1953.

The profits of the Group amount to £215,544 before taxation and after loss on exchange, compared with £178,074 for the previous year. Over 50 per cent of this figure is absorbed by taxation.

After careful consideration the Board recommend the same rate of dividend for the year 1954; 2½ per cent interim dividend (already paid), 5½ per cent final dividend now proposed, making a total of 8 per cent.

It is proposed to transfer £10,000 from Stock and Contingency Reserve and to appropriate £75,000 to General Reserve, leaving a carry forward of £146,831, as compared with £145,139 in 1953.

The continued increase in costs gives us cause for concern. I have referred in previous reports to the menace to our margins represented by continual wage advances which under competitive conditions, particularly overseas, are difficult to recover in our selling prices. During 1954 we have suffered considerable increases in fuel and power and general supplies. Our essential alloys have continued to fluctuate in price, but to nothing like the disturbing extent of previous years.

Constant attention has been given to further improvement in the quality of our products and it is our firm intention to continued to pursue this policy.

1955 has opened with brisk trading conditions, a larger order book, an improvement in turnover against the equivalent period of 1954. The outlook is better than at this time last year, but conditions remain keenly competitive with all too familiar controls and restrictions in many export markets. Despite this, some progress has been made overseas and efforts are being made to expand our markets wherever possible. If present conditions continue, and if no abnormal factors develop, then the results for the current trading period should show some improvement

The report and accounts were adopted.

BLEACHERS' ASSOCIATION LIMITED

LARGER VOLUME OF WORK

The Annual General Meeting of Bleachers' Association Limited will be held on Friday, July 22, 1955, at Blackfriars House, Parsonage, Manchester.

The following is the statement by the Chairman, Mr P. L. Wright, which has been circulated with the report and accounts for the year ended March 31, 1955:

You will see from the Directors' Report that, after 36 years of service with the Company, Mr W. Kershaw, who retires by rotation, has decided not to seek re-appointment and I am sure you will wish me to express our great appreciation of the valuable service given us by this most loyal and faithful colleague. The scientific and practical help we have derived from his long experience in the textile trade has been extremely valuable to us.

TRADING RESULTS AND APPROPRIATIONS

The Association's profits for the year before taxation amount to £943,000, an increase of £138,000 over last year. Taxation and an additional provision for Superannuation Fund of £35,000 reduces that figure to £414,000, and this compares with £357,000 for 1953/54. With the amount brought forward from the previous year, there is a balance of profit available for appropriation of £612,620. Out of this amount we have allocated £100,000 to General Reserve Fund, £100,000 to Fixed Assets Replacement Fund and, after providing for Preference dividend, your Directors recommend a dividend at the rate of 10 per cent on the Ordinary Stock, and in addition a bonus of 2½ per cent—all less Income Tax. These Preference and Ordinary dividends, together with the bonus, will absorb £214,193, leaving £198,427 to be carried forward.

There are no important changes either in the Company's Balance Sheet or in the Consolidated Accounts, apart from the Profit and Loss Account to which I have already referred. The liquid position is good and will enable us to continue our programme of modernisation and to expand in certain fields. Net Current Assets at £3,327,508 are up by £165,000 on last year. Expenditure during the year on Fixed Assets amounted to £292,000 and, after deducting depreciation and sales, gives a net increase of £74,000.

During the year under review we enjoyed the benefits of a larger volume of work than last year, and, as a result, both turnover and profits were higher. A downward trend was discernible in the last month or two of the year and this has since become more pronounced. I refer to that later.

COTTON TRADE CONDITIONS

Recovery, or partial recovery, of our export trade is still lacking, though there has been one encouraging development as the result of the noteworthy efforts of members of a mission to India. That country has now reduced her tariffs, which permits us to hope for some increase in trade in the finer qualities not normally made in India. It is not expected that any large volume will flow as a result of these changes, but it is at least a move towards some further liberalisation of trade.

It is not easy for commission finishers to be precise as to the proportion of yardage which they finish for the home trade and for export, but it is certain that the figures of total cloth exported would have been greatly reduced as against last year but for the importation of foreign grey cloth for re-export. Used for this purpose it is widely agreed to be acceptable, and even desirable, under existing price conditions. Its use in the home trade is another story. To the spinners and weavers it has become an alarming danger and its unrestricted use in that field is deplored by all sections of the industry, including our own, for, in the long run, no section of the trade can succeed at the expense of the other sections. It is most regrettable that wider economic considerations have so far made it impossible, in the Government view, to restrict these importations from the Commonwealth in the same way that importations from Japan are restricted.

It is a little unfortunate that the trade has been driven, during recent months, to publicise its protests in regard to this matter of foreign cloth importation and to several other subjects outside its control on which there has been strong feeling in the industry. Not infrequently such protests have been accompanied for good measure by gloomy forebodings as to the whole future of the cotton industry, with the result that the confidence of workers and trainees in their chosen employment has been greatly disturbed. Even more serious is the effect on those who may be contemplating entry into the industry—workers and graduates, both of whom we are so anxious to attract. Given foresight, determination and the will to adapt ourselves to new methods, the future is not a gloomy one. No one will deny that there are plenty of problems to solve. Many of them are due to the horizontal structure of the trade which, however well adapted to the nineteenth century in which it grew up, is not easy to adapt to large-scale collective effort. Nevertheless, progress in that respect is perhaps greater than is generally appreciated. Today, the individual sections of the industry are better organised than they ever were to eliminate the worst effects of uncontrolled competition within each section and, even at this late hour, it is hard to believe that Government authority can bring itself to destroy, for theoretical and unsubstantiated reasons, a system of price management which is one of the most necessary pillars of a controlled reorganisation, which they are themselves so anxious to encourage. Equally, and even more important, the different sections of the trade are today more conscious of the vital need to co-operate, to work as a team, and to assist in the formulation of a unified policy. Now that the will exists to understand and master the problems, the prospects are much brighter. In the finishing section, in which we ourselves are, of course, deeply interested, the art of finishing textiles is still unequalled elsewhere in the world. Cotton will no doubt be the most important textile fibre for many years yet, but new fibres and new finishing agents are constantly coming forward and will continue to do so, with the result that these products will become an integral part of our business. But the methods of handling these new materials are not simple and their production will require a constant flow of men with scientific background or at least a full technological training. The scope and opportunity for such men are there and I suggest that nothing should be done to discourage them from entering a promising field.

If, as I believe, our brightest future lies so largely in the field of expertise and innovation, the importance of our Research and Development Section cannot be exaggerated. The ability to achieve and maintain technical superiority over our overseas competitors is vital, and this applies not only to apparel and domestic cloths but also to specialised cloths for industrial purposes. Never were we more convinced of the importance of such work than at the present time and a full share of the money we plough back is being invested in this side of your business.

THE ASSOCIATION'S ACTIVITIES

In my statement to you a year ago I said that the textile finishing side of your business was by far the most important, despite our gradual development of outside interests. Stockholders may like to have a general picture of the activities of the Association as it exists today.

It now seems a far cry to the years immediately preceding the First World War when the Lancashire cotton industry enjoyed an almost unchallenged supremacy in the export markets of the world. In those days the Association operated more than seventy works. The steady and inexorable decline since those days has inevitably left its mark on the bleaching trade as on every other section of the industry. The outbreak of the Second World War and the Government's drastic concentration of the cotton industry reduced still further our operating units. The net result has been to reduce the Association's working Branches from seventy to thirty, most of them in Lancashire, but four in Cheshire or Derbyshire, four in Scotland, four in Northern Ireland and one in Nottingham. The majority of them are engaged only in bleaching, but some of them have a substantial business also in dyeing and in one works the major activity is calico printing. We are interested not only in the finishing of piece goods of cotton, linen, rayon and rayon mixtures, but we have several works devoted entirely, or almost entirely, to the bleaching of raw cotton for the surgical trade, the bleaching of cotton and other wastes for the paper trade, the bleaching and dyeing of woollen yarn, the bleaching and dyeing of lace curtains, net and hosiery. It will be realised, therefore, that our interests are widespread and are by no means an unimportant contribution to the output of the textile trades. That is the position in which the Association stands today as regards its interests in textile finishing, but your Directors have recognised that the capital invested in the Association's undertaking could not be remunerated solely from an output that had declined to so small a proportion of what it used to be, and they have extended the Company's activities into other fields.

SUBSIDIARIES AND A TRADE INVESTMENT

A number of years ago, an important and very successful plant was established jointly by the Association and the Hercules Powder Company of America for the production of purified chemical cotton, which forms the raw material for several important industries, among them paper, explosives, certain types of rayon and plastics. This Company has a record of sound profitable expansion. Since its inception, production has already increased twofold and, with the extensions now in hand, the Company will shortly have a potential capacity over three times that of the original. We have thus, in close and most agreeable association with our American friends, gradually built up a business which, for both

cost of production and quality of output, compares favourably with anything of its kind in the world. Our interest in this concern shows as a trade investment in our Accounts.

Last year I referred to the acquisition by the Association of the balance of the shares in the Midland Leather Company Limited, formerly held by the Custodian of Enemy Property. That Company is now a wholly owned Subsidiary and its accounts have this year been included in the group figures presented to you. Under conditions not unlike those in the cotton trade, production of chrome upper leather has, during the past year, been seriously affected by growing importations into the United Kingdom of foreign leather at prices much below the cost of production in this country. This, together with a fall in raw hide prices, which took place between July and December, has made the year a difficult one. Despite this I am glad to report that the Company has more than held its own and, in particular, the outstanding success of our "Norgrade" leather is most gratifying. We have every confidence in the future of this Subsidiary.

Another interest which we acquired some years ago was that of the Greenwich Leathercloth Company Limited, whose main trade was the coating of cloth of various types. For some years the business prospered, but it became apparent to us during the postwar years that considerable redundant capacity existed in that type of trade and, as a result, that prices were fast becoming unremunerative. Arising from this we turned to the manufacture of thin plastic sheeting. Our decision to enter this comparatively young and growing industry has been fully justified by results and for some years the Company has been in the forefront as producers of this material. But participation in any rapidly expanding industry necessarily involves employment of the most modern machinery and techniques and we are, in fact, at the present time engaged in still further improving our plant and premises. This Subsidiary is now known as Greenwich Plastics Limited.

In 1945 we acquired the North British Chemical Company Limited at Droylsden. This Company, originally engaged in the production of dyestuffs and heavy chemicals, had started to manufacture paints, varnishes and cellulose finishes, and was one of the first companies in the country to introduce synthetic paints. Since acquisition the works has been completely re-equipped with modern plant and new laboratories have been built to accommodate additional research and development staff, this aspect being of the utmost importance in a highly competitive industry. The Company's products marketed under the trade names Neofex, Norbritol, Exelsyn and other registered brands are "quality paints," and in view of the modern trend for increased use of paint we look forward to a further expansion in sales.

A further extension of our non-textile undertakings has been the establishment of a chain of six laundries and two dry-cleaning plants, including the well-known "Silver Wings." Several of these laundries have been established in premises originally occupied as bleachworks, their location, together with available water and steam raising plant, making them quite suitable for conversion. Our profits have been satisfactory in relation to the capital employed and, given a rising standard of living, the prospects are good.

THE OUTLOOK

During the last quarter of the year under review demand for cotton cloth has fallen off and the first weeks of the current year show a similar tendency. Whatever be the cause of this diminished volume—and opinions differ widely—it can at least be said that the conditions we are now experiencing are not peculiar to the Lancashire industry. Many of its competitors are similarly affected and reports are not lacking from France, Italy, Switzerland and even Japan of shortage of business and curtailed production. It may well be that lack of confidence in cotton prices lies at the root of the trouble in all cases and, if there should be a return of confidence—for example, an announcement that the United States would not subsidise raw cotton exports next season—we might experience a sharp revival of demand. Meanwhile, the tendency to avoid over-buying and to place orders only for the smallest quantities that producers can be persuaded to make, militates against economic operation and against efficient planning. These unfavourable influences must of necessity play an important part in determining our fortunes in the current year, and it will be evident that our prospects are less favourable than were those for the year just ended.

TRIBUTE

In conclusion, I am sure that Stockholders will wish me to express, on their behalf as well as my own, our thanks to my colleagues on the Management Board and their co-Directors, to our Branch and Departmental Managers and to the large and loyal army of our employees in the administrative, technical and operative fields for their efforts on behalf of the Association during the past year. All in the boat have pulled their weight towards the common objective—the success of Bleachers' Association.

F. FRANCIS & SONS

EVER-INCREASING DEMAND

The fifty-fourth annual general meeting of F. Francis & Sons Limited, was held on June 27th in London, Mr John Ismay (the Chairman) presiding. The following is an extract from his circulated statement:

The balance of profit for the year, including Dividends from Subsidiary Companies, amounts to £221,638. Taxation provision requires £64,300, leaving a balance of £157,338. Your Directors have transferred the sum of £74,410 to General Reserve, and your Board recommends a Final Dividend of 16 per cent on the Ordinary Share Capital, making a total of 20 per cent.

The net profit of the Group, after providing for taxation, amounts to £192,035, to which must be added special net credits of £11,426, giving a total available profit of £203,461. The Group carry forward at £247,745 represents an increase of £53,876 over the previous year.

Considerable extensions have been made at our Keighley Factory which will provide additional manufacturing facilities required to cope with ever-increasing demand.

Further factory accommodation is also in course of erection at our Greenwich Works, which is again necessitated by increased demand for your Companies' products.

In my last Statement I mentioned the difficulties in the supply of Tinplate and Steel. I am glad to say supplies of the former have shown a slight improvement during the year under review, but the Steel position continued to remain most unsatisfactory and we were unable to obtain adequate supplies. We are, in fact, still very greatly handicapped in this respect and the present indication is that this state of affairs will certainly continue well into 1956. The report was adopted.

GODFREY PHILLIPS, LIMITED

DIVIDEND MAINTAINED

The forty-sixth annual general meeting of Godfrey Phillips, Limited, was held on June 28th in London.

Mr P. A. Godfrey Phillips, chairman and managing director, in the course of his speech, said: Trading results in the year under review have continued to suffer from the same conditions as those which so adversely affected profits in the preceding year. There has been a further serious fall in your Group's trading profit which, after charging £97,673 in respect of Exceptional Advertising Expenditure to Development and Contingencies Reserve, stands at the figure of £640,935, a decrease of approximately £318,000. In consequence, the Profit after taxation has fallen by £140,000 and with the reduced Credit for Provisions no longer required £130,853 is brought down compared with £331,812 last year.

The Board recommend a final dividend of 7½ per cent, the total of 10 per cent being the same as for 1953. The maintenance of the Ordinary dividend accords with the policy I outlined last year. In prosperous periods of trading our conservative policy of distribution allowed us to plough back large sums for use within the business, and your Board feel justified in repeating last year's distribution although it is not covered by current earnings. Shareholders will, however, realise that such a policy weakens the liquid position of the Group, and its continuation during this difficult period must be annually subject to careful consideration.

"RED & WHITE" CIGARETTES

In the home market the situation continues to be much less satisfactory and the parent company has sustained a trading loss. As I forecast last year, the 1954 allocation of dollars resulted in virtually unrestricted supplies to the public of all the most popular brands, although it was not until January of this year, after the close of the accounts, that the most popular brands of all also came into completely free supply. The carefully thought out plan of your board to meet this situation was put into effect last autumn, with the introduction of the new "Red & White" cigarettes.

I am pleased to be able to tell you that its reception both by the trade and by the smoking public has been excellent and with the extension of its sale to Scotland at the beginning of this month, its distribution throughout England, Wales and Scotland is now complete. I am confident that "Red & White" will grow during the next few years into a powerful and vigorous competitor in the dearer of the two most popular price classes.

Other of your company's products are showing signs of a revival in their sales at home and De Reszke Filter Tips, which were reintroduced at the beginning of 1954, are steadily obtaining a larger share of the restricted field in which they compete.

Within the next few days, we shall be notifying our distributors that in order to meet both their and our increased costs, we shall be raising the retail price and in most cases the invoice price of our smoking tobaccos; for some considerable while now these increases have been fully justified, but circumstances have only just made them possible of implementation.

Export trade is running at a fairly satisfactory volume and we have been able to replace by developments elsewhere our lost exports to Australia to which I referred last year.

The report and accounts were adopted.

GUEST, KEEN & NETTLEFOLDS LIMITED

NEWLY ACQUIRED STEEL COMPANIES FULLY OCCUPIED

RAW MATERIALS AND LABOUR THE PRINCIPAL LIMITING FACTORS

The fifty-fifth annual general meeting of Guest, Keen & Nettlefolds, Limited was held on June 23rd in Birmingham, Mr K. S. Peacock, chairman and managing director presiding.

The following are extracts from the chairman's statement circulated with the report and accounts for the 52 weeks ended January 1, 1955:

I would first like to refer to two sad losses which the Company has suffered since our last Annual Meeting. In August, 1954, Colonel H. B. Sankey, CBE, the Chairman of our important subsidiary company, Joseph Sankey & Sons, Limited, died suddenly at the early age of fifty-nine, after having been a Director of Guest, Keen & Nettlefolds, Limited, for thirteen years and of Joseph Sankey & Sons, Limited, for thirty-three years. During that period Sankey's activities increasingly expanded until the Company occupied a position of national importance in its particular field. We shall continue to miss his help and advice and we record our appreciation of his services and our great loss in his passing.

In February, 1955 Sir Maurice E. Denny, Bt, KBE, also died suddenly. His services in the shipbuilding world not only to that industry, but to the country, have been well recognised and appreciated, whilst to us he was a good friend whose kindly wisdom and great general experience were of *inestimable* value.

There is one other personal matter to which I would like particularly to refer. Mr J. H. Bean, CBE, who attains the age of seventy on May 23, 1955, retires in accordance with the Companies Act and, following the rules which we have ourselves instituted, does not seek re-election. Mr Bean has a wide experience of the Engineering Industry and under his guidance since 1939 Garringtons, Limited has expanded from a position of comparative insignificance in the forging industry to be, I think we can rightly claim, the unqualified leader in that field both in technique and efficiency. We are very mindful of what we owe him for the great energy and ability he has shown in developing this business to the position it occupies today, and for the great help which he has also given us in the conduct of our general affairs.

FEATURES OF PAST YEAR

I am sure you will agree that the results for the year are satisfactory; in comparing them, however, with the profits of 1953 it must be understood that they include the profits of the newly acquired Steel Companies.

When I wrote my statement last year I found it difficult to be optimistic about the general trading conditions. It was not until the early autumn of 1954 that we found an appreciable increase in the activities of our Home Companies, and over the last four months of the year the tempo was steadily increasing. Our newly re-acquired Steel Companies, although experiencing some decline in demand on the re-rolling side, remained fully occupied throughout the period. There was a substantial improvement in the operations of our three main Overseas Companies, Lysaght's Works Pty. Limited in Australia; Guest Keen Williams, Limited, in India, and Aug. Stenman A-B, in Sweden.

It is important that it should be appreciated that the Overseas interests of our Group are substantial, and that the capital there employed amounts to some £16 million. The results of these companies can thus obviously be of material importance in the profits of the Group as a whole.

FULLY OCCUPIED AT HOME AND ABROAD

At the present time we are very fully occupied in almost all our works both Home and Overseas, and in the majority of cases have order books that will carry us on for at least six months at a high rate of output; in fact it would appear that for some time the principal limiting factors to our output will be supplies of raw material and labour. It is, however, difficult to feel that the present conditions are entirely healthy, as we appear to be passing through another period of more inflationary tendencies than are normal even for our present-day mode of life.

There have been substantial wage increases in every direction, which not only immediately affect us in our own factories but face us with consequential increases in coal, railway freights and general supplies. The price of steel, which represents a large proportion of the cost of our finished products, is also affected in turn by these increases.

As a Group we have followed the principle of trying to keep prices down and to share with consumers the increased efficiency achieved through our substantial capital expenditure of recent years and our improved techniques. In consequence of this the ratio of profit to turnover on which we are operating is low. Moreover, our profits would obviously be seriously affected by any appreciable drop in general demand. It follows also that if our policy in this direction has been a correct one, and we feel that this must be so from the National point of view, then we shall be quite unable to absorb the many additional increases in costs which we now have to face, without an appropriate increase in our prices in due course. We hope that many of the companies that we serve, who are vitally concerned in export trade, will also, if they have not already done so, adopt the principle which we have set ourselves of keeping prices down.

CAPITAL EXPENDITURE

Last year I expressed the view that our outstanding commitments for capital expenditure might be expected to have reached a maximum figure, and in general to be declining, in view of the heavy expenditure of recent years. At the same time, I qualified this by mentioning the possibility that new projects might come along which would alter the general outlook. In order to support the Motor Trade in its schemes of expansion which have been announced in recent months, we have decided still further to expand the capacity at Joseph Sankey & Sons, Limited in wheels, panels and frames; at Garringtons Limited, in forgings; at Guest Keen & Nettlefolds (Midlands) Limited, in bolts, nuts, screws and valve forgings, and at other works to a lesser degree. All these schemes involve substantial sums amounting in total to over £3,500,000.

Stockholders may be interested in the following summary of our Capital Expenditure position:

	Expenditure during 1954	*Sanctioned and outstanding at January 1,* 1955
	£	£
Steel Companies ...	*2,120,000	4,500,000
Other Home Companies	2,500,000	4,950,000
Overseas Companies	1,720,000	2,750,000
	£6,340,000	£12,300,000

* 15 months.

Further Capital Expenditure has been authorised by the Board since 1st January, 1955, amounting to about £3 million.

This total expenditure of some £15 million will be spread over two to three years; with the depreciation we are now providing at the rate of nearly £4 million per annum and our present resources which have arisen from substantial retentions of profits during previous years, we do not anticipate any problem in financing this expenditure, provided profits continue at something like the present level. Investment allowances and the reduction of the standard rate of Income Tax are a material contribution towards this expansion programme.

Our established policy of retaining in the Group a considerable proportion of each year's profits has enabled us to finance the large expenditure on Fixed Assets and to provide additional Working Capital. As a result, such retentions of profit have now become permanently employed in the Group, and we have therefore proposed that part of the reserves, to the extent of £11,568,895, should be capitalised in the form of the scrip issue referred to in the Directors' Report.

In view of the heavy programme of capital expenditure to which we are now committed the conservative policy hitherto adopted is not likely to be varied. Consequently, the proposed increase in the Issued Capital must not be taken to imply any intention to increase the amount distributed by way of dividends in the future, as this must depend upon the available profits of each year, and the outstanding commitments at the time.

GENERAL

The number of companies in the Group has now risen to no less than 78. Since the close of our financial year we have acquired the whole of the share capital of Lincoln Electric Company Limited, and we look forward to the expansion of its activities in the future. The progress of welding in recent years and our interests in all forms of fastenings led us to consider this a wise purchase.

It might be of interest to record that the Group now has more than 40,000 employees at home, and not less than 13,000 overseas. Employee relations throughout the Group remained on a happy and satisfactory basis during the period, and I would like to record our appreciation of the services rendered by everyone in your large group of companies.

Addressing the meeting the Chairman said:

I should like to take this opportunity to correct the description "Screw, Bolt and Nut Undertaking" which is often given to the GKN Group in the financial press.

As you were informed in my Statement, the Group consists of 78 companies. Our various companies serve a large number of industries and produce a very wide range of products: in fact, the sales of Screws, Bolts, and Nuts accounted only for approximately 12 per cent of the total sales value for 1954, and you will therefore appreciate that the title "Screw, Bolt and Nut Undertaking" gives a very inadequate impression of the wide activities of the GKN Group.

We, of course, still consider ourselves the leaders in the field of fastening products of all kinds, and are the largest producer of this type of products.

The report and accounts were adopted and resolutions were passed approving the capitalisation of £11,568,895 of reserves for the purpose of making a scrip issue of one new Ordinary share for every £1 of Ordinary stock held and making an alteration in the Articles of Association.

ARGUS PRESS HOLDINGS LIMITED

A SATISFACTORY RESULT

The twenty-sixth ordinary general meeting of The Argus Press Holdings Limited was held on June 21st in London.

Mr H. C. Drayton (the Chairman) presided and, in the course of his speech, said: Our group profits for the year, including interest, amounted to £269,000 against £191,000 last year. Taxation takes £120,000, and after deducting various charges and the interest attributable to outside shareholders, there is £95,000, available for distribution as against £54,000 last year.

We propose a final dividend of 12½ per cent, making 20 per cent, which is an increase of 2½ per cent on last year. The profits retained in the accounts of subsidiary companies, will amount to £259,000. We have deducted from that sum, £150,000 which we propose to place to Plant Replacement Reserve.

The profits of the year under review are substantially above the previous year, and they come from all our departments; our printing and publishing did better, and our magazines went ahead. We have certain plans for the future, but we are experiencing a great shortage of labour, which is having repercussions on any plans which we may have for the future. We have one or two propositions which are held up because we do not know whether we can get the labour to carry out the work. That arises largely because the intake of new labour is restricted, and I suggest that that restriction of the intake of labour is not healthy for the industry, for this Company, or for those employed in it.

In putting the £150,000 to Replacement Reserve we have made a start towards re-equipping our printing works, especially Samuel Stephen of Crystal Palace.

Now as regards the current year—we had a very good year last year—we have been hit slightly by the strike in the newspaper world, and naturally, by the railway strike. Therefore, I do not think the results for the current year will be as good as for the year under review, but I believe they will not be unsatisfactory and you will be satisfied.

The report was adopted.

UNION MINIÈRE DU HAUT-KATANGA

AN OUTSTANDING YEAR

FAVOURABLE FINANCIAL RESULTS

The annual meeting of shareholders of the Union Minière du Haut-Katanga was held in Brussels on June 23rd. M. P. Gillet presided.

In accordance with the agenda, the Meeting first approved certain alterations to the Articles of Association, in particular giving the General Meeting the right to grant the honorary title of their position to former Chairmen and Directors and also providing for a modification of the share of profits payable to the Board and personnel, reducing the Board's percentage from 3 per cent to 2 per cent and increasing the share of the personnel from 2 per cent to 3 per cent.

The accounts for the financial year ended December, 1954, were also adopted.

The Profit and Loss Account for 1954, circulated to the shareholders, showed a gross profit of Fr. 4,904,331,396. After making provision for depreciation and allowing for taxation of profits and sundry charges, the available profit balance including the amount brought forward totalled Fr. 3,362,470,955.

From this balance, an amount of Fr. 750 million was allocated to the special reserve and contingencies fund, and the sum of Fr. 107,880,359 was carried forward. The amount left for distribution was accordingly Fr. 2,504,590,596.

The Meeting fixed at Fr. 1,600 net per share the total dividend for the year 1954. Taking into account the interim dividend of Fr. 600 paid in January, 1955, this entails a final dividend amounting to Fr. 1,000 net per share, payable as from July 4, 1955.

Monsieur Gillet, the Chairman of the Board, informed the Meeting of the favourable conditions in which His Majesty King Baudouin recently visited the Company's properties in Katanga. His Majesty expressed great interest in the operations which he was shown during his tour of some of the Company's properties.

Monsieur Gillet had profited from his recent stay in Katanga in visiting Union Minière's most important installations and making contact with the personnel. He expressed his great satisfaction with the way operations are conducted and for the results realised by all departments.

MR E. SENGIER'S STATEMENT

In his address to the Meeting, Mr Edgar Sengier, Chairman of the Permanent Executive Committee, said that the year 1954 had been an outstanding year for the Union Minière, showing high metal outputs with consequent favourable financial results, inception of the Company's activity in the nuclear power and germanium fields, expansion of the hydro-electric power availabilities, investigation of new technical processes, design of new plants and of enlargements to existing installations.

Mr Sengier gave the following significant figures concerning the year's results:

	Million francs
Turnover	10,938
Net dividend	1,987
Taxes	2,424
Royalty to the Comité Spécial du Katanga (grantor of the concession)	229
Provisions for depreciation	800
Total capital expenditure including hydroelectric power equipment ...	557
Allocation to reserve	750

Regarding the future, Mr Sengier also stated that having regard to the prospects of the metal market and in view of the development of the Company's mining reserves in the Kolwezi area, plans had been drawn for a further expansion of production. This will necessitate additional capital expenditures, which the Company's own cash is capable of coping with.

Commenting on the copper market position in 1954, Mr Sengier mentioned the striking difference between the situation in the United States and elsewhere in the world, from the viewpoints of both distribution and pricing.

On the whole, except very recently, the output from the new mines had not yet become apparent, because it had been partially counterbalanced by the output deficit resulting from strikes. The increase in world production expected for 1955, i.e. about 250,000 metric tons, should contribute to regularise the market position.

REPORT OF THE BOARD OF DIRECTORS

The Report of the Board of Directors which has been circulated with the accounts stated that the copper production of the Company in 1954 was further increased to 223,791 metric tons. The cobalt output for the same year amounted to 8,609 metric tons.

The operation of the various plants and mines, and the construction programme of the Company continued to develop favourably.

Emphasis was laid on the general situation of the Company's native labour. Further efforts had been made to promote their progress. More workers benefited from the status entitling them to receive their full salary in cash. The Company's counselling committees for native affairs, in which a greater proportion of native employees participate, made a useful contribution to the formation of a Congolese élite.

In this respect, the Chairman of the Board announced to the Meeting that the Company had decided to create six study funds of one million francs each, with a view to rendering possible the admission of a corresponding number of well-gifted Congolese to the Lovanium University in Léopoldville.

RICHARD COSTAIN LIMITED

CONTINUED HOME AND OVERSEAS EXPANSION

GROUP'S STRONG CAPITAL POSITION

SIR RICHARD COSTAIN ON THE YEAR'S DEVELOPMENTS

The twenty-second annual general meeting of Richard Costain Limited was held on June 30th at 111, Westminster Bridge Road, S.E.1, Sir Richard Costain, CBE (chairman and joint managing director), presiding.

The Secretary, Mr H. F. R. Catherwood, ACA, read the notice convening the meeting and the report of the auditors.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended December 31, 1954: I am delighted this year to send my statement from our new offices. The Annual General Meeting will be held here and I hope shareholders will take the opportunity of attending the meeting and seeing our new offices.

I am pleased to report that the Group's Trading Profits for 1954 amounted to £471,032 compared with £354,017 for the previous year. After provision for depreciation, interest, taxation and outside shareholders' interests, the net balance of profit applicable to the Parent Company is £245,110 compared with £105,094 for the previous year and the amount brought into the Parent Company's accounts is £106,633.

During the year we have continued to make capital profits on sales of fixed assets and these have been added to the General Capital Reserve Account. Having regard to the capital profits realised, the Board have already distributed a further Capital (tax free) Bonus in February, 1955, and I hope that we shall be able to continue these distributions in future.

In view of the continuous development of the Company's business it is essential to retain a substantial proportion of profits in the business and for this reason the Board recommend that the Ordinary dividend be maintained at 10 per cent, apart, of course, from the capital distribution to which I have already referred. You will note that the Board has transferred the sum of £50,000 from the Profit and Loss Account to an Overseas Development Reserve Account and has appropriated the balance of £50,000 of the existing Provision for Educational Training and Benevolent Purposes to the same Reserve. The latter Provision is no longer required since it has been the practice of the Company for some years to charge the cost of training, etc., to the Profit and Loss Account.

I have previously emphasised that an increasing proportion of our civil engineering contracting operations and also substantial building work are taking place overseas and that I regard this spread of activities as essential to our business and particularly to the maintenance of our highly skilled technical staff. It is our policy to conserve abroad profits arising overseas, so far as practicable, so as to provide funds for future operations. You will therefore note that a considerable amount of profit has been retained by subsidiaries during 1954, particularly on overseas business the profits from which have not been remitted to the UK. I indicated last year that nothing had been included in the 1953 Accounts in respect of our activities in Kuwait, but in 1954 this business has made a substantial contribution to Group profits.

AT HOME

Home Contracts.—Your Company is obtaining its full share of the considerable capital development schemes which, at the present time, are keeping our Industry fully occupied.

These schemes include a number of large factories and offices for leading British industrial companies. Among the works for local authorities good progress is being made on the Northern Outfall contract at Beckton for the London County Council, whilst our Garry contract for the North of Scotland Hydro Electric Board is proceeding satisfactorily. The Usk Reservoir with its attendant pipeline and water treatment works for the Swansea Corporation is now completed and I am gratified to be able to say that Her Majesty The Queen has graciously agreed to open this important undertaking in August of this year.

The Area branches have completed some notable buildings and works, in particular the Royal Insurance Building at Plymouth, and the new Silver City Airfield at Ferryfield. Your Company has considerably enhanced its reputation with the latter contract, due to the speedy manner in which it was completed, and we have every reason to believe the Clients are entirely satisfied.

Costain Concrete Limited.—The production of railway sleepers has continued during the year and considerable development work has taken place on other pre-stressed products; in particular, the Stahlton Floor, which is being widely specified by prominent Architects and Engineers.

Opencast Mining.—Your Company has taken a leading part in the operations of Opencast Mining and has dug, during the year under review, over a quarter of a million tons of coal. As a result of our progressive policy in this field, we have recently been awarded a contract for over 5 million tons, which is the largest contract yet placed in the British Isles.

Costain John Brown Limited.—Our Associated company Costain John Brown are continuing to expand their chemical engineering business and have obtained contracts from the Government and from chemical firms. They have formed a pipeline division to build pipelines by the most modern methods and have obtained contracts from the Wales Gas Board and others in this country. In Persia they have obtained against strong foreign competition a 6½ million pound Contract to build 350 miles of pipeline for the National Iranian Oil Company.

Their subsidiary, Cathodic Corrosion Control Limited, which specialises in the protection from corrosion of buried or submerged steel, is in the forefront of the drive to stop the heavy losses which annually occur from the corrosion of metal structures.

WORK ABROAD

Canada.—We have increased our interest in the Leeds Construction Limited and extended operations to Toronto.

While there are considerable potential developments in Canada, it must be realised that this is a very competitive field. From a long-term point of view, however, we believe the Company is well advised to have interests in this Country.

Kuwait.—The new Power Station in Kuwait was completed well ahead of schedule and in fact has created a record for speed in constructing this type of project. As already mentioned, a proportion of the profits which have been earned on this contract has been taken into the Group Accounts.

West Africa.—During the year 1954 we were complimented by the Nigerian Government on the efficiency and progress that had been made on the Apapa Wharf contract and we have every reason to be pleased with the progress that has been made on the Ijora "B" Power Station contract, which will be completed this year.

Your associated Company, Costain (West Africa) Limited, having now been in operation for seven years, is proving itself a virile and progressive Company. The profits that have accrued from this Company have been largely ploughed back for further development and expansion. It is apparent, however, that business is becoming more competitive and a number of international contractors have opened offices in this territory.

Rhodesia.—I mentioned in my statement on the 1953 Accounts that it was our intention to form subsidiary companies in Northern and Southern Rhodesia. This has been done with effect from September 1, 1954, at which date audited accounts of the former Branches were prepared.

The trading operations of the two branches up to August 31st are included in the Parent Company's accounts, but since the two new subsidiaries only commenced business on September 1, 1954, no accounts have been prepared for the short period up to December 31, 1954, and accordingly the audited accounts at August 31, 1954, have been adopted for purposes of consolidation.

These subsidiary Companies continue to make a considerable contribution to development in the Rhodesias. This contribution covers a wide variety of work, from the large office block in Salisbury now nearing completion to the many thousands of African houses completed in Northern Rhodesia. The range includes hospitals, blocks of flats, Government Hostels, European housing and other types of buildings.

FUTURE PROSPECTS

The proceeds of the Preference Issue which was made early in 1955 have increased the resources of the Group available for development purposes, but these developments do not necessarily immediately result in increased profits for your Company. I would, however, emphasise the strong capital position of the Company, which, with our capital and other profits retained in the business, continues to strengthen. I hope this trend will continue in the future.

Bad weather in the first three months of the year has delayed progress on our Home Contracting side but with the prospect of improving weather we hope that this situation will be rectified.

I cannot conclude [illegible] to the loyal support that the ever increasing staff has given to the Group. I would particularly refer to the many employees abroad, often in isolated situations, who have little opportunity of realising how much your Directors appreciate their services, although it is our policy for Directors to visit the overseas operations as frequently as possible.

We propose at the Annual General Meeting to recommend the appointment of Colonel Sinclair to the Board. His services overseas, particularly in Nigeria, over the past five years, have fully qualified him for this position.

I am also pleased to inform shareholders that during the past year Mr A. P. Costain was appointed Deputy Chairman and Mr I. W. Whiter a Joint Managing Director of the Company. I am sure the shareholders will agree that with our enlarging business these appointments will add to the strength of our organisation. The report and accounts were adopted and the dividend of 10 per cent, less tax, was approved.

The retiring directors, Mr R. B. Minto and Mr E. J. Cook, BSc, AMICE, were re-elected, and the remuneration of the joint auditors, Messrs James Worley and Sons and Messrs Peat, Marwick, Mitchell and Co., having been fixed, the proceedings terminated.

FOY, MORGAN & COMPANY, LIMITED

A SUCCESSFUL YEAR

The twentieth annual general meeting of Foy, Morgan & Company, Limited, was held on June 24th at the offices of the company, 16 Eastcheap, London, E.C.3, Mr Peter Morgan (the chairman) presiding.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended December 31, 1954: The Accounts for the year ended December 31, 1954, now submitted, show an increase in the net profit over the previous year of about 10 per cent, after providing for income tax and profits tax thereon. After payment of dividends on the various classes of shares, the balance on Profit and Loss Account has risen by approximately £27,000.

Your Company's resources have again been used in providing financing facilities to the trade, and the Balance Sheet discloses a total of over £1 million in Trade Debtors and Bills Receivable, about half of which is in Bills Receivable.

Although the total import of Softwoods into the United Kingdom during 1954 was only 55,000 standards more than in 1953, the deliveries made by Importers to their customers exceeded the 1953 figure by 225,000 standards, and those of the earlier postwar years by about 400,000 standards. It appeared at the close of the year that the market position was firm.

The business done by the other departments of your Company in Hardwoods, Plywoods, Fibreboards, etc., all showed a satisfactory volume and contributed substantially to the successful result of the year's trading.

Similarly our subsidiaries at home and overseas played their full part in the overall picture now before you.

I should, therefore, like to record my appreciation of the efficient and willing service rendered by members of the Staff of your Company, and also by the Directors and Staffs of your subsidiary companies.

In conclusion, I would like to say that the volume of business already concluded for the current year is, in my opinion, very satisfactory.

The report and accounts were adopted.

DICTAPHONE COMPANY, LIMITED

RECORD SALES AND PROFITS

MR C. KING WOODBRIDGE'S ADDRESS

The Annual Meeting of Dictaphone Company, Limited, was held on June 29th in London.

Mr C. King Woodbridge, the chairman, presided and, in the course of his address, said:

It is with considerable pleasure that I submit for your consideration the forty-third annual report of the directors and the accounts for the financial year which ended at December 31st last.

As chairman of Dictaphone Company Limited and of the Dictaphone Corporation I am in the privileged position of presiding over the destinies of the two major Dictaphone activities.

The year under review has fulfilled the promise shown last year, when I was able to report encouraging increases in our sales, and I am happy to point out that the trading profits of Dictaphone Company Limited show a substantial increase on the previous year.

SALES

The sales of our Dictaphone "Time-Master" dictating machines have exceeded those of any other period in the history of the company. The year has been one of steady progress and our achievements will compare very favourably with the improved picture, I find, of British industry generally. Our factories are fully employed and there is evidence of greater demand from the export markets served by this company. These exports, I would remind you, include the supply of machines to our Canadian subsidiary and our main European sales organisations.

The home market shows a particularly satisfactory increase, and the sales of Dictaphone "Time-Master" dictating machines and Dictabelt records have increased by 38 per cent over the previous year. I think I may claim, without fear of contradiction, that the Dictaphone "Time-Master" is the world's most successful dictating machine. It is as ideally suited to the needs of overseas business men as it is to the British, and it is chosen for the same reasons. Only Dictaphone's exclusive Dictabelt record gives you all these advantages: (1) Clearest recording; (2) Visible recording; (3) Unbreakable plastic; (4) Mailable; (5) Filable; (6) Low cost and non-erasable records.

Dictating reports, for example, is no longer a tedious, often-interrupted business, tying down you and your secretary, perhaps for hours. With the "Time-Master" you speak your ideas as they occur to you. Your secretary is left with time to be a real assistant to you. That is why secretaries, too, prefer the "Time-Master." No wonder, then, that a "Time-Master" on the desk is becoming standard office equipment for senior executives in almost every branch of commerce and in the professions. They find that the "Time-Master" really has increased their capacity to get things done.

Despite the company's great growth in recent years, these converts are still a minority. About four out of five executives who could profitably use the Dictaphone "Time-Master" dictating machines have still to be converted. Habit ties many to shorthand; misconceptions and lack of information hold others back from trying the Dictaphone solution to the problem of communication.

TREMENDOUS PROSPECTS

Many industries are already at that stage of growth where replacement sales are the big factor in success; they have tapped a high percentage of their new business potential. By comparison the Dictaphone organisation has thus far, perhaps, tapped no more than 20 per cent of its new business potential. (And every new customer broadens the base of our growing replacement market.) The prospects are, accordingly, tremendous. Dictating machines are our basic product—and it is no idle boast that "Dictaphone" is "The Greatest Name in Dictation." For, in this highly competitive industry, half of all dictating machines bought are Dictaphone, machines designed primarily to help their users communicate more efficiently. With the exception of specialised recording machines, like the Four-Channel Tape Recorder, all use the exclusive plastic Dictabelt record. All our dictating and transcribing machines carry the trademark "Dictaphone."

Let me remind you that the Dictaphone "Time-Master" dictating machine is a quality product and one that will stand up to hard work under all sorts of conditions. In our laboratories routine tests are made of the quality of all raw materials employed in the manufacture of Dictaphone "Time-Masters." Simultaneously there is continual research in our endeavours to find better ways of carrying out the many complicated processes required in the assembly of our machine, which contains no less than 1,500 parts. Ours is a highly integrated organisation, unique in its industry. It plans, designs, researches, engineers, manufactures, sells and services its own products directly. Therefore it has complete control over every phase of its business—and not the least of the benefits is a quality control that extends through all phases of marketing and service as well as manufacture.

Every Dictaphone product is bought ultimately from a Dictaphone salesman or authorised agent; no dealers are involved. Dictaphone salesmen are selected and trained not just to sell but to serve. In calibre and stature they rank at the top of the office equipment industry. They are business men who believe in their business.

THE DICTAPHONE OBJECTIVE

"Service" is the motivating thought in the Dictaphone objective. It is based on the conviction that proper use of what the Dictaphone organisation offers can truly "double a person's capacity to get things done!" To ensure the unsurpassed performance built into its products the organisation supports a widespread service organisation trained to maintain Dictaphone equipment nearly everywhere.

During the last 12 months we have developed and augmented our sales force both here and on the continent of Europe. We are employing more people, we are increasing our activity, and, while we are never satisfied, we have reason to be pleased with the efforts that are being made to meet the receptive market we find ourselves facing.

The report and accounts were adopted and the retiring directors re-elected. The proceedings terminated with a hearty vote of thanks to the chairman, moved by Mr C. Harold Vernon, and seconded by Mr F. Graham Maw.

OTTOMAN BANK

SATISFACTORY LIQUID POSITION

INDUSTRY'S IMPORTANT CONTRIBUTION TO TURKEY'S ECONOMIC EXPANSION

LORD LATYMER'S REVIEW

The eighty-eighth Annual General Meeting of Ottoman Bank was held on June 29th at Winchester House, London, EC.

The Right Honourable Lord Latymer, the chairman, presided, and in the course of his speech said:

TURKEY

In Turkey two main factors reacted unfavourably on the trade balance in 1954. First of all, whereas in previous years the cereal harvest produced an important exportable surplus, the widespread drought during last year resulted in a deficit. At the same time the rise in internal prices increased their disparity with world prices and thus rendered certain exports very difficult.

Consequently, there is continued difficulty in payment of debts to foreign countries. As I mentioned last year the Turkish Government was led drastically to reduce imports, especially of non-essential goods, and also to come to bilateral agreements for the gradual settlement of these overdue commercial debts. More than once in the past, Turkey has had to pass through a difficult time and we know that these problems are receiving the whole attention of the Turkish Government.

On the other hand we must bear in mind the great efforts made, not only to equip the country—dams, bridges, power stations, ports, roads, etc.—but also to improve agricultural and industrial production, and generally to raise the standard of living of the population.

During the year important new works have been carried out; I might mention among others the founding of a factory for tractors and agricultural machinery, and the building of silos and fertiliser factories.

The consumer goods trade has also developed, following the increased demand from a population whose purchasing power has risen. Thus, new sugar refineries and textile mills have come into being.

But Turkey is primarily an agricultural country, 82 per cent of its 21 million inhabitants being farmers.

Mechanisation, the right fertilisers, increased credits to farmers, bulk purchases at better prices by the Office des Produits du Sol and improved irrigation have all combined to increase the area under cultivation from 7,560,000 hectares during 1946-49 to 11,293,000 hectares in 1954. In spite of this, unfortunately, the cereal harvest, which in 1953 had been excellent (14,340,000 tons) was affected by bad weather in 1954 and reached 9,598,200 tons only.

The production of dried vegetables suffered similarly and fell from 501,000 tons to 420,000 tons. The cotton crop (142,000 tons against 140,000 tons in 1953) and the tobacco crop (98,000 tons against 122,000 tons in 1953) each showed an exportable surplus of about 70,000 tons.

The mining industry, in which large sums have been invested in recent years, continues to progress.

Turkish industry also made great strides and has maintained its importance in the country's economic expansion. Nevertheless, as might be expected, the full effect of capital investments in industry of recent years can scarcely be felt for some time to come.

The results of the Law Encouraging the Investment of Foreign Capital, passed in June 1954, have been satisfactory. The total amount invested thereunder has reached Ltq. 232 million. The Industrial Development Bank of Turkey, moreover, has granted credits of over Ltq. 32,500,000 to private industry.

Turkey's 1954 foreign trade totals were below those of 1953: Imports (Ltq. 1,339,400,000 against Ltq. 1,491,200,000 in 1953) fell by Ltq. 151,800,000, and exports (Ltq. 937,800,000 against Ltq. 1,109 million in 1953) by Ltq. 171,200,000. There was thus a resulting trade deficit of Ltq. 401,600,000 against Ltq. 382,200,000 in 1953.

EGYPT

After many months of difficult negotiation, agreement was reached in July between Egypt and Great Britain on the future of the Suez Canal Zone and a treaty was signed by the two countries in October.

Thus the year 1954 saw the end of an epoch. All will wish Egypt and her rulers well in the new era which has begun. It seems certain that in the years which lie ahead the overriding problem for the country will prove, with increasing insistence, to be the production of food to meet the needs of a growing population.

The successful sale of the year's cotton crop remains as ever the biggest single factor in maintaining national prosperity, but for long-term improvement, development plans of great importance are under way. The most vital of these is of course the project involving a new high Aswan Dam. This, it is calculated, will allow the reclamation of as much as two million feddans of land now barren and, at the same time, generate new power for Egypt's expanding industries.

SUDAN

In the Sudan the transition from government by British officials to self-government proceeded at an ever-increasing tempo.

Trade totals for the year were: imports LEg. 48,500,000 and exports LEg. 40,500,000. Both figures show a slight decline upon the 1953 totals.

For our branches in the Sudan it was a busy year.

JORDAN

The wedding of his Majesty King Hussein to Princess Dina Abdul Hamid-el Awn took place in the spring of this year, and all of us who are interested in Jordan wish and feel sure that this marriage will bring happiness to Their Majesties and be of good augury for the prosperity of the country.

There were good harvests in Jordan in 1954. Unfortunately, however, we hear that owing to poor rain the crops for 1955 are unsatisfactory.

Jordan is fortunate in possessing large deposits of high-grade phosphates which are now being exploited.

As evidence of further development and of industrial progress, I might mention increased cement output, olive oil and vegetable oil refineries, the new railway workshops under construction at Ma'an, grain silos at Ruseifa, and the current work upon the Jerusalem airport and upon the Baqura and other irrigation schemes. In 1954, moreover, a United States organisation completed its survey of the Dead Sea potash deposits which are among the country's most important commercial assets.

The grant-in-aid of $8 million in goods and services under the United States/Jordan pact of June 1954, has done much to encourage the realisation of these various plans.

IRAQ

In the spring of 1954 Iraq, always at the mercy of its two great rivers, the Tigris and the Euphrates, was visited by the worst floods within living memory.

It is hoped that the danger of further flooding will in time be controlled with the completion of the various constructional schemes now being undertaken under the Five-Year Programme of the Iraq Development Board.

It was a busy year for trade. Imports totalled about ID.74 million and exports about ID.18 million.

The chairman then reviewed their interests in Cyprus and Morocco and continued:

Both in Syria and in the Lebanon the Banque de Syrie et du Liban had a good year with satisfactory results.

BANQUE FRANCO-SERBE

The annual general meeting of the Banque Franco-Serbe which was held on April 1, 1955, having approved the accounts for 1954, decided to declare a dividend of 10 per cent on the capital which during the year had been increased from Frs. 20 million to Frs. 25 million.

LONDON AND PARIS

Our Paris and London offices played an important part in the finance and encouragement of trade with the countries where our branches are established.

In spite of rather a difficult local situation our Marseilles branch maintained its business activity with satisfactory results.

BALANCE SHEET

The 1954 figures are not greatly different from those of the previous year. On the liabilities side the current deposit and other accounts are up by a little over £1 million. On the assets side, the ratio of money at call to deposits is down by 3 per cent whilst the advances show an increase of 3 per cent. The liquid position remains satisfactory with cash, money at call, and bills receivable together totalling more than 40 per cent of the deposits.

The total amount of profit available, including the balance of £29,056 brought forward from 1953, is £433,469, compared with £429,056 last year. After appropriating £200,000 to "Reserve for Contingencies," the balance remaining is £233,469.

The committee propose that a dividend of 8s. per share be paid again this year, absorbing £200,000 and leaving £33,469 to be carried forward to 1955.

The report was adopted.

THE RIO TINTO COMPANY LIMITED

CAPITAL REORGANISATION PROPOSALS

THE EARL OF BESSBOROUGH'S SPEECH

The eighty-second annual general meeting of The Rio Tinto Company Limited was held on June 30th in London. The Right Honourable The Earl of Bessborough, GCMG (the chairman) presided, and in the course of his speech said:

As a result of considerable increased activity in the Commonwealth it has become necessary for us to create a number of subsidiary companies in the United Kingdom and overseas to carry out the various functions of investment holding, exploration, management and technical services. The Rio Tinto Company Limited is now, therefore, the parent company of what is already becoming known as the "Rio Tinto group." In doing what I have described we have reversed the previous trend of the Company in owning overseas mining properties directly from London in favour of a system whereby there will be established in each area of operations a holding company capable of exercising autonomy together with its subsidiary companies.

To turn now to the Accounts, you will notice that during the year under review there were no trading profits, since it was an integral term of the agreement for the sale of the Spanish assets that the trading profit for the year 1954 would be for the account of the Spanish Company. Nevertheless, the profit carried to the Appropriation Account shows an increase from £607,213 in 1953 to £648,404 in 1954. This increase is due to the additional income which has been received from our Rhodesian investments.

INVESTMENTS

Your Company continues to hold considerable investments in Rhokana and Nchanga, the shares of which have shown substantial increases in value. In fact, the market valuation of all quoted investments at the end of the year under review was £20,484,508 compared with £10,481,162 at the end of the previous year. The Directors' valuation of unquoted investments increased from £418,921 to £3,698,240, which is largely due to the investment in the new Spanish Company which purchased the assets in Spain of The Rio Tinto Company Limited. Thus, the valuation of all investments at £24,182,748 was at the end of the year almost three times as great as the book values shown in the balance sheet and has since increased quite considerably.

CAPITAL REORGANISATION

In my speech of August 12, 1954, the date when you approved the proposal for the sale of the Company's property and assets in Spain, I referred to the many practical difficulties in the way of distributing any part of the proceeds. In making its recommendations for capital reorganisation your Board have been guided by two main considerations. In the first place, it was thought that the Company's share capital should now be brought into line with the cost of its investment portfolio, including investments in subsidiary companies. The proposal to issue to the holder of each Ordinary share of £5 an additional Ordinary share of £5 goes part of the way towards achieving a more realistic capitalisation of the Company.

The second consideration was that your Directors thought that some shareholders might expect to receive a cash distribution. At the same time the cash requirements of the Rio Tinto group for exploration and development within the Commonwealth have been increasing. To meet these conflicting needs and to complete the scheme of capitalisation your Directors have proposed the issue of one £5 Second Preference Share with dividend at 5½ per cent per annum for every two Ordinary shares now held. Shareholders who wish to realise part of their interests in the Company without reducing their equity holding can, therefore, sell the Second Preference Shares and the offer to purchase these shares at par by Messrs N. M. Rothschild & Sons provides shareholders with the opportunity of obtaining cash without delay.

DEVELOPMENT OF COMMONWEALTH MINING INTERESTS

With regard to the policy of developing mining interests in the Commonwealth, I should tell you that the exploration work of your subsidiaries overseas is continuing most actively and, as you know, in most cases we work with associates.

In Australia, quite apart from basic exploration the Rio Tinto group in early 1955 concluded negotiations whereby one of your Australian subsidiaries acquired a 51 per cent interest in Mary Kathleen Uranium Limited, the property of which is situated in Queensland. A programme of drilling and metallurgical testing to find out whether this area can sustain an uranium treatment plant of economic size is now being carried out. Provided that the results of this testing programme are sufficiently encouraging to ensure a profitable sales contract for the output arrangements will be made to provide the necessary capital for the mine and treatment plant.

Canada.—During 1954 your Company purchased an interest in The Brunswick Mining & Smelting Corporation which owns important lead, zinc and pyrites ore bodies close to the eastern seaboard in New Brunswick. I believe that this is a valuable long-term investment for the group.

The most important development in the past six months has been the conclusion of negotiations whereby Algom Uranium Mines Limited was financed by a predominantly British group headed by Rio Tinto (Canada) Limited. As a term of the agreement another of your Canadian subsidiaries obtained the technicial management of this property, which is one of the largest uranium mines so far discovered.

The Algom deposits are well located in the Blind River area of Ontario on the northern shores of Lake Huron. The general area of Blind River is of very great interest as far as uranium is concerned and its discovery places Canada in the forefront of the long-range producers of this commodity. This, together with the encouraging signs of radioactive minerals in Australia and the resources of South Africa, indicates the importance which the Commonwealth is now assuming as a long-term producer of the raw materials for the atomic energy programmes of the free nations of the world.

It is encouraging to think that by the time Britain's nuclear power programme is in full development, the greater part of the free world's uranium will almost certainly come from the Commonwealth.

The report and accounts were adopted and the dividend of 15 per cent, free of tax, and bonus of 15 per cent, free of tax, were approved.

At the subsequent Extraordinary General Meeting the capital reorganisation proposals were sanctioned.

ENGLISH & CALEDONIAN INVESTMENT COMPANY

INCREASED REVENUE

MR HENRY S. LOEBL'S STATEMENT

The twenty-eighth annual general meeting of English & Caledonian Investment Company, Limited was held on June 23rd in London, Mr Henry S. Loebl (the chairman) presiding.

The following is an extract from his circulated statement:

The book value of the investments at March 31, 1955, was £1,258,989, compared with £1,152,879 at the end of the previous year. The value of the investments, however, at March 31, 1955, was £2,636,734, which showed an appreciation over the book value of £1,377,745 or, expressed as a percentage, 109.43 per cent against 74.85 per cent at March 31, 1954.

During the year we have increased the proportion of our funds invested in the USA and Canada from 18.68 per cent to 24.01 per cent. The proportion invested within the Commonwealth, excluding Canada, has however fallen from 74.45 per cent to 70.16 per cent. The proportion in equity stocks has increased from 83.09 per cent to 86.58 per cent.

The funds of our subsidiary company continue to be employed partly by loan to this company and partly by way of investment in Stock Exchange securities. The appreciation in the market value of these securities at March 31st was some £13,000 over cost, compared with an appreciation of about £4,000 a year ago.

REVENUE ACCOUNT

The total income for the year was £137,663, compared with £118,580 for the previous year, an increase of £19,083. I should mention that the total income of £137,663 is exclusive of arrears of dividend received during the year, the net amount of which, namely, £2,826, has been transferred to General Reserve.

After deducting the charges set out in the first part of the Revenue Account, the net revenue for the year was £109,375, compared with £91,723 and after deducting the charge for taxation and the preference dividend for the year, the amount earned on the ordinary stock was 36.07 per cent, compared with 30.82 per cent for the previous year.

An interim dividend of 6 per cent has already been paid on the ordinary stock and your directors now recommend the payment of a final dividend of 19 per cent, making 25 per cent for the year, against 18 per cent for the year to March 31, 1954. The sum of £17,174 has been transferred to General Reserve which, together with the arrears of dividend amounting to £2,826, increased the General Reserve to £150,000. Following the appropriations of revenue to which I have referred, there is a balance of £17,911 to be carried forward.

The profits earned by the industrial and commercial undertakings in which we are interested have continued, in general, to rise, but it would be over-optimistic to expect the same rate of progress during the present year. Last year I stated that substantial cover existed for the dividends received on many of our investments. This still obtains, and we, therefore, expect that our results for the current year will again be satisfactory.

The report was adopted

LONSDALE INVESTMENT TRUST, LIMITED

LARGER REVENUE AND DIVIDEND

CHAIRMAN'S STATEMENT

The eighth annual general meeting of the Lonsdale Investment Trust, Limited, will be held on July 20th at 22 Old Broad Street, London, E.C.

The following is the statement by the chairman, Mr T. L. McC. Lonsdale, circulated with the report and accounts:

The Trust and its wholly-owned subsidiary, Robert Benson, Lonsdale & Co., Limited, have shared in the general prosperity enjoyed by the country, and the accounts circulated to you are evidence of an active and profitable year.

Turning first to the accounts of the Trust, the gross revenue from its general investments amounted to £208,766, an increase of £59,026. This increase was partly due to the higher dividends received on equity shares which comprise over 90 per cent of its portfolio and to a smaller extent to the investment of the proceeds of the issue of £500,000 4 per cent Debenture Stock 1979/84, which was placed during the course of the year but which will not contribute a full year's income until the current year.

APPRECIATION OF INVESTMENTS

Taking the Unquoted Securities at cost, the general investments of the Trust had an aggregate value of £4,011,194, compared with £2,722,587 last year, and were £1,455,881 in excess of book value. You will see from the geographical classification of the Trust's general investments that the proportion invested in the United States of America increased from 16.7 per cent to 22.8 per cent which, with 4.7 per cent invested in Canada, brings the total percentage invested in dollar securities to 27.5 per cent.

Robert Benson, Lonsdale & Co., Limited, increased its dividend to the Trust from 12½ per cent to 15 per cent, taking £69,000 after deduction of tax. The success of its operations, however, may better be measured by the fact that it was able, in addition, to transfer to General Reserve £150,000 and increase its carry forward by £15,172. Owing to the nature of its business, one must expect the profits of Robert Benson, Lonsdale & Co., Limited, to fluctuate with changes in economic conditions, but it has proved a profitable investment for the Trust. Since the Company was acquired in 1947 it has paid a dividend of not less than 7½ per cent per annum and has increased its own taxed reserves from £114,000 to £480,000. This increase in financial strength is a cause for satisfaction.

Your Directors are pleased to recommend a final dividend of 11 per cent, making a total of 16 per cent for the year, as compared with a total of 12½ per cent for the previous year. Of this 16 per cent, the earnings from the Trust's general investments accounted for 12.5 per cent as compared with 9.3 per cent a year ago. Our income from general investments for the first quarter of the current year compares favourably with that of the year under review.

CAPITALISATION OF RESERVES

You will see from the Directors' Report that the Board have decided to recommend to Ordinary Stockholders the capitalisation of £585,000 of the Share Premium Account and the application of that sum in paying up in full 585,000 Ordinary Shares of £1 each in the proportion of one free share of £1 for each £2 of Ordinary Stock held. This issue will involve an increase in the Authorised Capital of the Company and the Board recommend that it be increased to £3 million. An Extraordinary General Meeting will be held immediately after the Annual General Meeting to give effect to these proposals.

Mr H. Stuart Ebben, having reached the age of 70, retires from the Board. He has been a Director of this Company and its predecessor since 1935 and I would like to record my great appreciation of his 20 years of office with special reference to the period of the war when he had to carry on single-handed.

GENERAL MINING AND FINANCE CORPORATION, LIMITED

(Incorporated in the Union of South Africa)

EXPANSION OF INTERESTS

SIR GEORGE W. ALBU ON RECENT MERGER

The Chairman, Sir George W. Albu, Bart., in his address to shareholders at the fifty-fifth Annual General Meeting of the Corporation held on June 23rd in Johannesburg, stated, *inter alia*, that the year 1954 had been marked by a further major expansion of the Corporation's interests when it acquired all but a small number of the issued shares of Strathmore Consolidated Investments, Limited, which company became a wholly-owned subsidiary of the Corporation shortly after the year end.

The merging of this important Group with General Mining had resulted in four gold mines, viz., Buffelsfontein Gold Mining Company, Limited, Stilfontein Gold Mining Company, Limited, Ellaton Gold Mining Company, Limited and Babrosco Mines (Proprietary) Limited, being added to those already under the General Mining administration. Of these four mines, Stilfontein, Ellaton and Babrosco had been admitted as uranium producers.

The substantial increase in the book value of the net assets of the Corporation from £5,450,080 at the end of 1952 to £11,203,817 at the end of the year under review was mainly due to the merger already referred to and the absorption in 1953 of the undertakings of Consolidated Rand Investment and Trust Company, Limited and Transvaal Mining and Finance Company, Limited.

THE YEAR'S RESULTS

The income of the Corporation for the showed an increase of nearly £400,000 and the profit for the year was £1,147,382. After effecting the usual appropriations for writing down investments, reducing the book value of properties, increasing the reserves by £305,343 and the payment of dividends the unappropriated profits for the year amounted to £41,036.

There was an increase during 1954 of £854,877 in the Corporation's investment in stocks, shares and other securities and the investment in subsidiary Companies increased during the year by £2,889,370. An improvement for the year of £200,721 was shown in the surplus of Current Assets over Creditors and Provisions.

The net additions for the year to the book value of the Corporation's assets totalled £3,904,673 and this amount was provided by the issue, at substantial premiums, of 873,656 "S" ordinary shares together with the profits of £305,343 retained in the business.

The Stock Exchange value of quoted securities was £13,835,440 at December 31, 1954, as compared with the 1953 figure of £9,577,027.

Based on market valuations of quoted investments and Directors' valuations of other investments at December 31, 1954, only about half of the total value of the portfolio was productive of dividend income; the remaining interests comprised mainly shareholdings in developing gold mines.

IMPROVED LABOUR POSITION

Apart from continued rising costs, conditions generally in the Gold Mining Industry had been satisfactory during 1954. Labour relations were good and the average number of non-Europeans employed in the Industry during 1954 reached the highest recorded for any one year since 1942. The increase in non-European labour together with the improvement in the average number of Europeans employed in the Industry during 1954 was, however, insufficient to meet the full requirements of the Industry. Since the close of the year the Transvaal and Orange Free State Chamber of Mines had extended the should ensure an increased flow of recruits to keep pace with the Industry's expanding requirements.

Operations of the companies of the Group during 1954 proceeded satisfactorily. West Rand Consolidated Mines, despite a substantial reduction in profits from gold, recorded the highest overall net annual profit in its history, which was due to the notable increase in its profits from uranium.

Discussions between the Consulting Engineers of Anglo Transvaal Consolidated Investment Company Limited and the Corporation were commenced recently in regard to the exploitation of the van den Heeversrust area which is the subject of an agreement between General Exploration Orange Free State Limited and Middle Witwatersrand (Western Areas) Limited. The Corporation, by reason of its large shareholding in Geoffries and also because it is entitled to 30 per cent of any subscription rights accruing to that Company, would be substantially interested in any flotation in the area.

DIRECTORATE

During the year, Sir Ernest Oppenheimer and Messrs K. A. Keith, M. Menzies, C. W. Roper and J. Scott joined the Board of the Corporation, and on January 1, 1955, Mr P. H. Anderson was appointed a Director in place of Mr W. H. A. Lawrence, who retired on December 31, 1954.

Following the recent merger, the Administrative staff of the Corporation is housed in a new building owned by a subsidiary company and the technical staff occupies rented premises. A new building is to be erected on the site of the old General Mining Buildings in which the entire staff of the Corporation will be housed.

In reply to a question by a shareholder regarding the Romsley Estate, the Chairman observed that the future prospects of the Estate would depend upon the improvement of tobacco farming in Rhodesia.

The Directors' Report and Accounts were adopted, and the retiring directors were re-elected.

AKTIEBOLAGET ATLAS DIESEL

(Compressed Air Engineers)

A GOOD YEAR

The annual general meeting of Aktiebolaget Atlas Diesel was recently held in Stockholm. The following is the report of the Directors submitted and approved at the meeting:

The Board of Directors and the Managing Director (Mr Walter Wehtje) have pleasure in submitting herewith their report on the Company's activities during the year 1954.

We are pleased to report that deliveries in 1954 increased by 5 per cent from Kr. 103 m. (£7,100,000 approx.) to 108 million Kr. (£7,448,300 approx.). The value of orders received was also substantially higher than the figure for 1953. This increase was due mainly to export orders, as the Swedish home market remained relatively unchanged. In fact, slightly more than two-thirds of all orders received in 1954 came from abroad.

INCREASED PROFIT

The Company's profit for the year was Kr. 6,376,479 (£439,757 approx.), compared with Kr. 5,200,000 (£358,600 approx.) in 1953. Figures show that profits totalling Kr. 10,583,065 (£729,865 approx.) are at the disposal of the general meeting. The Board of Directors has suggested that a Dividend of 10 per cent be paid totalling Kr. 2,800,000 (£193,100 approx.) and that the remaining Kr. 7,783,065 (£536,760 approx.) be carried forward to the Profit and Loss Account.

As compressed air engineers we are encouraged by the fact that the applications of pneumatic equipment are becoming increasingly diverse, not only in Europe, but all over the world. Whether it be in factories producing motor cars or aeroplanes—where speed and efficiency are essential—or in the mines which produce the metals and fuels vital to modern industry—compressed air is playing an increasingly important part.

SALES IN FIFTY COUNTRIES

During the past year we have expanded our sales organisation still further to meet this demand which means that today we are selling our products in 50 countries. Atlas rock drills are being used on such famous projects as the Aswan Dam in Egypt, the Snowy River scheme in Australia, and India's Bhakra Dam. Our equipment is also widely used in the various contracts being carried out for the North of Scotland Hydro Electric Board.

An increasing number of mines in various parts of the world, including uranium producers, are using our machines. For example, Atlas lightweight drills are being used to mine chrome in Turkey, lead in Greenland and sulphur in Italy.

Despite keen competition sales of our portable compressors have been well maintained, civil engineering projects in the Rhodesias, Australia, South Africa, India and South America accounting for quite a large share of this business.

TOOLS FOR COMET TESTS

Sales of stationary compressors and pneumatic tools for industry have been most satisfactory. Recently orders for large stationary compressors have been received from some of the biggest manufacturers in the British motor industry and engineering tools have been sold in large quantities to various aircraft factories in Europe. It is of interest to note that Atlas tools were chosen for the construction of the special tank erected at Farnborough for the Comet tests.

Now we are a world organisation operating in many different parts of the world it has become most necessary that we should have a uniform family name recognisable throughout the world. As a number of our Companies already use the name Atlas Copco and our products now carry this trade mark, we have decided to adopt this name for the parent company. It is our intention, therefore, that as from January 1, 1956, Atlas Copco will be used as a Group title.

HIELD BROTHERS, LIMITED

A SATISFACTORY YEAR'S TRADING

SUBSTANTIAL ORDER BOOK

MR DAVID H. HIELD'S STATEMENT

The thirty-third annual general meeting of Hield Brothers, Limited, was held on June 30th, at Briggella Mills, Bradford, Mr David H. Hield (the Chairman) presiding.

The following is the statement by the Chairman which had been circulated with the report and accounts for the year ended March 31, 1955: Our Balance Sheet this year shows the result of the Resolutions passed at the meetings held on June 30, 1954, when it was decided to increase the authorised and issued capital of the Company and to capitalise some of the Reserves to the value of £330,000. This year we are adding £25,000 to our Reserves for Obsolescence and Replacement and £30,993 to General Reserve. The totals in these two Reserves together with the undistributed balance of profits carried forward to the next account now amount to more than £548,000.

IMPROVED LIQUID POSITION

Our liquid position continues to improve and the net excess of current assets over liabilities stands at £1,073,038 as against £1,011,028 last year, showing an increase of £62,010.

On the other side of the Balance Sheet I must again draw your attention to the low figure which represents our holdings in Land, Buildings, Plant and Machinery. This is in part due to the low prices which we paid for some of these assets when they were bought years ago in times of severe depression in our Industry. Over a period of years we have steadily written off substantial sums in depreciation. It must not be supposed, however, that these assets are now worth so little. They have been well maintained and considerable new plant has been installed when deemed advisable, in fact over the last 10 years new investment in our Mills has exceeded the total figure at which they now appear in our books.

At the same time it must be realised that the value of any fixed assets depends primarily on the profits which they can earn.

TRADING CONDITIONS

During the year under review wool values have fallen, and under these conditions I consider the results submitted to you are satisfactory.

All our Mills in England have worked full time throughout the year. They are still fully employed and we have a substantial order book.

Last year I had to give a dismal report of conditions in Canada. The Canadian Government has recently decided not to change the tariff and Canadian mills will continue to be exposed to the fiercest competition from countries paying much lower rates for labour. I am, however, able to inform you that our Mill is running full time on single shift.

In my last statement I mentioned that considerable reconstruction was necessary at our Briggella Mills and towards this cost we had made provisions of £100,000. During the present year we have completed the electrification of part of Briggella, ordered new labour saving machinery and have under consideration plans for further reconstruction of certain sections.

THE OUTLOOK

With regard to the future, I must emphasise that intense competition now prevails both in the Home and Foreign markets. We expect this condition to continue.

Our success depends in large measure on the loyal and willing efforts of all our employees to whom I wish to express sincere thanks for their services in the past year.

The report and accounts were adopted, and the dividend on the Ordinary Stock at the rate of 20 per cent per annum was approved.

The retiring director, Mr W. W. S. C. Neville, MC. BEM, was re-elected and the remuneration of the auditors, Messrs Alfred Dobson & Co., Leeds, having been fixed, the proceedings terminated.

VAB PRODUCTS

PROBLEM OF RISING COSTS

The eighteenth annual general meeting of Vab Products Limited was held on June 23rd in London.

Mr Ivor Lloyd, AMIAE, FCS, MInstBE (the Chairman), in the course of his speech, said:

The Profit of the Group amounted to £49,212 for the twelve months ended December 31, 1954, compared with £54,103 for the previous year. It has been necessary to allocate no less than £30,063 for taxation, which, I am sure you will agree, is an excessive proportion of the Company's earnings.

The Group Profit and Loss Account balance carried forward is increased from £22,017 to £26,494.

During the year under review, profit margins were considerably reduced by the increases in metal prices and other raw materials, and wages. Brass, which is used in considerable quantities in the manufacture of Vab rails, increased by more than 20 per cent and is still rising. Competition was keener and most of these extra costs were absorbed in an endeavour to stabilise selling prices. In 1955, however, we have been compelled to increase the prices of some of our products to bring them into line with advancing costs. The nature of your Group's products is very diverse, and while in some periods there may be less demand for some of our products, other sections may be flourishing. This variety of products lends strength to your Group's position, the value of which cannot be estimated in view of the very difficult trading conditions and competition which exist today.

Your subsidiary, Fairylites Ltd., are continuing to expand the export market and are selling to a number of countries overseas.

Tupholmes (Sheffield) Limited has shown good progress with reasonable profits.

Your Directors are pleased to recommend a Final dividend of 7½ per cent, making a total of 12½ per cent for the year.

The report was adopted.

LAMBERT BROTHERS LIMITED

SIGNS OF IMPROVING FREIGHT MARKET

The fifty-second annual general meeting of Lambert Brothers Limited was held on June 28th, in London, Mr R. Ratcliff Steel (the chairman) presiding.

The following is an extract from his circulated statement:

The profit and loss account shows a gross profit of £434,245, to which has been added the sum of £29,717 in respect of sundry provisions no longer required, giving a total of £463,962. Taxation takes £174,444, leaving £289,518 as the net profit for the year after taxation. The comparatively low figure for taxation is accounted for by capital allowances and the new investment allowance on the ships recently built for our Shipowning Subsidiary, Temple Steamship Company Limited. The dividends on the preference and ordinary stock already paid and proposed absorb £85,828, leaving £203,690 for appropriation. The sum of £100,000 has been transferred to fleet replacement reserve and a further sum of £100,000 has been transferred to general reserve, leaving £3,690, and it is proposed to add this sum to the amount brought forward making a total of £768,490 to be carried forward. The Directors propose the payment of 3½ per cent out of Capital Accretions Account, an increase of 1 per cent over the rate paid for the last several years.

Contrary to my expectations this time last year, I am glad to be able to report a slightly increased profit, largely due to the general advance in sea freight rates brought about almost entirely by the increased demand for ships to bring coal from abroad to this country, partly owing to increased requirements here but chiefly to the serious falling off of output from United Kingdom collieries, due to strikes and other causes. This, whilst a disaster to our country as a whole, has assisted shipowners. Unfortunately, it increases the cost of imports, which reflects on the general cost of living.

In the shipping trade it is dangerous to make forecasts, but—in contrast to the position a year ago—there are today signs of the freight market not only maintaining its strength but even improving. The position has now been reached that the United Kingdom is importing more coal than she is exporting. Up to the middle of this year (in round figures) 4 million tons had been imported against an export of slightly less during the same period, whereas last year the reverse was the case, as for the similar period exports were nearly 5 million tons. Coal stocks in this country at present are said to be 1½ million tons less than at this time last year, with consumption running at ¾ million tons above last year but output over 2 million tons lower than last year. It is reasonable, therefore, to expect that the importation of coal will have to continue in even increased quantities over the remainder of this year and most likely next year.

Actually, the cessation of large exports of coal from this country also contributes to the increased cost of living, because there are few other bulk cargoes obtainable to take the place of coal which used to provide the outward freight, so that higher rates of freight have to be paid on bulk imports to cover the ship's round voyage.

The statement then reviewed the company's various activities at home and overseas and continued: Your directors are studying all possibilities of replacing the loss of coal, which was the original basis of your company's trade.

The report was adopted

SOUTHERN AREAS ELECTRIC CORPORATION LIMITED

GENERAL IMPROVEMENT MAINTAINED

LORD GRIDLEY'S REVIEW

The Twenty-Second Annual General Meeting of Southern Areas Electric Corporation Limited was held at Caxton Hall, Westminster, on June 29th.

During the course of his speech to the shareholders the Chairman, The Right Honourable the Lord Gridley, KBE, MIEE, said: The Capital Reserves are now £59,214 compared with £45,214 last year, an increase of £14,000 created mainly by profits on sales of outside investments. We have realised a capital profit of over £29,000 on those investments so far sold. You may remember that we acquired them out of the surplus moneys of our sale of electricity undertakings when nationalised. Our Contingency Reserve is increased from £40,000 to £60,000 by a transfer from profits of £20,000. The General Reserve remains at £82,750. We increased it to that figure last year by a transfer from Profit and Loss Account of £37,750. The Profit and Loss Account balance carried forward of £265,673 is an increase on last year of £50,325. Aggregating all these reserves they total £467,637.

ONEROUS TAXATION

It may interest shareholders to know that our profits for the 4 years ended December 31, 1954, were £777,000, of which taxation absorbed £437,000, leaving us with only £340,000 for dividends, ploughing back and other purposes.

REDUCED BANK BORROWING

You will no doubt have observed that our bank overdraft has been reduced to £87,402, which compares with £254,133 a year ago, a reduction of over £166,000. We must, however, expect our borrowing to increase again, for we have certain works extensions to finance to which I will refer later.

CAPITAL ASSETS

Our actual expenditure on land, buildings, plant, etc., has aggregated just under £937,000, which we have depreciated by £333,400 out of earnings over the years. That their present-day replacement value is considerably higher than the written down value of £603,477 is beyond a doubt.

The outside investments we still hold are shown at £42,251, the market value at December 31st last being slightly higher.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The profit for 1954, inclusive of dividend on outside investments, was £301,882, an increase of £17,101 over last year. We have again written nearly £17,000 off Patent rights, etc. After providing £106,850 for Income Tax and Profits Tax—we escape this year Excess Profits Levy, which last year was £27,700—and deducting the small item of £1,212 for pre-acquisition profits, we have in the Holding Company available net profit of £118,943, which compares with £92,157 for the previous year, an increase of £26,786.

Adding the balance brought forward from 1953 of £215,348, less amount written off Goodwill £3,568, we have £330,723 to deal with. We propose, as I have already explained, to strengthen the Contingency Reserve by a transfer of £20,000 and to provide £45,050 for a 10 per cent dividend less Income Tax and to carry forward next year £265,673, as compared with £215,348 last year, an increase of £50,325.

FURTHER WORKS EXTENSIONS

We are now having to carry out modest works extensions at our factories at Merrow in Surrey and at Chalford in Gloucestershire. These are required to provide increased productive capacity. Last year I told you that the first section of the works extension of our Mawdsley undertaking at Dursley had been completed. We shall proceed in due course with the reconstruction of the older portion of the factory and we shall then have an engineering works with the very latest machine tool equipment housed in modern buildings.

REVIEW OF SUBSIDIARY COMPANIES

Our Mawdsley subsidiary had another satisfactory year. Our PAM undertaking at Merrow, near Guildford, had a record year of both output and profits. The Ross Courtney factory at Upper Holloway also had a good year and output there can be further increased if only we can get more skilled operatives. Other subsidiaries also showed improved results over the previous year. The staff of Tyer and Company, our railway signal manufacturing subsidiary, are busily engaged on modernising various types of railway signal apparatus in view of the large modernisation plans and requirements of the British Transport Commission in which we hope we may secure a fair share of the orders to be placed.

THE FUTURE OUTLOOK

So long as labour troubles continue and wage increases are demanded—and often conceded in whole or in part—increased production costs are inescapable. British industry is thus being handicapped at a time when foreign competition has grown, and is increasing, and there are also signs of keener competition between firms in many industries at home, not excluding our own. Moreover, many difficult international problems have yet to be solved if world peace and the general prosperity of mankind is to be maintained. No prudent business man could therefore forecast the future with any certainty. However, your companies are not ill-equipped to meet the foreseeable conditions ahead, and so long as all those in our employ who have given of their best—and to such I express the thanks of the Board—will sustain their good efforts, we can face the future with reasonable confidence.

MR J. W. C. MILLIGAN

I now wish to inform you that my co-Directors have for some time past been of opinion that I have been over-working and that my detailed managerial responsibilities should be lightened. At a Board Meeting this morning the Board have appointed as an executive Managing Director of the Corporation Mr J. W. C. Milligan, while I shall retain the Chairmanship of the Parent and Subsidiary Companies as an executive Director.

Mr Milligan is a Bachelor of Science and a member of both the British and American Institutions of Electrical Engineers. He has gained wide experience as the result of many years in positions of high responsibility with the English Electric Company and the Brush Electrical Engineering Companies.

As Mr Milligan was only appointed today and it is customary for a new director to retire at an ensuing annual general meeting, I am going to ask you to be good enough to confirm his appointment at this meeting although we could not include this specific item on the notice when sending shareholders the printed annual accounts.

The Report and Accounts were adopted.

THE CHAIRMAN HONOURED

The proceedings were closed with a resolution moved by a shareholder in tribute to the Chairman, upon whom a Barony was conferred in the New Year's Honours List.

DAILY NEWS LIMITED

(Proprietors of "News Chronicle" and "The Star")

MR L. J CADBURY ON EFFECT OF STRIKES

The Annual General Meeting of The Daily News Limited was held on June 22nd in London. Mr L. J. Cadbury, who presided, said:

I am glad to report that profits for 1954, before taxation rose from £188,000 to £422,000. Taxation takes £210,000 and we have added £160,000 to our reserves.

Since these accounts were made up we have had a very substantial increase in wages and salaries. The price of newsprint is also up compared with 1954. In addition there has been the heavy cost of the 26-day newspaper strike. To some extent these losses have been recouped by larger newspapers made possible by the newsprint accumulated during the strike and the amount of advertising held over which it has since been possible to carry.

CIRCULATION AND ADVERTISING

Although the effect of the newspaper stoppage on sales generally has been adverse, the *News Chronicle* has fully recovered its immediate pre-strike circulation. The increase in the price of the three London evening newspapers to 2d. is estimated to have brought about an overall decrease of 10 per cent. in the combined circulation of the three London evening newspapers. But the figure for *The Star*, which has the world's second highest evening net sale, shows a decline since the price increase of only 8.5 per cent.

In 1954 the confidence of advertisers in the *News Chronicle* and *The Star* was reflected in the record advertising revenue of both papers. The *News Chronicle* showed an increase of over 15 per cent and *The Star* of 47 per cent over 1953, which, in the case of both papers, was also a record year.

It was with great pleasure that we saw the name of Mr Oscar Hobson, the *News Chronicle* City editor, in the New Year's Honours List. He is the first City editor to receive a knighthood.

Both papers have shown much editorial enterprise.

"NEWS CHRONICLE"

James Cameron and William Forrest, two outstanding "roving" correspondents, are making important contributions to the *News Chronicle* foreign news service. Forrest travelled extensively in Russia and Cameron was the first British newspaperman to make a "go-where-you-please" tour of Communist China.

The *News Chronicle* holds the exclusive newspaper rights in the British Gallup Poll, which has the most consistent, accurate record on election forecasting of any polling organisation in the world.

The *News Chronicle* actively supports many amateur sports, and has added sailing to its programme by sponsoring the Burton Trophy meeting. In athletics HRH the Duke of Edinburgh attended the international event which the *News Chronicle* sponsored at the White City, London, in July, 1954. Crawford White was sent to Australia to cover the MCC tour, and was chosen by the BBC to give commentaries on all the Test matches.

The BBC continues to pay its tribute to the authority and integrity of *News Chronicle* journalists. More members of our staff have broadcast and appeared regularly in television programmes than of any other newspaper.

"THE STAR"

The Star published exclusively Sir Harold Scott's story of his eight years as head of Scotland Yard. Another outstanding exclusive was the publication of Mr Attlee's personal impression of his visit to Moscow and China as head of the Labour Party delegation, a journey which gave rise to international controversy.

The report was adopted.

DAVIS ESTATES

NOTABLE PROGRESS

The nineteenth annual general meeting of Davis Estates Limited was held on June 30th in London, Mr A. F. Davis (chairman and managing director) presiding.

The following is an extract from his circulated statement:

Satisfactory and encouraging progress has been made during the year. The Group profit for 1954 before providing for taxation is £382,741, an increase of £246,325 over 1953. The Group net profit for the year is £361,697, compared with £131,453 in 1953.

Further expansion has taken place in the development of the company's estates. The production of houses for sale by the company has again more than doubled that of the previous year and the demand continues to be satisfactory. The Australian Group of Companies has had a more successful year. The net profits earned for the Parent Company after providing for all administrative charges and Australian taxation amounted to £16,680.

The improved results for 1954 enabled the company on March 15, 1955, to make a payment to the Preference shareholders of 7¼ years' arrears of dividend, leaving five years outstanding at December 31, 1954. Provided the profits for the current year are satisfactorily maintained as anticipated and subject to any unforeseen circumstances beyond the directors' control, the board propose to pay the balance of the arrears of Preference dividend outstanding together with six months' interim dividend (to June 30, 1955) by September 30, 1955.

No doubt you will agree that the year under review has been one of notable progress for your company.

The report and accounts were adopted.

THE FORESTAL LAND, TIMBER & RAILWAYS CO.

The forty-ninth annual general meeting of The Forestal Land, Timber & Railways Company, Limited, was held on June 29th in London, Mr Gerard D'Erlanger, CBE, ACA (the Chairman) presiding.

The following is an extract from his circulated statement:

The Consolidated Profit and Loss Account shows a decline of £168,029 to £1,340,690 in the Trading Profits of the Group excluding Argentina. This is due to somewhat lower output and consequent lower sales coupled with increased costs of production. The net profit for the year after tax has fallen from £918,496 to £658,644, a reduction of £259,852.

Our original enterprise in the Argentine, devoted to the production of vegetable tans from the Quebracho tree, is being forced to reduce its activities in that field due to the shortage of raw material within economically exploitable distance of our factories. We, and particularly the Board of the Argentine Company, are, however, actively exploring ways and means of investing the resources of La Forestal Argentina in that country.

Our developments in Africa are progressing favourably. Our mainstay, The Natal Tanning Extract Company, Limited, in South Africa is well-founded and economically managed. Our subsidiary in Kenya, the East African Tanning Extract Company, Limited, is now well on the way to taking its place alongside the Natal Company in productive capacity, economy and earnings. Our Rhodesian subsidiary, as yet in the development stage, will as from the end of 1956 become productive.

The report was adopted.

ODHAMS PRESS LIMITED

INCREASED REVENUE

The thirty-fifth annual general meeting of Odhams Press Limited was held on June 23rd in London.

Mr A. C. Duncan, FCA, chairman, in the course of his speech, said: Our gross revenue as compared with that of the previous year has increased by £2,502,000. The net profit, £2,541,000 has increased by £257,000. Your directors propose that the capital be increased to £4 million and that £705,000 of the General Reserve be capitalised and applied in payment for one Ordinary Stock unit of 10s. for every three such units already in issue.

The *Daily Herald*, with sales approaching 1,800,000 copies a day, maintains its influence and place among the great national dailies, as does *The People* in the Sunday market, with a sale of over five million copies.

Overall, the sales of our newspapers and periodicals are, approximately, 23 million copies a week. We are happy to provide and our advertisers appreciate this enormous coverage in so many markets.

So far as this year, 1955, is concerned, it must be borne in mind that we have already had a newspaper stoppage of four weeks, which has proved costly to all national newspapers. Furthermore, the recent Railway and Dock strikes have resulted in increased expenditure. We shall, of course, take every possible step to offset the effects of these disturbances, but it would be prudent to bear them in mind.

The report was adopted; the final Ordinary dividend of 15 per cent, making 17½ per cent for the year, was approved and the capitalisation of reserves was sanctioned.

UNIVERSITY OF CAPE TOWN

Applications are invited for the CHAIR OF APPLIED MATHEMATICS.

The substantive salary scale is £1,600 x £100—£1,950 per annum. There is a temporary cost of living allowance for a married man (at present £234 per annum).

The department of Applied Mathematics is responsible for courses of study leading to the degrees of BA, BSc, BSc(Hons), MSc, and PhD, and for courses in the Faculty of Engineering leading to the degree of BSc in Engineering, Land Surveying or Applied and Industrial Chemistry.

The *Professor* is responsible for the organisation and administration of the department. He is required to take some part in the teaching of these courses, to advise and guide students and to engage in and promote research.

Applications should state age, experience, qualifications and research work completed or in progress, and give the *names* of three referees whom the University may consult. Two copies of the application should reach the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1 (from whom memoranda giving the *general conditions* of appointment and information on the work of the department should be obtained) not later than August 30, 1955. An additional copy should be sent direct by air mail to the Registrar, University of Cape Town, *Private Bag*, Rondebosch, Cape Town, South Africa, by the same date.

The University reserves the right to appoint a person other than one of the applicants or to *make no appointment.*

UNIVERSITY COLLEGE OF THE WEST INDIES

Applications are invited for (1) Lectureship or (2) Assistant *Lectureship in* Economics.

Salary scales (under revision): (1) £750 x £50—£900 x £50—£1100 p.a. (2) £600 x £50—£700 p.a. Point of entry determined by qualifications and experience. Child allowance £80 p.a. per child (maximum £240 p.a.). FSSU. Unfurnished accommodation at 5% basic salary. Passages paid for appointee *and family* (not exceeding five passages in all) on *appointment*, normal termination and study leave (once every three years). Duties to be assumed in October, 1955.

Applications (six copies) detailing qualifications and *experience and naming* three referees to be received by July 22, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1 Gordon Square, London, W.C.1, from whom further particulars may be obtained.

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

SOUTH AFRICA

Applications are *invited* for a vacant post of LECTURER IN MATHEMATICS.

The substantive salary attached to the post is on the scale £850 x £50—£1,150 per annum. *In addition, a married* man will receive cost of living allowance at such rate as the University may be authorised *to pay from time to time.* The present rate of cost of living allowance is £234 *per annum.*

Membership of the University Institutions' Provident Fund is compulsory; membership of the University Staff Medical *Aid Fund is compulsory in the case of an* officer who is eligible for such *membership.*

An allowance is made towards travelling expenses.

The successful applicant will be expected to *assume duty not later* than January 1, 1956.

Further particulars and information as to the method of application may be obtained from the Secretary, Association *of Universities* of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications in London and South Africa, is August 10, 1955.

KUMASI COLLEGE OF TECHNOLOGY

(PRINCIPAL: W. E. DUNCANSON, PhD, DSc, FInstP, AMIEE)

Applications are invited for two vacancies for SENIOR LECTURERS or LECTURERS (Grade A) in PRACTICAL ACCOUNTANCY (including partnership, companies, executorship, taxation, costing, mechanised accountancy, auditing investigations to take courses up to level of final examinations of professional accountancy bodies. Candidates must be ACA, ASAA or ACCA: degree in commerce and teaching *experience desirable.*

Salary scales: Senior Lecturers £1,400 x £50—£1,850: Lecturers (Grade A) £880 x £40—£1,560. Initial salary according to experience. Posts are pensionable but temporary appointments carrying gratuities and 10 per cent higher *salaries* or arrangements to continue FSSU might be made. Houses with basic furniture provided at moderate rental. Free 1st class passages to and from Gold Coast, once each way for each tour of service, for persons *appointed, wives* and up to 3 children under 13. Generous home leave, normally annual, on *full salary.*

Write for further information to Secretary, Advisory Committee on Colonial Colleges, 1 Gordon Square, *London*, W.C.1. *Closing* date for applications (6 copies) August 15, 1955.

STORAGE SPACE IN NORTH-WEST

350,000 SQ. FT. TO BE LET IN ONE LOT ALL ON GROUND FLOOR. Immediately adjacent *to main road within* reasonable distance of docks. All services available, *including heating if required.*—Box 106.

MARKS AND SPENCER LIMITED

invite applications from university graduates for a post as *Statistician/ Economist*. The person appointed will join the Research Department in the *London Head Office and will be engaged on studies of the general problems* of the large retailer, including enquiries into trends of population, consumer spending and similar matters. Starting salary will be between £600 and £1,000 a *year according to experience.—For further particulars* apply to the Staff Manager, Marks and Spencer Limited, 82 Baker Street, London, W.1.

THE *Labour Party invites applications* for the post of Secretary to its International Department. *Knowledge of international affairs* the Labour Movement and the Socialist International, languages, and drafting ability essential. *Application forms can be obtained* from Mr. Morgan Phillips, Secretary of the Labour Party, Transport House, Smith Square, London, S.W.1. *When completed* the application form should be returned with specimens of written work, not later *than Friday, August 12th.*

ECONOMICS, enterprise, expansion and engineering—What would you say is the *connection? Ford Motor Company Limited of Dagenham*, Essex, say there is a vital one. Moreover, it *means a first rate future for first class men.*

Engineering and enterprise produce and sell five star products. Expansion ensures *there are more of them to be sold.* Economic know-how, in the form of market analysis, links all *this effort. It scientifically directs the extra punch to the right sales targets.*

We want men under 30, with zest and brains, to fill the new places in our team. A sound economics degree and some experience in market analysis are the essentials. Knowledge of motor vehicles will be a useful asset. Salary will be *matched initially to* your qualifications and experience. Your future will depend on yourself, and will be *secured by a generous non-contributory pension.* Why not write to our Salaried Personnel Department?—Please quote AW/FP.

YOUNG LADY (27), seeks congenial position London area or willing travel abroad: *good knowledge French, well educated,* common sense. No other qualifications. —Box 111.

STOCKBROKERS of size require Assistant for Statistical Department. Age below 30, *with experience in accountancy,* economics or actuarial work. Interesting *appointment with early prospects.*—Write Box 113.

NATIONAL COAL BOARD invite applications for a *superannuable appointment* as Records Officer (scale £1,005 x £35 to £1,380 male, and £855 x £35 to £1,230 *female, plus London Location Allowance* of £58 minimum rising to £98 maximum being payable in addition). The Board's *arrangements for the custody and disposal of* documents and other records, for the industry as a whole, are subject to certain *statutory requirements.* The Records Officer will be responsible for certain aspects of the procedure for disposing of documents, *which these statutory requirements* entail, and in consultation with responsible Officers of the Public Record Office *and of the Board, in Divisions* as well as Headquarters, for ensuring that satisfactory arrangements exist for the custody and *preservation of some records and for the* regular and orderly selection and disposal of records which need not be retained *indefinitely.* Experience in administrative work and a knowledge of, or interest in, work relating to archives, especially in a *large organisation, are desirable qualifications.*

Write, giving full particulars (in chronological order) of age, education, qualifications and experience (with dates), to National Coal Board, Establishments (Personnel), Hobart House, Grosvenor Place, *London, S.W.1, marking envelope SS/23.* Original testimonials should NOT be forwarded. Closing date July 23, 1955.

ASSISTANT MANAGER *(preferably 30-45 yrs.) required for the* London Office of the Southern Africa Settlement Association.

The person sought should be energetic, good at organising, capable of getting on *easily with people* and have enthusiasm for the objects of the Association.

Duties, in addition to managing a *small office, will include conducting interviews* with prospective emigrants, making all arrangements for emigration and the organising of *appeals on behalf* of the Association.

The successful candidate *will be given two years training at a salary of £600* p.a. after which he will succeed the present Manager (who will then be retiring) at a salary of £1,000 p.a. The post is pensionable.

Please write giving full details of age, experience, etc., in first instance, to Box E.651, to 191 Gresham House, E.C.2.

COLLEGE OF TECHNOLOGY, BIRMINGHAM

DEPARTMENT OF PHYSICS AND MATHEMATICS

Applications are invited for the post of SENIOR LECTURER IN STATISTICAL METHODS.

Applicants should have a good Honours Degree.

Experience in the application of statistics is essential, *preferably in industry.*

The successful candidate will be expected to take part in the development of courses in Statistical *Methods as applied to* Science and Technology.

Salary will be in accordance with the Burnham (Further Education) Scale for Senior Lecturers (Men) £1,065 x £25—£1,215: (Women) £852 x £20—£972 (Plus equal pay *increment*).

Further particulars and form of application may be *obtained* from the Registrar, College of Technology, Suffolk Street, Birmingham, 1, on receipt of a stamped addressed *foolscap envelope*. Completed forms should *be returned* not later than two weeks after the appearance of this advertisement.

K. R. PILLING,
Clerk to the Governing Body.

MIDDLESEX COUNTY COUNCIL

EDUCATION COMMITTEE
ACTON TECHNICAL COLLEGE
High Street, Acton, W.3.

Applications are invited for the post of Lecturer *in the Department of Management* and Production Engineering.

Desirable qualifications include a degree in one branch of SOCIAL SCIENCE *or of* SCIENCE, and some experience of industry. *There will be an opportunity of working* with an existing *social research team.*

Salary *in accordance* with the Burnham (Technical) Report, 1954.

Application forms (stamped addressed *foolscap envelope*) from the Principal, to whom completed forms *should be returned* within fourteen days of the appearance of this advertisement.

C. E. GURR,
Secretary to the Education Committee.

THE POLYTECHNIC

309 REGENT STREET, W.1
Session 1955/56

Enrolment can now be made for the *following* full-time courses:

(1) General Certificate of Education Advanced Level; Final BSc(Econ.); *and* BSc(Sociology) of London University.
(2) Commercial Administration.
(3) General Secretarial Studies.
(4) *Professional* Course for Accountants.
(5) Professional Course for *Statisticians.*

Enquiries and applications to the Head of the School of Commerce, *from whom* a prospectus can be obtained.

CLERK OF THE LONDON COUNTY COUNCIL

Applications are invited for appointment from January, 1956, as CLERK OF THE LONDON COUNTY COUNCIL at a salary of £5,000 a year. The Clerk of the Council *is the chief administrative official of the Council*: and candidates should have had wide administrative *experience in positions of responsibility.* Application forms, giving full particulars, are obtainable from the Clerk of the Council (CL/G), County Hall, Westminster Bridge, S.E.1, *and must* be returned by Saturday, August 20, 1955. Canvassing disqualifies. (1009).

WORKS PRODUCTIVITY ENGINEER REQUIRED

by large *specialised* Woollen *Manufacturing Concern* with factories in the North of England and Midlands.

Applicant should *have had practical experience* of time and motion study and be capable of *instituting* and operating productivity bonus systems.

Favourable *Pension Scheme* operative at 61.

Give fullest particulars of past experience, age and *approximate salary* expected.

Applications treated confidentially.

Write, *in first instance*, to Box E 603, LPE, 55 St. Martin's Lane, W.C.2.

THE Retail Trading-Standards Association requires Male *Assistant Secretary.* Initial salary *£800 per annum. Intending* applicants will first be sent a copy of the Association's Annual Report so that they may have some knowledge *of its day-to-day* work in the maintenance of correct trading standards and *descriptions.* This *demands* great accuracy *and a pleasant* yet determined personality. Working knowledge of textiles and law *desirable.*—Reply very briefly in the first instance to R.T.S.A., 356, Oxford Street, London, W.1.

AN *important group* of trade and technical publishers require the services of a *senior man* as Deputy Editorial Director. Applicants must have the highest qualifications and first-class record of *editing in the trade and technical field.* The man chosen for this responsible position will work with a team of experienced *editors and will be expected to initiate schemes* of development and expansion. The post is permanent and pensionable. *Letters of application should contain* details of age, education and career and will be treated in complete confidence.—Box 112.

WELL-KNOWN Organisation in the *Home Counties require* a young male University Graduate to handle investigations *into distribution and allied marketing problems.* Commencing salary £500-£650 per annum, according to qualifications *and experience.* Generous pension scheme. Applications are invited from Graduates both with or without commercial *experience.*—Box 110.

UNIQUE opportunity for a sales manager. New manufacturing venture *with substantial financial* backing seeks a General Sales Manager whose first task will be to plan and initiate *sales* policies *while production* arrangements are being completed. Post calls for experience of *selling consumer goods to retailers together* with a sound knowledge of marketing. This is a progressive operation dealing with first-class *merchandise. Minimum* starting salary £1,500 p.a.—Write in confidence, stating *age, experience, to Marketing* Development Co., Ltd., 12 Grosvenor Place, S.W.1.

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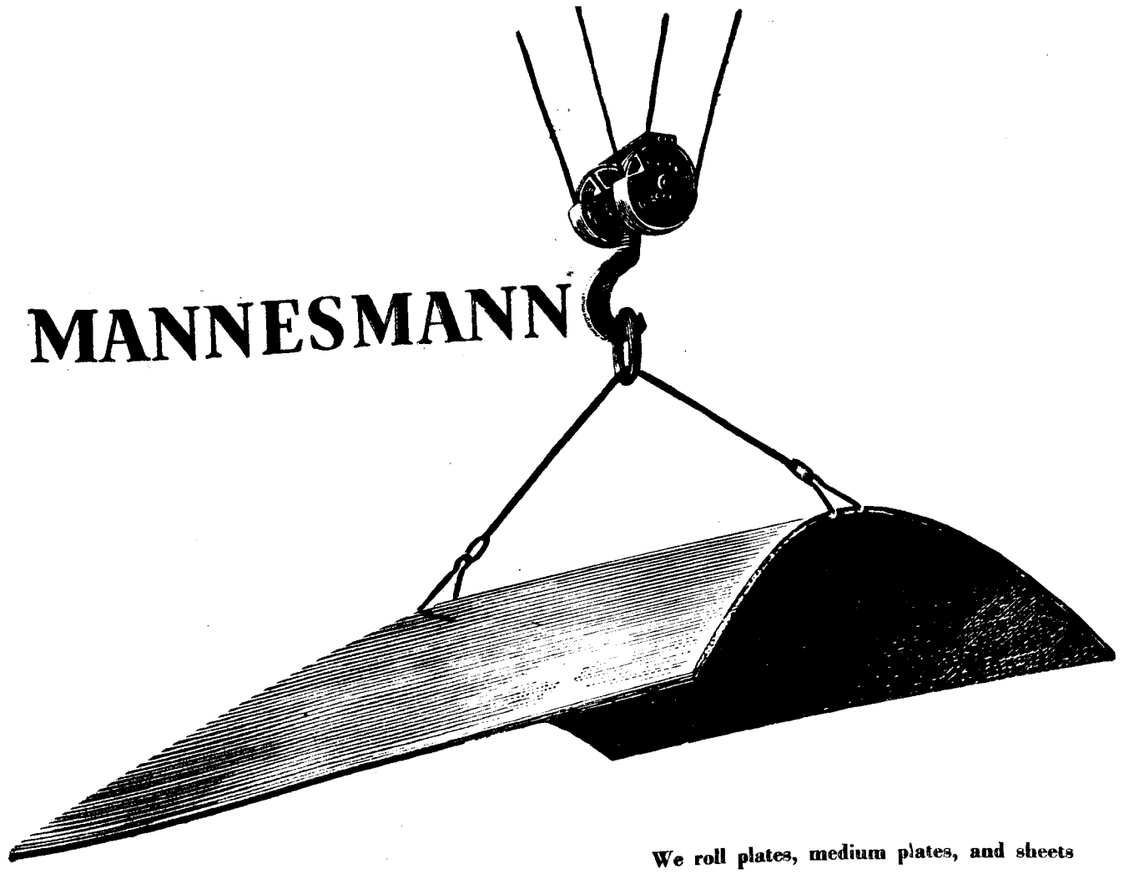

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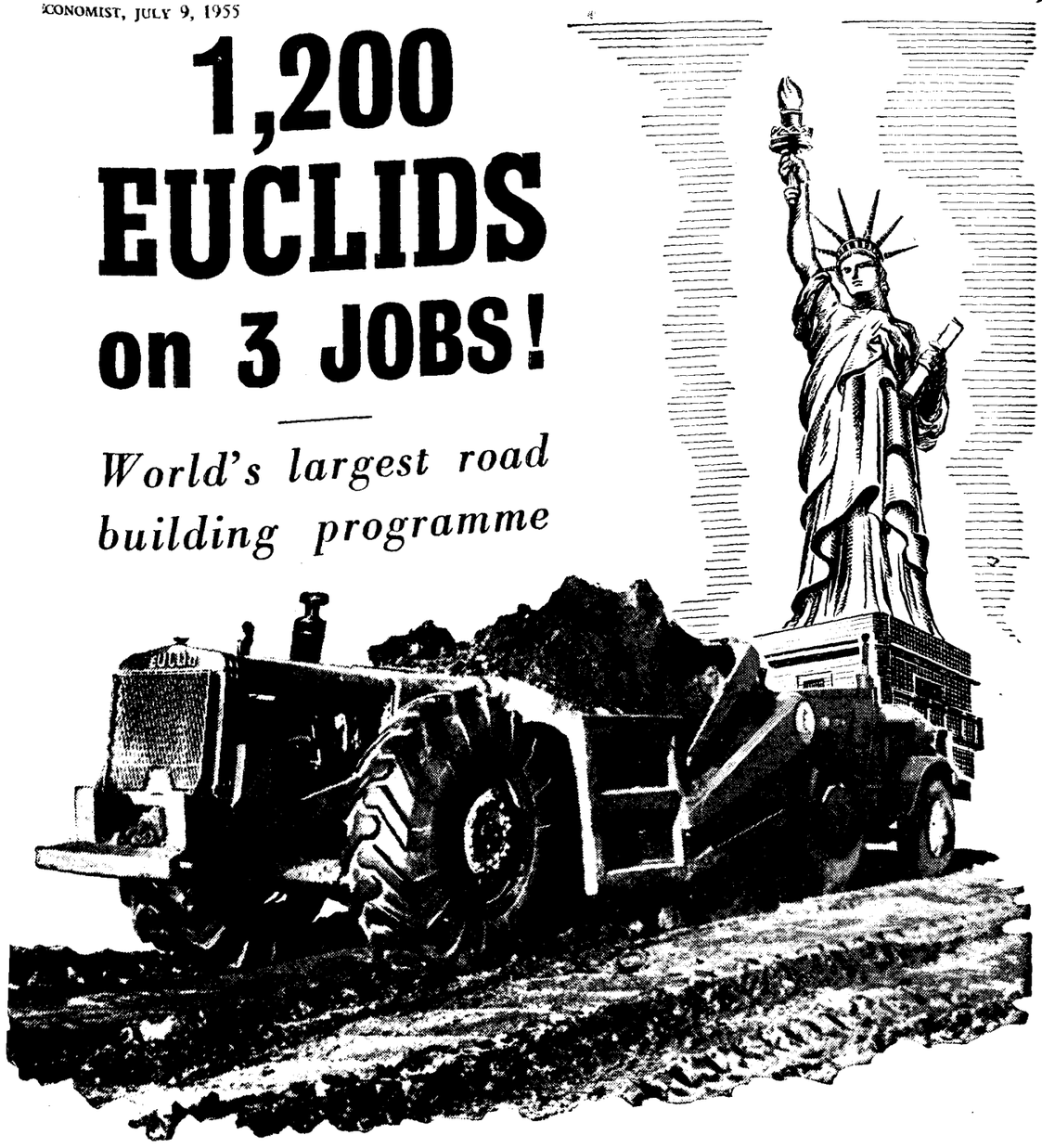

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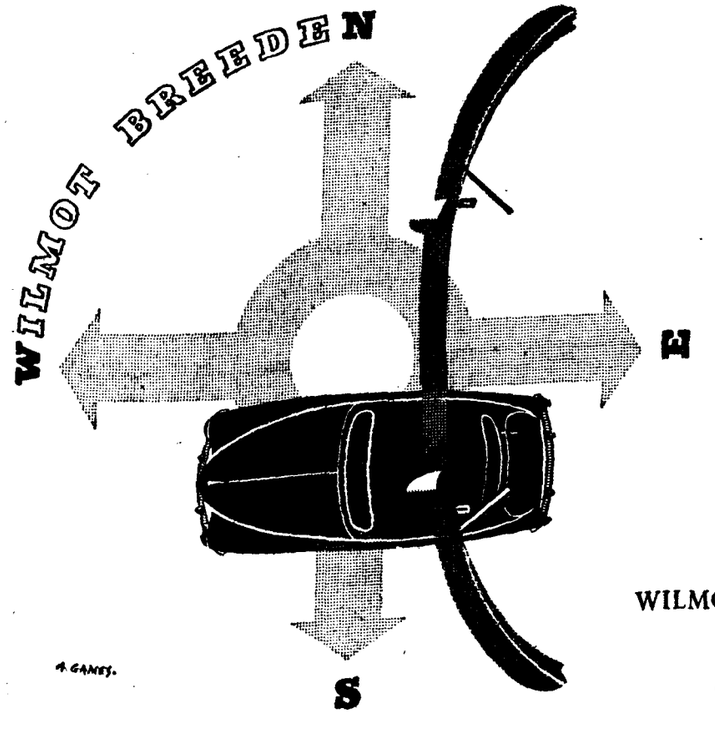

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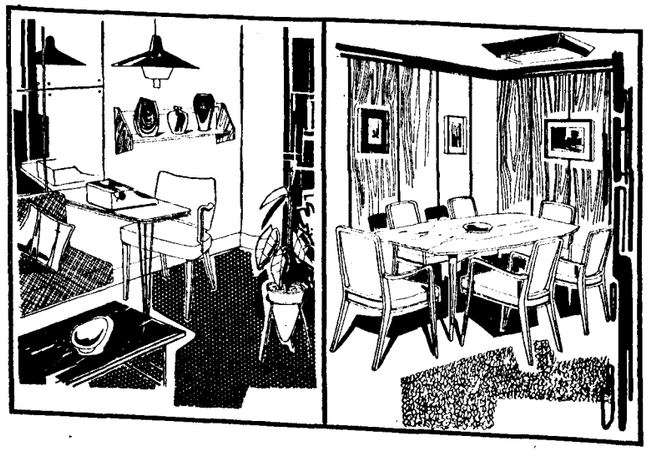

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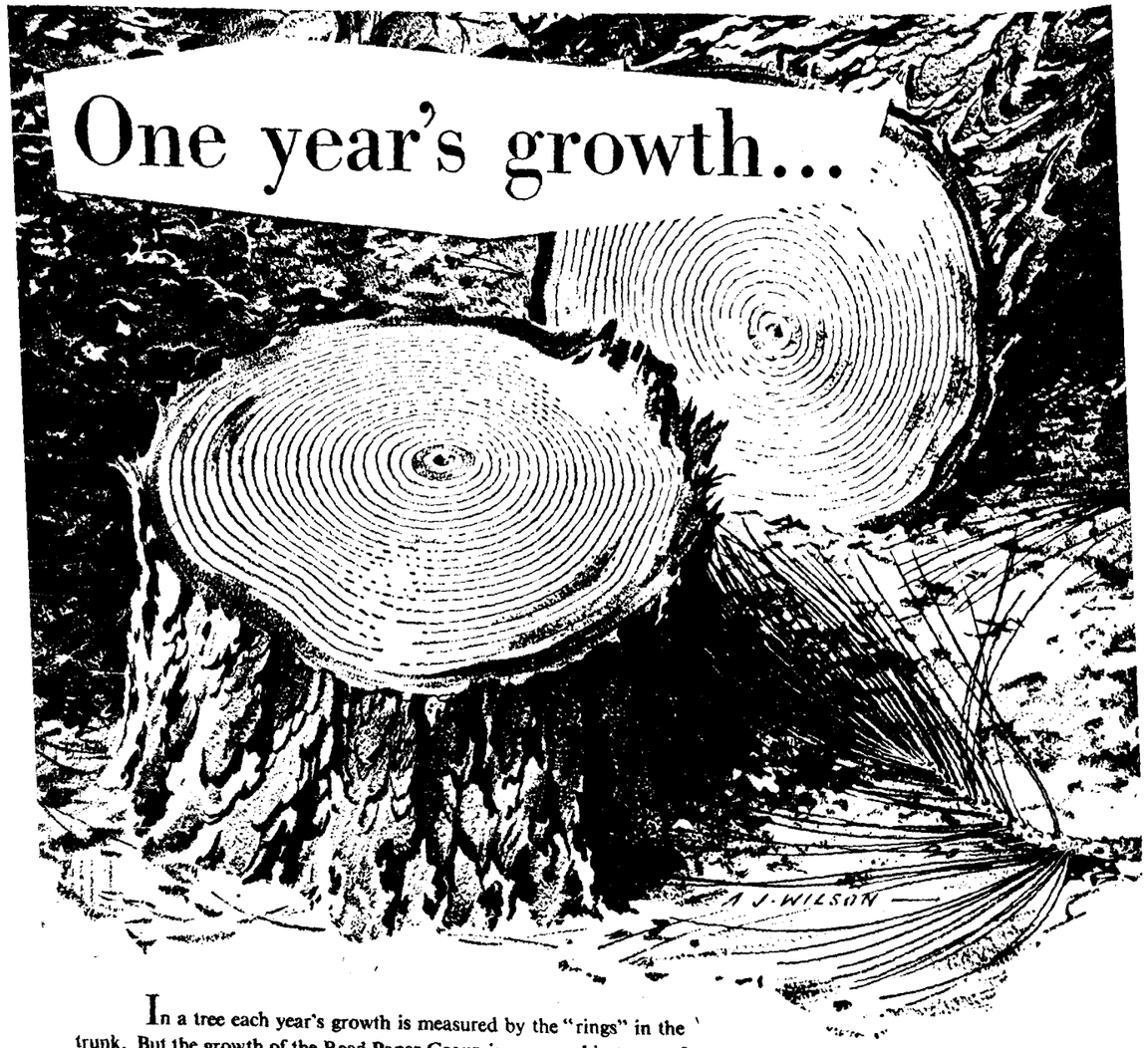

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In Peace Together

GREAT opportunities will be lost, and great risks run, if, in the new phase of dealings with Russia that opens at Geneva in a week's time, the western negotiators are content to think only in terms of machinery and geography. The technical problems of achieving and controlling disarmament are of unquestionable importance; so are the relationships between security in Europe and the future of Germany and the satellites. But, just as the problems of disarmament, of Germany and of Eastern Europe are inseparably linked, so are all these issues also linked with the wider problem now commonly labelled "co-existence." There is always much to be said for the practice, long dear to British hearts, of splitting big problems up and trying to solve them piece by piece; but this, like all pragmatic approaches, should not be allowed to become doctrinaire. There are times—and the "summit" talks appear to provide one—when one should step back and view the canvas as a whole.

What does such a view now reveal? A world in which major wars have ceased to be an instrument of policy and have become equated with catastrophe; in which defence has been replaced by deterrence, and fear has cast out fury. That ancient but uncertain guardian of peace, the balance of power, is a surer guardian than ever when it is clear that one rash move may bring all down in ruin. But the cost of keeping the balance is now appallingly high and growing higher. The Communist leaders, who once hoped either to overawe the free nations or to break them through the arms race, are now themselves grappling urgently with the economic troubles that this policy has brought upon them. It was ironic that Mr Khrushchev this week at last honestly admitted to pursuing the "position of strength" policy which Moscow has so long publicly denounced; for in fact the Russians, having failed either to cow or to ruin the West, are now doing their utmost to lull and divide it, and behind their calculated show of air strength the evidence is mounting of a strain on their manpower and economic resources that provides a real motive for calling off the arms race.

Unfortunately they still have some way to go to accept co-existence sincerely. As Mr Nehru said in Belgrade last Saturday, "peace" itself is too often used merely as a slogan: and "peaceful co-existence," the cumbrous phrase coined by Bukharin, has been piously mouthed by Communist propagandists until its real meaning is all but lost. Under the banner of "peaceful co-existence," Communist armies invaded Finland in 1939 and South Korea in 1950, military pressure was put upon Greece from 1945 to 1948 and economic pressure upon Jugoslavia from 1948 to 1954. If peaceful co-existence means anything, it surely means co-operation under an agreed international law; yet in 1943-45 it was the West that persuaded a reluctant and suspicious Russia that the United Nations must be set up, and since 1945 it is the Soviet bloc that has monotonously blocked the strengthening of the world organisation's arm. Long after Mr Eisenhower, to cite only one western leader, had declared that "there is no

alternative to peace," Mr Molotov and his colleagues were boasting (and still are) that another war would destroy only capitalism, leaving the Soviet camp miraculously preserved. And Communist dogma still insists that "peaceful co-existence" can be no more than a phase; that ultimately Soviet totalitarianism, still quaintly labelled "socialism," will triumph throughout the world.

One of the first steps towards true co-existence that the Soviet world will have to take is one which the Jugoslavs have already taken—the abandonment of this doctrinaire faith in a world-wide extinction of liberty. But that one step alone will not suffice to make peace secure, or co-existence a reality. M. Pinay recently remarked, in explanation of the West's search for strength and unity, that "to co-exist it is first necessary to exist." But the other part of the word is also important. At Bandoeng, Mr Chou En-lai's show of reasonableness included the admission that the "co-existence" jargon could very well be translated into plain English as: living in peace together. Yet in practice the Communists still construe it to mean living apart. The slightly increased granting of visas, for brief visits, by Mr Chou and Mr Khrushchev, merely draws attention to the fact that entry to and exit from the Sino-Soviet world, and even movement within it, is still a jealously restricted privilege. Communist *apartheid's* clearest symbols are the electrified wire and trigger-happy patrols along frontiers, its witnesses the refugees who crouch for days in ships' holds or railway trucks, its most pathetic victims perhaps the western-born wives held captive in their husbands' countries and the Russian wives from whom western-born husbands have been forced to part. But its effects go far deeper.

*

Soviet *apartheid* is more than a Moloch-like clutch on the body of every subject of a Communist state; it is also a clutch on the mind. It seeks to isolate its victims from the free play of ideas in the outside world, to monopolise their ears and brains with stereotyped dogmas and delusions. It thus makes possible the duping of millions to suit their rulers' tactical needs. The Russian leaders admitted in their talks with Marshal Tito that they had propagated "misinformation," and promised to stop; but their minions still churn out, for example, tall tales about deliberate spreading of typhoid in Western Germany or American bases in Goa. Certainly the free world is not free of its distortionists, but theirs are fumbling amateur efforts, not to be compared with the monopolistic juggernaut that rolls through the Communist world, erasing both events and human beings from history, and imposing heroic or satanic myths to suit the moment. "Misinformation" burgeons best where no rival source of information is available.

If, as there is some reason to suppose, the Communist rulers have stopped even their own ears, the danger is all the greater. History is littered with the catastrophes caused by despots whose own envoys were afraid to report to them truthfully on the outside world. Soviet diplomats are notorious (with one or two exceptions) for their refusal to find out how the peoples among whom they live in nervous isolation are really thinking. The Russian leaders gave the Jugoslavs the impression of men cut off from reality by their own will. Indeed, for the Jugoslavs, the Indians, and others to whom Moscow and Peking must now at least make a show of listening, there is no task more urgent than that of breaking through to the minds of men who, like Mr Khrushchev, have no knowledge of the world beyond their own domains.

But, again, the task is not limited to teaching the Communist rulers the facts of life. If "trust" is to be built up, they will have to overcome the fact that by years of skilful deceit they have forced others to look twice at everything they say or do. Marshal Bulganin's new outline of policy on May 10th itself contained two damning admissions: that the "proportional" disarmament to which Russia had clung for years was an unfair and unnecessary haggling trick, an attempt to perpetuate its superiority; and that the formal banning of atomic weapons, so long a Communist rallying cry, was a dangerous deception. And any Russian bold enough to look at his government's record and methods objectively can see for himself that it has no parallel in history for systematic secretiveness. Tsarist Russia, for all its police, lay open to the skies in comparison with its successor. Nazi Germany swarmed with foreign tourists until the very eve of war, and the democracies' failure to frustrate its ambitions was due not to lack of information but to inexcusable apathy. But the Sino-Soviet system is a "top secret" one, whose subjects themselves have only the haziest idea of what is going on in other parts of their countries; and it is this peculiarly clam-like organisation that makes the creation of international "trust" a task of unprecedented difficulty.

With almost any other system, the free nations might well be ready to take a chance. If the Soviet state was not "top secret," they could hope for more warning of sudden military or political moves. If it was possible for westerners to maintain personal friendships and direct personal links with inhabitants of Communist countries, and if the latter were able to express their views freely, the free world could get a clearer idea of the interplay of political forces within the system, and perhaps could count on popular resistance to restrain its masters from any sudden plunge towards violent conflict. The free world would then enjoy at least some of the reassuring advantages which the Communist world now enjoys, and true co-existence would be a good deal nearer.

It may be said that even to expound these ideas is to aim for the moon; that the Russian and Chinese rulers

unsupervised, uninhibited, lasting friendships between their subjects and inhabitants of the free world; that they know that their own positions would begin to crumble, like long-buried Pharaohs, as soon as light and air got in. But is the objection really so simple and so final? Communist propaganda is now painfully trying to persuade its audiences that large-scale contacts with free nations are already in full swing. Every drop of publicity value is squeezed out of hasty visits by "delegations," sports teams and so forth, who (unless they are privileged sympathisers such as Stalin Prize winners) are hustled home before they have any chance to make lasting friendships or even pick up the rhythm of normal life. Snatches of conversation with Russians in Moscow streets are still rare enough to be treated as news items in the West; yet Mr Molotov blandly poses as a champion of "tourism," and the pitiable numbers of brief encounters between the Soviet sphere and other countries are paraded with pride. Moscow and Peking seem anxious not only to scrape off the *apartheid* label, but also to appease an evident yearning on the part of their own peoples for more contact with the outside world. That yearning may yet help to induce the Communist regimes to lower their barriers.

It may be asked whether all this really matters; whether personal relations and free exchange of information are serious objects of diplomacy when compared with, say, atomic weapons or German reunion. Mr E. M. Forster would have a ready answer. Here, it is perhaps worth saying that if co-existence is to be anything but a delusion it will have to be genuine living together; that if democracy and Communism are to compete peacefully, instead of with frightful arms, the contest, like all contests, will be friendly and free of danger only if it is subject to the usual rules of fair play; that without fair play there will be no "trust," and without trust no true settlement of any of the great geographical and technical problems. The free world will be shamed indeed if it is afraid to test the moral and material attractive power of its institutions against those of the Communist regimes on fair terms; but the terms will have to be uncompromisingly fair. It is obviously of little value merely to ask, say, for the winding up of the Cominform; the Communist system needs that pallid institution as little as it needs its Warsaw alliance. (If a first instalment is asked for, a more practical one would be the scrapping of Russia's ridiculous exchange rate, which, as it makes prices in satellite countries almost prohibitive for western visitors, stiffens the iron curtain with a golden one.) There is only one road to a world of regained trust and true co-existence, and it lies straight through the doors which the Communist rulers have barred, and which only they can open.

These are arguments that have been often put to Soviet representatives, with scant result. The time may now have arrived when, if put again by sufficiently authoritative voices, they may at last be heeded. The opportunity, and the authority, will be available at Geneva on July 18th.

Rings on the Run?

SIR ANTHONY EDEN, who is rightly determined that his shall be the final responsibility for all major decisions of domestic policy made by this Government, must be feeling rather cluttered by the contrary advice he is receiving about monopolies. From the one side, many of the Conservative MPs who are company directors, and a disturbingly solid phalanx of the Conservative press, are trying to persuade him that the majority report of the Monopolies Commission, which called for a ban on a number of practices now employed by certain industries and trades to enforce their internal discipline, was an "extreme" example of "lecture room theory"; they are saying that he should, at most, implement the minority report of the commission (which stopped short of prohibition, for the present at least). From the other, many of the Conservative MPs who are not attached to specific business interests, and particularly the younger Butlerites in the party machine, are proclaiming that this is a golden opportunity for the party to adopt the majority report of the commission in full, and thus not only to establish its *bona fides* as the champion of enterprise but also to dispirit the Opposition by running away with one of the last pieces of its clothes.

It seemed to be generally expected at Westminster this week that the Government will strike a compromise between these two views; but that it will be a compromise much nearer to the progressives' than to the restrictionists' side. If so, this will be a tribute to the Government's political and economic common sense. But there will still be hurdles in the way. For there are two types of compromise that might be struck with the trade associations. One would be to say "We are going to take immediate action against the restrictive practices that we—and the popular newspapers—deem to be most unpopular (such as private courts "trying" price-cutters); but if you find you can fulfil your objectives by less blatant means we will leave you alone." The other would be to say "We are going to take powers to prohibit all the restrictive practices detailed in the majority report, but there will be room for discussion after the Bill has been passed about whether—or at least how swiftly—we will need to put all of these powers into effect." If a compromise has to be struck, the second sort would be much better than the first. If Parliament, Government and public opinion are really at last prepared to declare war on restrictionism, the need is not for a showy charge which, like Rupert

at Edge Hill, will break through part of the line and leave it to form up again behind, but for a careful, sustained and penetrating advance, widening out as it progresses.

A Bill that implemented this policy could take several forms; but it may be useful to make a specific suggestion. This is that the Bill should be divided into three main parts. The first part should implement the minority report of the commission and require all trade associations and similar combinations to publish and register their rules within a certain time limit. (The time limit should be long enough to enable these bodies to reconsider their rules before registering them.) The minority envisaged that the Government, after studying the agreements that were registered, would be able to judge which industries were indulging in practices that seemed particularly undesirable—and could then refer their cases to the Monopolies Commission in the usual way. This usual procedure of the Monopolies Commission should certainly be continued; and with the information, and publicity, provided by the new register it could go forward faster than before.

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But there are certain general practices now employed in the enforcement of collective restrictive agreements where the case for a general prohibition is already made out. This is where the majority of the commission were right; and the second part of the Bill should accordingly implement the greater part of their report. It should give the Government power to name the day on which certain methods and practices, to be defined in a schedule of the Bill, should be deemed illegal unless a specific licence of exemption had been secured. The difficulty, of course, would come in drafting the schedule. It is at this point that an initial compromise may be permissible. Rather than attempt to make the first list of prohibitions comprehensive and final, it might be better to include only those two or three practices which can be clearly defined and where the public interest is most obviously endangered, provided—and this is important—there were provision for subsequent expansion and amendment of the schedule. How this subsequent expansion should be effected presents something of a dilemma. On the one hand, amendment by mere ministerial order would be too summary; no government department should ever be allowed (though they often are) to create new criminal offences by its own fiat. But on the other hand, if amendment could only be done by a new Act of Parliament, amendments would be few and much delayed. Perhaps the best compromise would be to provide that the schedule could be altered by ministerial order confirmed by affirmative votes in both Houses of Parliament. The important thing is that, subject to democratic safeguards, the impression and the tradition should be set up that progressive amendments to the schedule will come along—and come in free flow.

The third part of the Bill should establish the machinery for hearing appeals and granting licences of exemption. This will need a great deal of thought. There is the question of the proper constitution of the body to set up for the purpose, and whether it should be judicial or advisory to the Minister. There is the much more difficult question of how such a body is to know what the public interest is: is it to depend on its common sense, or to be given guidance, and if the latter, by whom? But there is one point that should be made at present. No licence of exemption should be given for an indefinite period. The period should not be too short, so that an industry shall know where it stands; but equally every licence should come up from time to time for review in the light of experience and of changing public opinion.

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A Bill of this sort might form a reasonable compromise between the two points of view represented by the majority and minority reports. The difference between them, after all, is not absolute. Both agree that the practices of trade associations may be good or may be bad; they differ only in laying the onus of proof. A Bill such as has here been suggested would combine the two procedures: a defined (and, to begin with, short) list of practices where the onus was on industry to prove that its actions were not contrary to the public interest; and a much wider field where the onus would be on the Government to single out those practices that were worthy of condemnation—with people whose job it would be to do that singling out, but a democratic machinery standing ready through which they would have to pass their condemnations into effect. Moreover, even for practices on the first list of prohibitions, the minority's plea for caution, for time for consideration, would be fully met. The Bill could hardly be law in less than twelve months from now; there would then be a pause for registration; and another interval for the Appeals Tribunal to get to work before the appointed day of prohibition arrived.

Indeed, the Labour Party, with its new-found enthusiasm for banning restrictionism (always provided, of course, that no one mentions the trade unions or the nationalised industries) might criticise such a timetable as too leisurely. But there is a point of principle that the friends of enterprise should keep in mind. It will not be possible, in this Parliament, to make any great and final advances in the fight against restrictionism. Public opinion is not prepared for anything more than an attack upon certain practices that it has been told (usually wrongly) are the worst ones; in most people's ears competition is still a dirty word. The essential thing to concentrate on for the present is therefore to get the machinery of prohibition set up by which, as knowledge grows and opinion develops, further advances can be smoothly made.

Western Assemblies

AN Assembly is now an accepted component of any scheme for "organising Europe," whether as Six, as Seven, or as Fifteen. This week the Consultative Assembly of the Council of Europe (15) is meeting in Strasbourg for its seventh session, and the Assembly of Western European Union (7) for its first. A few weeks ago the Common Assembly of the Coal and Steel Community (6) also met at the *Maison de l'Europe*. This embarrassment of opportunity for parliamentary give and take among Western Europeans contrasts with the conspicuous absence of any regular inter-parliamentary discussion on an Atlantic basis. But, with growing insistence, private groups and some of the smaller Nato governments, on both sides of the Atlantic, are urging Nato to take a leaf from Europe's book.

At the end of June there was held in Paris what was called, somewhat confusingly, the First Assembly of the Atlantic Treaty Association. This association is composed of unofficial national committees supporting Nato, such as the British Atlantic Committee. These committees are warmly smiled upon both by Nato and by its member governments and are, in general, the most influential of the many unofficial groups promoting understanding of Nato and support for it. As was to be expected, the Paris meeting strongly endorsed the principle of regular meetings among parliamentarians from the Nato countries, but as wide differences of view were expressed it refrained from specifying precise means.

A somewhat more official step, although sponsored neither by Nato nor by governments, has been taken by the Canadian parliamentary association, a group of Canadian MPs who have made it their business to inform themselves and others about Nato. On their initiative a conference of parliamentarians from all the Nato countries is being held in Paris on July 18th. Since the delegations to this conference will be drawn from the national legislatives, the line between this "unofficial" and "informal" conference and an official one is thin, although still real. Nato is offering hospitality (the meetings will be held at the Palais de Chaillot and addressed by Lord Ismay and General Gruenther) but is in no way responsible for the sessions. It seems safe to predict that this conference too will adopt a *resolution* calling for an Atlantic assembly, or at least some form of parliamentary association with the work of Nato.

One of the difficulties in considering the problem of an Atlantic assembly is that there are widely different ideas about why it is needed and what it would do. First, there are those who believe that a federal union of the Atlantic powers is realisable in the near future, and that the creation of an Atlantic parliament would hasten the process. But most of those who are now urging the establishment of an Atlantic assembly have more modest ends in view. These fall, very roughly, under three heads. First, there is the desire to strengthen Nato; second, the feeling that a parliamentary organisation would spur bureaucrats and restrain generals; third, hopes of increasing understanding between parliamentarians on each side of the Atlantic. There is something to be said for creating an Atlantic assembly for all these ends, but there is perhaps less force to the first two lines of argument, and rather more to the third, than appears at first glance.

Those who want to strengthen Nato argue that, with a relaxation of tension, Nato will tend to fall apart if it remains essentially a military organisation. The cure, therefore, is to build up its non-military side and to stimulate public interest. A parliamentary assembly would encourage activities other than military ones, and would give publicity to many aspects of Nato's work which are now unnecessarily shrouded in mystery. The first weakness in this argument is that it is based on an unnecessarily gloomy premise. Nato is not a conventional military alliance and should be less vulnerable to changes in international climate. Furthermore, if its non-military side has not been further developed, it is because the economic problems that can be effectively dealt with on this level are already being handled by the Organisation for European Economic Co-operation, and political consultation and co-ordination already take place in the permanent Council of Nato—so far as governments are prepared to submit national decisions to international judgment. It is doubtful whether an Assembly would in fact bring much new business to Nato, although, if properly organised, it might direct more attention to what is already being done and thus generate more understanding and support.

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The second line of argument is partly an extension of the first. It is all very well, it is pointed out, to claim that Nato and the OEEC between them are doing all that governments are willing to let them do, but that answer begs the question. Bureaucrats are a timid lot, all the better for a little pushing; public opinion is ready for more intergovernmental action, and governments have to be prodded into allowing it. The trouble with this argument is that experience seems to contradict it. In negotiating the European Defence Community, the French government was far in advance of opinion in the French Assembly; and the American Congress normally lags a long way behind the Administration in readiness to substitute international judgments for national ones. The other side of this argument, the claim that there should be a parliamentary check

on decisions taken by Nato and Shape, is really an argument for more discussion of Nato matters in national legislatures. In the Coal and Steel Community certain powers have, by treaty, been transferred from national governments to the High Authority, and the High Authority therefore has to be responsible to a representative body. In Nato, although unusual powers have been given to the Supreme Commander, he is subject to the Standing Group, whose members in turn report to the national chiefs of staff; the problem here, if there is one, is whether within national governments the balance between military and civilian control is the right one.

The need to create more understanding and confidence between the parliamentarians of Nato countries is the most persuasive argument for a new assembly; and to bridge the Atlantic is the chief problem, since there are now plentiful exchanges among European parliamentarians. In the world of the hydrogen bomb so much depends on the course of American foreign policy that every Nato country has an interest in making the shapers of that policy fully aware of the problems and preoccupations of their European allies. Diplomatic channels, the Council of Nato, and other organisations enable other countries to make the executive branch of the American government alive to their interests and fears, but no similar opportunities exist in regard to the legislative branch. Given the American system of government, the almost complete lack of contact between legislatures is doubly unfortunate. Today, members of Congress travel thousands of miles every year to study the views of other countries. But visits by individual Congressmen or Congressional subcommittees do not provide the continuing relationship on which true understanding can be built. And both currency difficulties and inertia have reduced the numbers of MPs crossing the Atlantic from East to West.

There is, then, a strong case for taking steps to improve parliamentary understanding across the Atlantic if an Atlantic community, not in the sense of a new federal entity, but in the sense of a new awareness of common interests and purposes, is to develop. But how can this best be done? One thing that has worried some governments is that they cannot see what substantive powers an Atlantic assembly could be given, and they fear that the legislators, particularly American legislators, will grow restive if they have no bills to consider. A disgruntled or apathetic assembly would do the Nato cause more harm than good.

These dangers might be avoided and the advantages both of increased parliamentary association with the work of Nato and of better understanding across the Atlantic might be gained, if something were done on the following lines. The existing Council of Nato (which is a governmental body) might agree to summon a conference of parliamentarians of the member countries whenever it thought a useful purpose would be served. The Nato secretariat could prepare an agenda composed in part of subjects that Nato (and Shape) felt could be aired to advantage, and in part of subjects proposed by national parliamentary delegations: questions which either group felt needed more publicity, problems arising from international misunderstanding at either the executive or the legislative level, matters on which the parliamentarians felt either national or international bureaucrats needed prodding. The sessions would be public and the debate would be just debate, leading perhaps to recommendations, but with no false hopes raised that this was the beginning of a legislative assembly. But if it were carefully prepared and well-organised debate, on issues which either the Nato governments or the Nato legislatures felt would be positively forwarded by debate, there need be no sense of frustration. There is no reason why the phrase "just a debating society" need always be an expression of opprobrium.

Psychiatry for Business

MODERN industry has provided well-paid jobs for the members of almost every learned profession; it is now no shame to wear the letters-designate of a professional body and engage in trade. On the contrary, the professional man, exchanging the clocking-in card for the brass plate, has taken it upon himself to civilise his barbarous conqueror. What began with engineers and accountants now ranges from architects to zoologists. Among the most zealous, and certainly among the more ambitious, of the recruits is the professional psychologist—and even the psychiatrist. His story is well worth study.

In the most acceptable tradition, psychology began at the bench and is coming up "through t'mill" with the boardroom as the objective. It first began to prove that it was worth its keep during the first world war and early twenties by increasing productivity through work study. It showed how jobs could be done more easily by better lighting, heating, seating, flow of materials; it showed how "going through the motions," whether at bench or conveyor, could be made simpler, even rhythmic; it showed the value of rest pauses; it measured fatigue. Much of this was physiology and commonsense; but it took a psychologist to tell the business man. Blushing slightly, he fitted frosted glass bulbs of higher wattage in accordance with the experimental findings set forth in graphs and statistics.

Output went up; but the next step was harder. Psychology proved that working conditions were not the decisive factor after all. The great Hawthorne

experiment—which holds much the same place in industrial psychology as the Michelson-Morley experiment occupies in the theory of relativity—showed that, provided you stood around and evinced passionate interest in what was going on, you could dazzle the worker with clear glass bulbs, deprive him of his smoke-oh, and break every rule of bench and seat-height: his productivity still went up. Translating this piece of relativity theory into practice, however, offered difficulties, as the average company director, or even works manager, unlike the late Dr Elton Mayo, could not be always standing about in the quad, or machine shop.

So personnel managers (many with degrees in psychology) were appointed at a lower level to show "human interest" in workpeople; but reliance continued to be mainly placed on work study and old-fashioned incentives, such as money. And this "human interest" remains today the major contribution of psychology to industry. Psychology's next big hit with the business man was scientific selection techniques, whose effectiveness was proved in the selection of officers in the second world war. From apprentices to salesmen psychologists isolated the qualities needed and devised tests to reveal their presence or absence in candidates. For leadership at the top there were group procedures; directors trained themselves to spot the emergence of the dominating personality in a group of young men sipping boardroom sherry and set to discuss the South East Asian situation. Today, even old-fashioned directors, asked whether they think psychology can help management, unhesitatingly reply "Of course—in selection." In the biggest firms, where someone is being selected for something all the time, the resident psychologist promises to become a necessity.

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But to many modern psychologists all this (and more), though useful and profitable, is not the big job in industry or commerce. The big job is to bring psychology—indeed psychiatry—to bear on policy at the highest level. It is the human relations between department and department, between office and works, between workers and foremen, between foremen and junior management, between junior, middle and top management, even between individual directors, which make a firm healthy or neurotic. Where these—and many other still more complex—relationships are uneasy, people express their discontent by complaints at best against the canteen, at worst by strikes against the system of rate-fixing or the pay packet. The bigger the firm, the grittier these problems are likely to become. Any organisation of over 700 employees, reports the psychologist, is likely to have trouble with these relationships; any with more than 2,000 ought to see a psychologist at once.

It fortunately happens that it is the organisations of this size which can afford the fees for proper advice on the problems of obesity (it was Freud who pointed out that psycho-analysis was only for the upper classes; the poor were too preoccupied with the next square meal to develop much neurosis anyhow). A technique has been developed for dealing with them, and specialist firms have sprung up which can be called in to implement it. Short of a full-scale analysis involving the "working through" of every "conflict situation," such as was carried out at the Glacier Metal Company not long ago, there is now the "attitude survey." This is becoming popular with companies in trouble, and the National Institute of Industrial Psychology reports that more interest is now taken in it than in any of the other services which psychology can render business.

An attitude survey, as its name implies, uncovers the attitude of every department in the business and every grade in the hierarchy towards every other. It is based on a series of confidential interviews with all employees (in a small firm) or with a representative sample of them. Everything said is reported back, tabulated and summarised to reveal where the shoe is pinching—but no names are given. The psychologist interprets vague grouses in terms of the real dislike of Mr So-and-so, or the Programming Department; he sees through to the unconscious, and the Board gets the benefits of home truths that have long been withheld. Trade unionists are usually enthusiasts for the method. "I've wanted to say these things for years," is a typical interviewee's comment; the "I'm my own psychologist in this outfit" type of industrialist might note. It costs a mere 400 guineas or so to have a survey based on interviews with a dozen of the managers and 120 of the other staff. This would be adequate to gain a picture of the morale of a firm of 500-800 employees.

Putting the survey to use is top management's job. It cannot be pushed on to a welfare manager, even if he is a psychologist. "Human relations" cannot be delegated. A fine sports ground will not cut down the absenteeism rate; installation of the Savoy's chef in the canteen will not reduce the proportion of spoiled work or wasted material; a high labour turnover will not necessarily yield even to group selection tests for departmental managers. Sending the foremen on a course of supervisory training works wonders for almost exactly six months if nobody else changes his attitude.

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The state of industrial relations in Britain at this moment may not convince sceptics that psychology is achieving much even by such new types of therapy as the attitude survey. The psychologist's reply is that the work is heavy, the hands few. There are less than a score of trained attitude-surveyors for the whole country. Moreover, it is mainly the enlightened firms that have called them in; a mere handful have salaried psychologists on their own staffs. They have treated the healthy rather than the sick. In this, as in so much industrial uplift, some 1,000 firms with household names make 90 per cent of the running. The firms who

have had an attitude survey, however, recommend it. It is said to have immediately beneficial effects; to show the way to still more beneficial changes; it has even led to the retirement of the chairman in one or two cases. But it will take some time before industrial psychiatry can be tested in industries where discord goes deep. The psychologist has made only academic surveys in the mines and the docks; the railways have long shown the phenomenon of "resistance" to psychology to a marked degree. The average manufacturing firm still thinks of psychology as a matter of stop-watches or, at most, factory colour schemes; nothing has been done in newspaper press rooms.

A large programme of psychological research into industrial problems, financed partly by American counterpart funds, is being undertaken by the Department of Scientific and Industrial Research, the Medical Research Council, the universities and such bodies as the Acton Society and the Tavistock Institute of Human Relations. Most of it, however, is being done only at work-study level; the top executive is sufficiently accustomed to psychology by now to take all this in good part. But the field psychologist, surveying the stresses and strains of large-scale organisation, has designs on the true patient—the top executive himself. Psychology has done much (and will doubtless do more) on the factory floor and at departmental level; but, from now on, treatment must increasingly embrace the boardroom as well. It is a bold claim. But it is not so very long since accountants and engineers could not hope to rise above departmental level. And they are not the only professions to penetrate the boardroom.

Notes of the Week

MPs for Malta?

The Government's decision to refer Malta's request for union with the United Kingdom to a "Round Table" conference of representatives of the Parliaments of both countries is at once wise and ingenious. The prospect of Maltese MPs at Westminster has aroused no public feeling in Britain, and it is not a party issue. But it is to some extent a problem of party mechanics, and the doubts that have been entertained over Mr Mintoff's demand for Ulster status have, in fact, been largely confined to British MPs. It is fair that Parliament—the professional politicians—should discuss the parliamentary implications in advance, and that an "Act of Union" should not become simply a Government measure. It is not so much Maltese members at Westminster that worry British MPs—and party managers—but the precedent that would be established for other colonies to follow Malta's example later on. There is no enthusiasm on either side of the House for a growing colonial cross-bench; indeed some members would be pleased if Ulster itself ceased to be represented. There are, obviously, real difficulties about making Malta a special case simply because it is a naval base or, more embarrassing to the Colonial Office, a European island. But the procedure of calling a parliamentary Round Table on Malta's demand for representation in Westminster itself creates the precedent that would enable Parliament at any later stage to draw the line at Malta without arousing racial issues.

It is therefore a happy arrangement, and there seems to be little doubt, in view of the Prime Minister's friendly references to the Maltese "initiative" and Mr Attlee's encouraging reply, that Mr Mintoff and the Malta Labour party will get their way. Sir Anthony stated that the conference would not deal simply with the question of Maltese representation, but would be able to discuss all the financial and economic (and religious) issues of gradual integration of Malta with Britain. It will do well to study these with care, for union with Malta, if the financial arrangements are unrealistic, could inconvenience the British taxpayer a good deal more than the British MP.

Conference on Cyprus

It is good news that the British Government has at last made up its mind to do something about Cyprus. It has invited Greece and Turkey to a round-table conference to discuss this and other eastern Mediterranean problems. The talks are to be, in Sir Anthony Eden's words, "without prior commitment by any party." This is as it should be if the meeting is to have any chance of a successful outcome. But it will not be easy to wipe the slate clean and start afresh. The Government has taken so long to tackle the Cyprus problem that many unfortunate attitudes have been struck and much feeling aroused. Although the Greeks have now accepted the invitation, their first doubtful and largely unfavourable reactions showed only too plainly what a wedge of mistrust has been driven between two traditional allies by British tactlessness and stonewalling. Whereas Ankara, naturally enough, accepted the invitation with alacrity, in Athens there was talk of a sinister "British trap" and hints that Greece could only attend the conference on certain impossible conditions, such as a prior British

admission of the Cypriot right to self-determination and the exclusion of the Turks from talks on Cyprus.

What matters now is what exactly the representatives of the three governments will discuss when they meet in London. Although sadly delayed, the British Government's initiative does represent a considerable change of policy. But it might just as well not have been made if the British come to the conference table with nothing better than a more liberal version of the constitution that has been on offer to the Cypriots for years. Something more original and imaginative is needed. If the Greeks, and the Turks, could be associated with the British in the administration of the island, the interests and aspirations af all parties could be acknowledged and safeguarded, while the responsibility—and the odium—of governing the island could be shared with those who now clamour to take it over altogether. And the economic, commercial and cultural development of Cyprus should not be lost sight of in the welter of political argument; there is scope here for imaginative planning and far-sighted generosity.

The Squirrel's Cage

The Geneva conference will, it seems, be a clash of gentle giants. All parties are eager to display the velvet glove rather than the mailed fist. If Mr Khrushchev appeared to be slipping at least one glove off in order to ignite his firecrackers on July 4th, his motive was an evident, if unnecessary, desire to remind the West that the fist beneath was still hard, rather than a departure from the current Soviet fashion in velvet. As for the western participants, there was a striking symbolism in the fact that on Wednesday, while Mr Macmillan at Strasbourg was insisting that flexibility must be combined with caution and M. Pinay was declaring that there must be "no bargaining away of Europe at Geneva," President Eisenhower was taking pains to make it clear that he was going to the "summit" in the most friendly and reasonable of moods.

Mr Eisenhower remarked, during his press conference, that to study the intricacies of disarmament gave him the feeling of a squirrel in a cage, going round and round and getting nowhere. At the moment this image might be applied in a wider sense. The approach of the Geneva conference has inevitably evoked a massive public discussion in western countries, and the past few days have been marked by the appearance of a flood of speculations about possible solutions to the world problems. The airing of these themes is in itself a very good thing; but it is a pity that in some cases there has been a yielding to the temptation to accept facile slogans instead of serious thought. Responsible figures, and responsible journalists, ought not, out of mere eagerness to get their word in at this late hour, to create the impression that they have stumbled on some shining new formula. It is too easy, for example, to imply that the headaches of disarmament can be relieved by a painless pill labelled an "alarm system," or to treat central Europe as if it were the Formosa straits and needed only the placing of some miles of clear blue water between the opposing forces. There is not only the danger of arousing facile optimism; there is also the danger of disturbing and even alarming friends and allies.

The Hostile Ten Thousand

The collapse of the dock strike after six costly weeks was good news in itself. But the aftermath of the struggle is ugly. The strike has left behind it a morass of anger, confusion and hatred. The 18,000 stevedores and dockers who have been on strike can hate the TUC for its verdict that their union has no right to over half its membership, hate the employers for refusing to be drawn into the quarrel, hate the Transport and General Workers' Union to which 10,000 of the strikers are told to return, hate their own executive for support that was either lukewarm or non-existent. This poison is now injected into a body of men which already contained a high proportion of malcontents, into an industry where human relations have always been bad. They were already particularly bad between union leaders and rank and file—far worse than between workers and employers. They may be past praying for now.

The outlook may not be too bleak in London. The National Amalgamated Stevedores and Dockers Union will now devote itself to representing its 8,000 members there; the union's leaders are in a chastened mood, and they will no longer be able to call their men out as a result of the many troubles that may arise in the north. But on Merseyside, in Manchester and Hull, the Transport Union is now to try to re-absorb the hostile ten thousand. There are some who will quickly return to the fold, some who took the precaution of keeping their Transport union cards all along and of not paying any dues, after the initial small subscription, to the NASD. Others will no doubt drift back slowly, tired of the fight and conscious that the big union can offer benefits that are worth having. But what of the hard core of malcontents?

Abandoned by the NASD, there are reports that they may try to form themselves into a separate union, unrecognised by the TUC, the employers and the Transport union. It is certainly not to a rump union of this kind that a say in the running of the ports could be granted. A cursory glance into the background of most of their recent leaders is frightening. Among other things, and there are many other things—they seem to have been concerned with every bit of trouble in the ports for years. The outlook in the docks remains very threatening and there is already talk of more trouble in September. The inquiry into the whole dock labour scheme, which the Ministry of Labour has set afoot, will need to be no pussy-footing investigation.

Getting Next to the Groves

Many of the people who watched politicians on the television during the election did so because they were waiting to watch somebody else. This is the shattering conclusion of a report published by the BBC's audience research section this week. Mr Morrison's television brains trust on May 20th recorded the highest audience of any because it was followed by the Grove family; 16 per

cent of the adult population watched Mr Morrison, while the usual 22 per cent watched the Groves. Mr Harold Macmillan on May 10th had the misfortune "to be followed by a broadcast which might have been expected to draw—and in fact did draw—an audience of somewhat abnormal size." (It was one of those dreary affairs about shipbuilding workers.) Only 10 per cent of the adult population watched Mr Macmillan, while another 2 per cent turned on for the shipbuilders. In the same way, the party political broadcasts on sound radio on Saturday nights reached considerably more people than those on week days—though Mr Morrison can still claim to have done rather better than Sir Anthony Eden even on a Saturday comparison. (On May 14th, 20 per cent of the adult population listened to Mr Morrison, compared with Mr Eden's 17 per cent on May 7th, and Mr Butler's 15 per cent on May 21st.)

The main lesson of the BBC's report, however, is that audiences on sound radio were less than half as large in 1955 as in 1951—clearly reflecting far less interest in politics, even taking into account the fact that there is a smaller audience for the 9 o'clock news in May than in October and that more people were watching other things on television. In 1951 some people turned on their sets during or after the news to hear the politicians; in 1955 one in every six turned his set off after the news and declined to listen to the politician on the programme. Such reactions were evidently part of the pattern of behaviour which led to lowered polls and a Conservative victory. The decision not to vote was taken before the campaign started, and sound and vision broadcasts failed to change it any more than election meetings or election literature.

A Secondary Measure

LITTLE emerged during the debate on the second reading of the Road Traffic Bill to suggest that it will be substantially improved in committee, although no less than twenty-four amendments have since been put down by a single Conservative backbencher. The Labour party's fire during the debate was concentrated on the dropping of Clause 1, the proposal to establish compulsory tests for vehicles. As this clause had been dropped after Opposition peers had rightly pointed out the difficulty and inequity of the proposed system, Mr Strauss's attack was a little blunted; but Labour's present suggestion that compulsory tests should be reinstituted, although only for cars over a certain age, nevertheless seems the right one. The House was told very little of what the Government's alternative schemes—for spot checks on vehicles and controls upon the sale of cars—will involve; but the tone of Government spokesmen's remarks on them suggest that it might not require undue effort to excise them from the Bill.

The Government sought to disarm criticism by conceding that the Bill was in fact a secondary measure; pessimism about the part that politicians can play in reducing accidents reached its peak in one member's aphorism that while power corrupts, horsepower corrupts absolutely. Both parties—in a debate that was unnecessarily partisan—recognised that the real key to traffic problems lies in a visibly improving road system, widening gaps between car and car, and easier parking facilities. The Government therefore chose this occasion to announce its five-to-ten year plan to build 345 miles of new motorways across Britain. Eighty five million pounds for these motorways will prove a small part of the total cost of an adequate road programme; but if the debate on this rather unsatisfactory little Bill has done anything to hurry the programme forward, then the Bill itself will have been worthwhile.

Dr Adenauer Takes His Time

THE German Government's first diplomatic Note to the Soviet government is something of a historical curiosity. It does not even refer to the invitation to Dr Adenauer to go to Moscow for talks on the opening of diplomatic, economic and cultural relations. Mr Molotov had composed his Note with unconvincing flattery. His phrases recalled those used by Stalin in his famous telegram to President Pieck when the first Communist German government was formed in 1949. Mr Molotov was evidently holding out the prospect of a new Soviet-German treaty of the Rapallo type when he stressed the equality and community of interests of the German and Soviet nations, and recalled times when they co-operated. The German Chancellor was not amused. He has very plain views about Russian Communists, which it seems do not allow him to indulge in the niceties of diplomatic courtesy. He regards them with profound distrust, and considers that they are in serious economic difficulties. He need not board the next plane to Moscow, and it would be unwise to do so. To start bilateral negotiations with the Soviet leaders now would enable the Russians to sidetrack discussions on German reunion in freedom at the Geneva conference.

Dr Adenauer had discussed the Soviet invitation on his visit to the United States and London recently. Nevertheless, the German reply is the work of an independent hand. It briefly and coolly agrees with the Soviet proposal for discussions, but declares that the subjects should be first defined and their sequence clarified. Nothing could be clearer than that Dr Adenauer suspects a trap and is determined to avoid it. His cabinet and the German public appear to be backing him up, though he would not be forgiven if he were not to go to Moscow soon. At present, it is the East German Communists who are fiercely denouncing him—perhaps because they have a direct personal interest in frustrating the Soviet approach to the Federal Republic.

Signor Segni Takes Over in Rome

SIGNOR SEGNI, the new Italian Prime Minister, has emerged from nearly two weeks of consultation and hard bargaining with a cabinet little different from that of his predecessor, Signor Scelba. The centre coalition led by the Christian Democrats has been given a new lease of life. The Social Democrats and the Liberals retain their former numerical strength in the cabinet, while the

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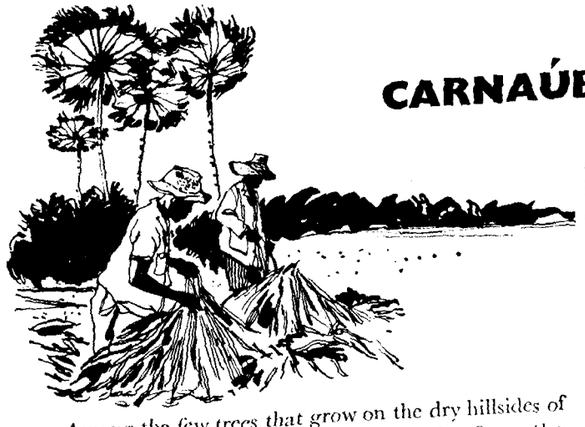

Among the few trees that grow on the dry hillsides of the State of Ceará in Brazil is the valuable Carnaúba palm. Scraping the leaves of one hundred palm trees will yield some forty pounds of wax, and a process of decoction will produce a further quantity of a different quality. Carnaúba wax is brittle but has a high melting point, and it has for many years been used in combination with softer waxes for making wax candles: today it is an ingredient in many polishes, paints and varnishes with names that are household words, and it enters into numerous processes, including the adulteration of beeswax.

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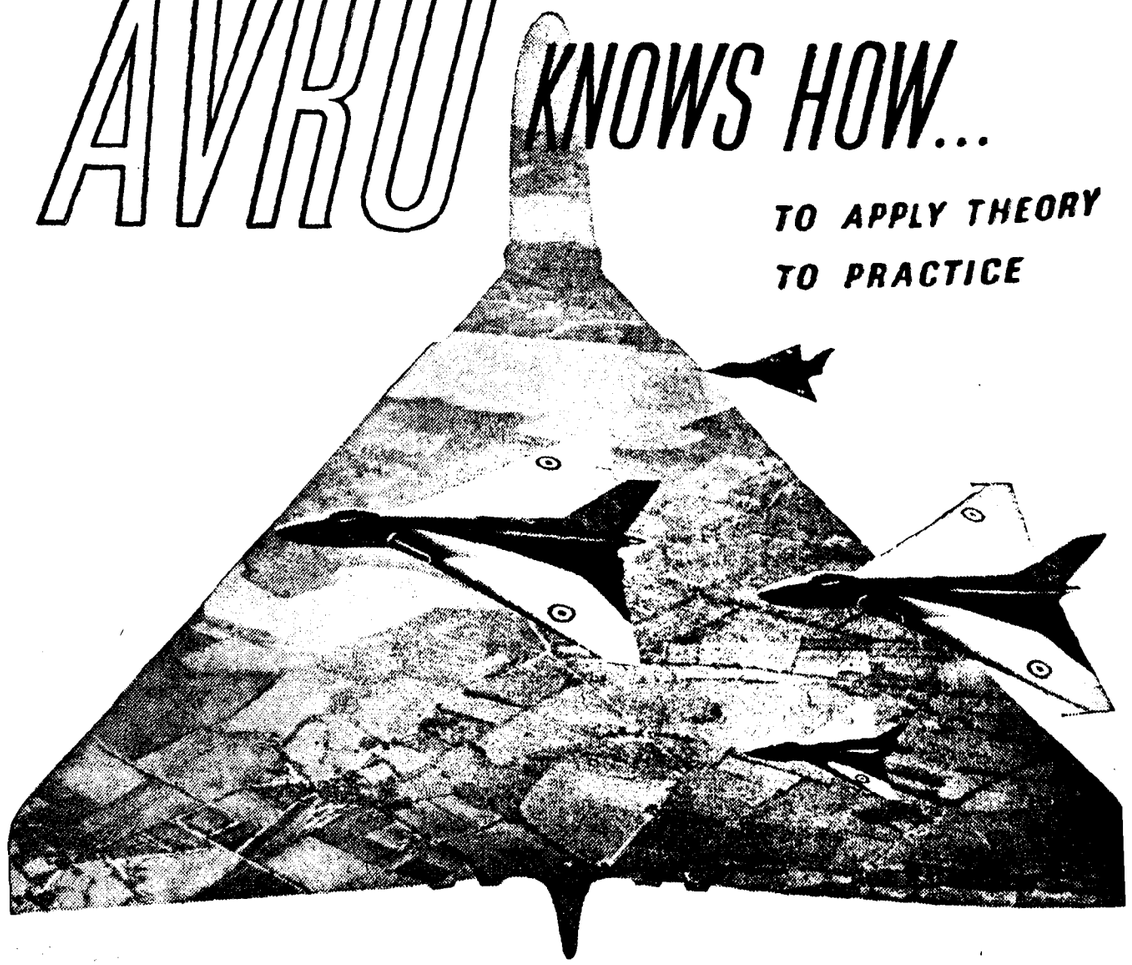

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MEMBER OF THE HAWKER SIDDELEY GROUP · PIONEER...AND WORLD LEADER IN AVIATI

Republicans have again refused office, although they again promise the government their support. Eleven members of the new cabinet were in the old one; they include the Social Democrat leader, Signor Saragat, as Vice-Premier, Signor Vanoni, as Minister of the Budget, and Signor Martino, as Foreign Minister—which is a welcome reassurance that Italy's foreign policy will continue stable and unchanged.

Although Italy's political crisis has ended without any great change, there is no reason at this stage to be disappointed at its outcome. Any radically different solution would have been unlikely and any which brought into the government either the extreme Right or the extreme Left would have been undesirable. In any case, Signor Nenni's game has not been easy to understand; he has been making offers of support to Signor Segni while at the same time virtually guaranteeing their rejection by denying that he would ever break his ties with the Communists.

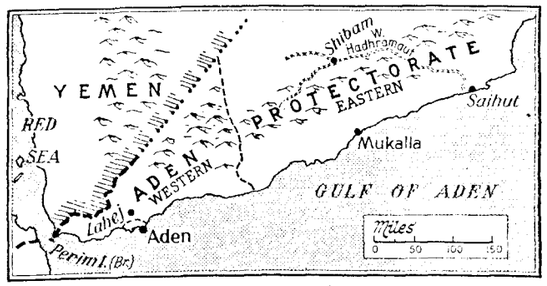
Signor Segni was the moving spirit in the policy of agrarian reform carried out under Signor De Gasperi and his own estates in Sardinia were amongst the first victims of this reform. He can be expected therefore to pursue a more energetic social policy than his predecessor. But until he presents his programme to parliament next week, it is not clear whether the exigencies of cabinet making have forced him to water down his progressive ideas; in particular, it is not yet clear whether he has had to buy the support of the Liberals, who in spite of their name have in the past strongly opposed his liberal ideas on peasant farm tenancies, by any sacrifice of his own principles.

Whether, however, Signor Segni succeeds in staying the course, and for how long, will depend less on his small coalition partners than on the cohesion of his own party and especially on the support of the *Concentrazione*, the largely right-wing Christian Democrat group that was principally responsible for Signor Scelba's fall. But the inclusion of two of the more moderate members of this group—Signor Gonella and Signor Andreotti—in the cabinet may be a sign that he has succeeded in spiking its guns, at least for the time being. It remains to be seen, however, whether Signor Segni, with all his admirable qualities and ideas, is capable of assuming Signor De Gasperi's mantle and giving the Christian Democrats the strong leadership that they need.

Trouble behind Aden

When all is comparative harmony between the tribesmen in the hot bare hills behind Aden, local levies under British command, with a stiffening of "air control" from the RAF, suffice to keep the peace. But when the same tribes are at loggerheads with one another or with the levies, ground forces are necessary; hence this month's dispatch of a battalion of the Seaforths and a squadron of the Life Guards to the territory. British army headquarters now states that no more troops will be sent "unless the situation gets worse." Even when drawn from crack regiments, a thousand men is hardly a show of force in such broken country; but the causes of local dissatisfaction may be mitigated before worse befalls.

There has been more than one scene of trouble and there is more than one cause of unrest. Notably, a sharp distinction must be drawn between the recent affrays in the eastern and western protectorates respectively. In the former, food lorries plying across the tracks that lead inland from the port of Mukalla are growing more numerous as more men learn to drive, and are depriving of their livelihood camel



drivers who have no alternative means of support. A tribe therefore moved to the attack of the lorries and blocked a route on behalf of its camel-driving cousins. If camel traffic is to be permanently outpaced, the installation of alternative means of livelihood is the only way out of this difficulty.

In the western protectorate (which is where the British troops have been called for) the trouble is more specifically political; levies have been ambushed on their way to change guard at outlying posts, more than once with loss of life. Here the cause of disaffection is also revolt against the encroachment of "civilisation"; there are large sections of the population which do not want to see their parochial interest in tolls and blood feuds disappear at the hands of policemen, schoolmasters, and British advisers preaching the merits of federation into "one strong state."

The problem is aggravated by the dynastic claims to the area advanced by the Yemeni ruling family and by the Yemeni claim, contested by Britain, that a federation would infringe an Anglo-Yemeni treaty of 1934. Propaganda both from the Yemen and from Cairo has helped to stir up the affrays in the west. But the local sultans do not want Yemeni interference either. They would scarcely have been roused so easily unless British handling of their affairs left something to be desired. Educated Adenis who know their metropolis have become aware that unity is strength, but, farther inland, has the Governor of Aden's federation scheme been presented at the right pace, or in the most understandable way?

Uncomradely Anvil

The first issue of *Socialist Commentary* in its new form became a subject for front bench debate. The second issue suggests that the right wing intellectuals of the Labour movement may have bigger plans for this monthly than the left wing of the movement had previously realised. In this July issue Mr Morrison and Mr Gaitskell discuss the lessons of the election in articles to which they have clearly devoted a great deal of care; Mr Arthur Palmer contributes a good-humoured discussion of how the proposal to nationalise ICI

very nearly lost him his safe seat of Cleveland; Mr Stanley Evans appears in the unexpected role of a diplomatic correspondent; an editorial on "Equality with Quality" tries to carry the discussion of a modern policy for Labour past the point where Professor Arthur Lewis took it last month; and Mr Philip Williams contributes what many will regard as the best—and the Bevanites will certainly regard as the rudest—statistical *post mortem* on the election that has yet appeared.

The significance of all this does not lie so much in what the right wing Labour intellectuals are saying; unfortunately what they have to say about policy—in this issue—does not amount to very much. The significance lies in the forum they are using. Mr Morrison glibly reveals in his article that the only "consistently . . . Socialist" weekly he ever reads is a paper called the *Leeds Weekly Citizen*; in the other left wing weeklies, he complains, "week after week uncomradely matter against the movement and its leaders has been printed." He therefore revives the idea that the party must have a weekly "free from malice" of its own; meanwhile, he seems to suggest, "this excellent *Socialist Commentary*," which is a monthly, will have to do.

Writing for *Socialist Commentary* cannot be a very paying proposition; it costs a shilling, is obtainable from 447 Strand, and carries little advertising. Its attractions for such busy men as Mr Morrison and Mr Gaitskell may therefore pall. But, whether or not this is to be the anvil on which a new and more modern policy for Labour will really be hammered out, it must already be regarded as an anvil from which "uncomradely" sparks are to fly. It will be interesting to see how the Bevanite press empire reacts.

Jamaica's Claims

NEGOTIATIONS with Jamaica on the marketing of bananas and citrus in the United Kingdom will shortly be resumed. Mr Norman Manley, the island's Prime Minister, who has been knocking on all the right doors during his recent visit to London, is pledged to get concessions from Britain to Jamaican producers; the success of his People's National Party's "economic plan" for the island largely depends upon making sure of export revenue. Sugar is already being overproduced by 50,000 tons; bauxite cannot be regarded as a normal export since it brings in remarkably little revenue and pays a very small wages bill. The main hope is citrus and bananas. But West Indian citrus is undercut on freight charges by citrus from Israel and elsewhere; the British banana market, which at present prices could be supplied by British Caribbean production alone, may well be flooded before long by cheaper bananas from Brazil.

Thus the interests of the British consumer, and his responsibility to the colonies ruled in his name (and advised, in his name, to expand production of sterling citrus and bananas) come into direct conflict. The revision of Gatt enables Britain to give increased imperial preference to the colonies, or, more important, to treat their agricultural production in the same way as domestic production where it relies heavily on the British market. This last condition is fulfilled by citrus and bananas, and it points the way that policy should go. The wrong way of assisting either domestic or colonial agriculture is to keep up prices to the British consumer. The right way, if assistance is regarded as politically or ethically necessary, is to put the cost on the British taxpayer—by some subsidy scheme to which Jamaicans themselves should also contribute.

Should Britain grant such a subsidy? That must be largely a political decision. Mr Manley's party has an ambitious industrial development plan; but when the capital cost of finding a factory job for an unemployed Jamaican is £4,000 or so, and the cost of shipping him to Britain to find one is £100, one part of the dilemma that he has been able to present to the British Government becomes obvious.

Fabians and Public Schools

ONE of the fields in which Labour will be searching for a new policy of "equal opportunities" in the next four years is the field of education. In his pamphlet on "A Socialist Policy for Education," published this week, Mr H. D. Hughes, Principal of Ruskin College, has made his contribution to this search; and at a conference organised by the Fabian Society last weekend he enlarged upon the views that he has set down in this pamphlet about what should happen to the public schools. Mr Hughes advocated the appointment of an Endowed Schools Commission, charged with ensuring that 75 per cent of pupils in these schools should be selected by Regional Interviewing Boards, appointed by the Ministry of Education. The costs, he proposed, should be met by a contribution from the local education authority equal to the cost of educating the child in one of its own schools. All tuition and boarding costs in excess of this would be met by the Ministry of Education, after assessment of the parents' income.

These proposals would not avoid the main practical difficulty of the Fleming Committee's scheme for linking the public schools with the general educational system: which was that local authorities tended to try to shift on to them, not the pupils who would fit in there most easily, but the pupils who most obviously needed to be moved away from home. In his reply to Mr Hughes at the Fabian Conference, Mr H. D. P. Lee, the Headmaster of Winchester, laid down two principles for infiltration. The first was that selection of state-aided pupils should be on a nationwide and not a local basis; the second was that the independence of the headmaster should be preserved, as on the university pattern, in the selection of entrants. Behind this discussion lies the awkward fact for Labour reformers that the public schools are still in a flourishing state; their waiting lists still lengthen, despite rising fees and a recruitment of children from the low birthrates of the late 1930s and early war period. It may still be true that their financial future, particularly on the side of capital expenditure, must not be assumed to have a security they do not in fact possess. But, much more than in the Fleming committee's day, it is clear that any Labour "reform" would have to rely less on a financial bargain and more on the big stick. Does this make it more or less enticing for the Labour party to put some such proposal as Mr Hughes's into its programme? The answer to this question, by each Labour supporter, must depend upon what sort of Labour supporter he is.

The Overloaded Steward

THE Committee on Crown Lands was appointed as a by-product of the Crichel Down affair, but its report (Cmd. 9483) suggests that the whole administration of this vast public estate is fundamentally unsound. The Crown Estate consists of extensive and lucrative property in the West End, together with 350,000 acres of agricultural land, the foreshore around Britain, various mineral and fishing rights, and a portfolio of investments. It is administered—in considerable secrecy, since no reports are published—by a cabal of three commissioners: the Minister of Agriculture and the Secretary of State for Scotland who act *ex-officio*, and a senior civil servant who does all the work. This Permanent Commissioner—until Crichel Down the post was held by the unfortunate Mr Eastwood—has been, the report avers, for many purposes "his own chairman, management board, general manager and finance officer."

The report recommends the abolition of this Pooh-Bah system, and the enlistment of a board of trustees, who should include part-time members skilled in land management. Some control of this board would be necessary, because of the public assets at stake, but the report believes that the control should be as loose as possible and that it should be exercised by some Minister who has no direct interest in land use, such as the Chancellor of the Exchequer or the Lord Chancellor. To disperse the present veil of secrecy, the board would be required to report annually to Parliament.

These are sensible proposals, and the Government has already accepted the principle of a board of trustees although legislation will be needed to implement it. But there is one point that the report seems to have missed. The policy as well as the organisation of the Crown Estate obviously needs scrutiny. The estate's aim should be to produce the maximum revenue for the public purse that is consistent with high standards of management and upkeep. It is doubtful whether the present net revenue—of £1 million a year from assets which probably exceed £50 million—satisfies this criterion.

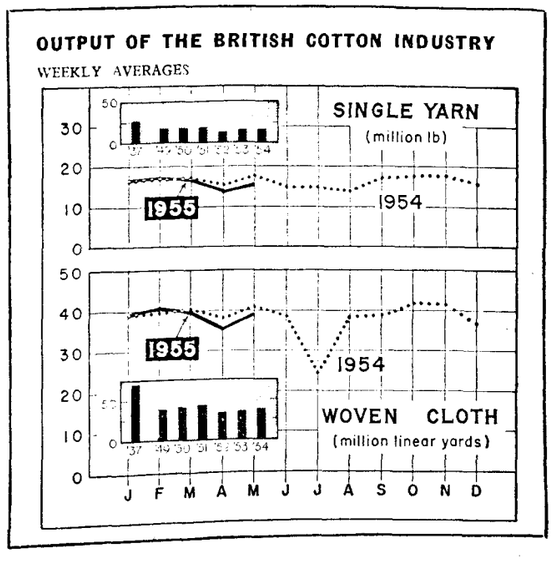
The General Fades Away

FIFTEEN years after his first dramatic broadcast from London, General de Gaulle has made his political exit. At a press conference last week he announced his intention "not to intervene in what it is customary to call 'the conduct of public affairs.'" He spoke with less bitterness than usual; it was the voice of a crusader deserted by his troops, of a redeemer who had not been allowed to carry out his work of redemption. Before he took his leave, he repeated his familiar diagnosis: that the root of all the trouble lies in the weakness of the executive. France, he says justly, can no longer afford the luxury of such weak government, the cause not only of its internal troubles but of the Indo-Chinese disaster and the lack of a North African policy, and of France's failure to fulfil its role as an arbiter and peacemaker in Europe. The general still seems to have little doubt that it was his mission to restore France's grandeur, but he admits that his efforts broke against the opposition of the "*ancien régime*."

After his first failure to assume the leadership of France at the end of the war and his resignation from the provisional government, he made a second attempt at the head of the *Rassemblement du Peuple Français*, which swept the country in the late 'forties. But the tide turned against him four or five years ago, and last week's speech was an epitaph on the RPF as well as his own farewell; the general declared that he no longer takes any interest in the parliamentary exploits of his erstwhile followers. Many people will echo his hope that another disaster like that of 1940 will not be needed to awaken France from its slumber. But his own brand of stimulant has been refused; and now the general retires to devote himself to the historian's craft.

New Flag Over Simonstown

THE agreement on the transfer of the British naval base at Simonstown to South Africa brings to a satisfactory end negotiations between the two governments which have been going on over a number of years. There were no shouts of "Abadan" or "Suez" in the House of Commons; but the fact has to be faced that some people in South Africa, and others elsewhere, will interpret the transfer as yet another proof of British weakness. From a strictly naval point of view the agreement appears to meet all Britain's needs. The base, which the Union undertakes to maintain at the present level of efficiency, will be available to the Royal Navy in peace and in war, even if South Africa is not involved. There is no mention in the agreement of the other South African ports, which in a war would be of greater importance than Simonstown, but it can be assumed that in a war in which Britain and South Africa are co-belligerents there would be no difficulty about this. Moreover,



the provision by the South Africans of naval forces for port defence and convoy work is exactly the type of contribution which the Admiralty desires small navies to make. It is satisfactory also that the British Government has refused to be drawn into the South African ambitions for a collective defence arrangement in Africa south of the Sahara. The White Paper says firmly that "the internal security of the countries of Southern Africa . . . remains a matter for each individual country concerned."

Mr Strydom has hailed the transfer of Simonstown as a "step towards independence"; but some South African Nationalists may soon stop to count the cost of these largely symbolic but expensive weakenings of the Commonwealth link. Expenditure on new naval vessels, which are necessary because of the Union's enhanced role in the defence of Southern Africa, will cost £18 million. To this must be added the payment of £750,000 to Britain for the base itself and the heavy recurring cost of maintaining it. This assumption by the Union of a greater share of the costs of Commonwealth defence is welcome to Britain; but there is no doubt that the South African taxpayer will eventually have to shoulder a heavier burden for the defence effort. And all that South Africa has achieved is to exchange the right to virtually costless protection by the Royal Navy for the privilege of flying the South African flag over Simonstown.

Farmers Look Forward

In the last fifteen years British agriculture has undergone a technical revolution which has enabled 50 per cent more food to be produced by roughly the same labour force—though at the cost of an increase of about 450 per cent in farm incomes. The great variety of machinery and equipment on exhibition at this year's Royal Show at Nottingham shows the extent of this development, and rivals in interest the classical configurations of the pedigree stock. Yet, as a new report of the British Productivity Council illustrates, economic advance still lags badly behind technical progress.

British farming, as the report points out, has become a high-cost production industry. Farmers, however, are only slowly realising that much higher labour costs and expensive machines necessitate radically different techniques of management, of a kind that should increasingly emulate industrial practice. The need to analyse separately the cost of each farm enterprise, so as to combine them in the optimum manner, has become more imperative. Productivity could be greatly increased, not only by time and motion studies of individual operations, but also by introducing the right subsidiary activities to ensure that labour is at all times fully employed.

The adoption of such techniques presents few problems or terrors to the larger farmers. But 90 per cent of all British farmers are small entrepreneurs, employing no more than one or two workers and fully engaged themselves in field work. For these farmers labour supply is highly inelastic, while on their small acreages many modern machines are basically uneconomic. The only technical solution to their problems lies in more co-operation—for instance, in the mutual sharing of machinery as is done much more frequently in Scandinavia and the United States than here. Yet a successful cure needs to dig deeper, and to offer better economic opportunities for the competent small man to acquire a larger farm and for the trained newcomer to get a farm in the first place. While the farming pattern remains frozen by sticky rents, excessive security of tenure, and inflated prices for vacant farms, it will remain difficult for agriculture to reap the economic rewards of technical advance. And it will become increasingly irritating to the British taxpayer to pay £250 million a year to support an industry that is still, in part, technically backward.

The Lawyers' Cushion

After one of the most skilful and sustained campaigns of political pressure seen for a long time, the lawyers have got their "cushion" padded into the County Courts Bill. The Government has agreed that any defendant who has to pay damages of more than £300 as a result of a High Court case will have to pay his opponent's legal costs on the full High Court scale, even if the judge declares that the case could quite well have been handled in the county courts (which will be enabled by the Bill to grant damages up to £400, and where legal fees are lower). This apparently "technical" amendment will have three consequences. It will weight the scale in what lawyers themselves complain is a lottery further in favour of the man who goes to court and against the man who is dragged to court, by making the latter pay for the former's error (or his legal adviser's error) in taking an exaggerated view of his own injury. It will destroy part of the purpose of the Bill, which is to shift as many cases as possible from the High Court to the county courts; most plaintiffs will find it worth while to press any claim where damages are likely to exceed £300 in the High Court, where there is no ceiling to the amount a claimant may win. And the amendment will save from embarrassment those lawyers who encourage clients to "have a go" in the High Court with cases that should have never been brought there. On balance, each of these consequences, including the first, is against the public interest. Each of them, and especially the last, is in the interests of the legal profession.

The Government resisted this amendment as long as it could, and threw out proposals for compromise after compromise to try to avoid it. But the Attorney-General's surrender this week was probably politically inevitable. The only people who debated the matter in Parliament or the press—and indeed just about the only people who bothered to try to understand it—were the serried ranks of lawyers and legal correspondents. Quite naturally, they were all counsel for the amendment; this has been a brief by the profession, mainly for the profession, and most professionally presented. But now that their battle has been won it is right that the non-litigious public should send up a small, unpopular and unprofessional squeak of protest. The lawyers' pressure group in Parliament is a group that has been insufficiently watched.

Swept Wings Over Moscow

The Soviet authorities appear to be using every opportunity to demonstrate their air strength to Western observers. The fly-past of new military aircraft that had been planned for May Day was thwarted by bad weather over Moscow, but on Soviet Air Day last Sunday the Russians put on a mass display at Tushino airfield outside the city, which included twelve long-range bombers of an advanced type not yet in service in the West, more than fifty jet bombers that are equal to current American atom bombers, and advanced designs of day and all-weather fighters in the same numbers. The Russians had even promised to show some of these aircraft at the Geneva air show held a week earlier, but withdrew at the last moment.

The Minister of Defence told the House of Commons on Wednesday that nearly all these aircraft have been seen before. The disquieting feature of the display was not the aircraft but the numbers in which they appeared, suggesting a rapid rate of technical progress in Soviet drawing offices and on the factory floor. Observers who saw what they assumed was the prototype of Russia's long-range jet bomber flying a year ago concluded that it would be several years before this or other new designs seen then for the first time could be produced in quantity; yet they are today being flown in public in substantial numbers, and it is small comfort to those responsible for British and American strategy to be told that the safety factors in such aircraft are probably lower than those to which western designers work.

The Soviet authorities are laying growing political emphasis on public displays of their progress in the air, and they must have been relieved that the lowering clouds over Tushino lifted just long enough for them to have been able to show off their new-found striking and defensive power to foreign observers, three weeks before the Soviet delegates leave for the conference at Geneva.

Help for the Colonial Student

The life of the student from the colonies is not well understood by the people who are his nominal hosts. In many cases it is made up of overworry, overwork, frustration, financial anxiety and the desperate need to take back some sort of qualification to recompense those who financed the enterprise—much of it stemming from a failure to come with a proper educational preparation and knowledge of higher educational facilities in Britain. The report of a PEP investigation into colonial students' welfare,* published last week, shows that while the carefully selected, well-prepared student has few difficulties to face, many others need far more advice and education before they leave as well as far more guidance when they arrive. Others should be discouraged from coming at all.

PEP's principal recommendation is that colonials should not leave home until they have the minimum qualifications required for their oversea courses; this means that there should be greater local efforts to provide sixth-form education or its equivalent. In all colonial territories there should be a Student Advisory Service to ensure that the need to get admission to a British university or other institution is understood, and to make a continuous review of students' affairs and problems. The PEP group recommends a corresponding service in Britain to advise and help place colonial students in Britain; it would also extend British Council facilities to all students, whether recommended by governments or not. It recommends—as many colonial educationists have done—that there should be short preparatory courses for the less mature students, and it makes some sensible suggestions about providing accommodation; the survey brought out clearly that students prefer hostels or lodgings to staying "with a British family" as is officially encouraged. But the vital issue is more careful selection by the authorities; and the PEP report fully confirms the wisdom of developing colonial universities where ideally the sorting process could be carried out, so that mainly postgraduate students could be sent on for further training or specialised work. Unfortunately, the demand for trained men and women in the colonies will make such an ideal slow of attainment.

* *Colonial Students in Britain.* Political and Economic Planning, 16 Queen Anne's Gate, S.W.1. 21s.

Death of Lord Raglan

The pomp, the circumstance, the triumph, and the honour of war, are likely to become as familiar to this generation of Englishmen as they were to the last. Once more, after an interval of forty years, we have seen the Sovereign calling upon her Parliament to support her in war; we have seen the Parliament and the people respond cheerfully to the call; we have heard the Park guns fired in commemoration of new victories over an European enemy; we have seen both Lords and Commons returning thanks to a conquering army; and now in the last week the cycle of war associations has been completed; and the House of Commons has been called upon to perform its sad and long unwonted office, of making the provision due from a grateful nation to the family of a brave General who has died in the service of his country. . . . If any are inclined to shrink from bearing their portion of the common burdens, let them think of Lord Raglan, going out in his old age to certain responsibility of the weightiest kind, to certain suffering, to probable, and as it has been shown, to certain death. If we are disposed to be too much affected by various tidings—sometimes unduly elated, sometimes unduly despondent—let us stand reproved before the memory of him who was never betrayed into intemperate exultation, who in the gloomiest hours of that gloomy winter never despaired. And if anxiety has led us into acrimony, and we have been tempted to waste time and strength in mental recriminations, once more let us recall Lord Raglan, who being criticised sometimes harshly, sometimes unfairly, maintained a silence which it is no exaggeration to call sublime; no word fell from him about a "ribald press"; only in his private letters we are told that he expressed his conviction that those who censured him were doing what they considered their duty. This is indeed the very grandeur of courage and meekness: may England never want men who can thus be silent and can thus speak; may Englishmen never fail to cherish their memory.

The Economist

July 7, 1855

Letters to the Editor

The Future of the Call-up

SIR—May I comment on three aspects of the current debate on national service in Britain, described in your article of June 25th, as seen from over here? First, if the military planners—as opposed to the politicians—both in Whitehall and the Pentagon, are correct in their forecasts, the effect of atomic weapons on land warfare will be to necessitate a higher element of manpower to defend a given area than was the case with conventional weapons, for the reason that the conventional lines of communication from ship to train to truck to the front line will be hopelessly vulnerable. Though front-line units, divisions, brigades and battalions may have to be smaller, in order to be able to disperse and concentrate more rapidly on the atomic battlefield, the complicated system of airborne supply which is envisaged as the only possible one, will require, it is estimated, a higher total of more highly trained men. Therefore if Britain is to have a force which is capable of taking its place on the atomic battlefield, it seems, in addition to the reasons you have adduced, to be wishful thinking of the most dangerous kind to suppose that the reduction in overseas garrisons, like Trieste and Suez, justifies reducing the total strength of the army or shortening the period of national service.

Secondly, as you say, many people wonder whether national service, which was originally instituted to build up a strong reserve army, fits the needs of the nuclear age, since it is the forces actually mobilised and in being at the start of an atomic war which will probably decide the outcome. For this reason it was difficult to understand President Eisenhower's insistence on a strengthened and enlarged reserve system here when he was actually reducing the size of the active army and navy. However, as the serious planning of a civil defence system advances, he has made it clear that the initial—and perhaps the principal—function of the reserve forces in the United States would be to preserve law, order and essential services in the event of a nuclear attack on their own cities. Whatever method of protection is contemplated, evacuation or deep shelters, clearly this task would be completely beyond the powers of ordinary police and civil defence forces. Without martial law the wildest chaos would follow a hydrogen bomb attack on a city of a million or more, however distasteful its imposition would be to the descendants of John Hampden and Thomas Jefferson alike. Do not these arguments for a strong reserve force apply with even greater strength in Britain?

Finally, you suggest (rightly, in my view) that the way to diminish the strain which training national servicemen imposes on the regular forces and to increase their usefulness would be a selective call-up, but you feel that it would outrage egalitarian interests. It is perhaps worth pointing out that in the United States, which has a far older and more articulate tradition of egalitarianism, a selective call-up using both a wide variety of exemptions and deferments, has been in force now for a number of years without creating any strong protest.—Yours faithfully,

Washington, D.C. ALASTAIR BUCHAN

Lufthansa Uber Alles

SIR—My attention has been drawn to the article of June 25th dealing with the proposed US-German air agreement. Although this matter is one which is being negotiated direct between the American and German Governments, I feel a reply is required since Lufthansa's name was drawn into the argument and since, I fear, only one point of view was represented.

The American airlines have very far-reaching privileges in and over Germany; they are, in fact, far greater than your article suggests. Not only may they serve six German cities, but from these they may carry German traffic to any points they choose in Europe, Asia and Africa. Already, US carriers are serving no less than fourteen states beyond Germany. Last year the American lines between them carried 845,000 passengers in and out of the German airports, which represents 40 per cent of the entire German traffic. The German Government is entitled to review these rights as a result of being granted sovereignty, but obviously has no desire to do so.

The German concessions asked for, on the other hand, are for the time being entirely theoretical. Even when the second batch of long distance aircraft is delivered next year, Lufthansa will not have a single aircraft to spare for any but its already announced services. It will be some years, therefore, before Lufthansa can make use of any such concessions, and even then, priority would have to be given to the direct lines from Germany to North and South America. On the few services which would continue, for example, to the West Indies, a considerable percentage of through passengers from Germany would be expected.

There are additional arguments which could be put forward in favour of the German view, but even those outlined above will, I think, show that the headline of your article was hardly justified.—Yours faithfully, PETER R. EASTON

London, E.C.4 Press Officer, Lufthansa

Restrictions on Trial

SIR—Your very interesting article of July 2nd upon a report of the Monopolies Commission does not take notice of the use of advertisement to influence choice, the problem discussed in Mr Graham Wallas's "Human Nature in Politics" and destined perhaps to become still more important from television. The greater the success of such efforts to create demand for an article sold under some particular name, the stronger the motive of competitive distributors for cutting the price of that article. So long as the distributor trades in nothing else, his price-cutting cannot go below a level of profit that will content him and may desirably lower the cost of living. But how do you propose to deal with the distributor who, to attract customers for other things, sells the advertised article at an uneconomic price and so discourages other distributors from pushing its sale?

Will not governments say that price-restriction is to be permitted so long as the profit to the distributor and the apparent profit to his supplier is considered reasonable? If they do and there is no restriction of expenditure upon advertising, will not supply be confined more and more to suppliers able and willing to spend very largely upon such sales-promotion? Would not the suppliers become fewer and fewer and the possibility of virtual combination between them greater and greater, with a corresponding weakening of the competition that you and, if I may say so, I also judge to be vitally important to the good of the general community?—Yours faithfully, J. SPEDAN LEWIS

John Lewis Partnership Ltd., W.1

A Capital Gains Tax

SIR—You are, of course, right in your article of June 25th to criticise Mr Kaldor and his colleagues in their demand for a tax on capital gains. Mr Kaldor forgets that since July, 1914 there has been a succession of capital losses rather than gains. Early in August, 1914, I bought three flannel shirts (made to order) for 22s. 6d., i.e. with the net yield from £50 of 2½ per cent Consols. To buy three similar shirts today (ready-made, too), would require the net yield from £500 of Consols. In fact we have had a capital levy on all fixed-interest securities. Meanwhile, anything from a quarter to three-quarters of the property which debenture holders and preference shareholders thought they owned has been transferred to the ordinary shareholder. Hence the increase in ordinary dividends even though there has been no real increase in profits.—Yours faithfully,

Cambridge J. E. ALLEN

Books & Publications

Jungle at the Back Door

GOVERNMENT BY COMMITTEE.
By K. C. Wheare.
Oxford University Press. 264 pages. 25s.

IN view of the large part that committees play in contemporary life, their general structure and functions have been very little studied. Professor Wheare's excellent book breaks new ground, and one is amazed that it should be new. He describes his subject as a jungle, but it is one that stretches right up to the back door. His attack on it is limited, and as systematic as he can make it. He defines a committee as a body of no fewer than three persons to which a task has been conferred by some other person or body, and which is responsible for its actions to another body: "it lacks original jurisdiction." He discusses directly, without historical or comparative treatment, six different types of committee, all in the context of central or local government in this country. In each type he considers the role of seven characters: the chairman, the secretary, the official, the expert, the party man and the interested party.

Mr Wheare deals in the round with committees to advise, to inquire and to negotiate. He examines few in detail, but collects them in large quantities, sticks them on their pins and places them in their proper order. The main result is to convince the reader of their infinite variety and to blur most distinctions. As examples of committees to legislate and to control he takes the relevant committees of the House of Commons: the standing committee for the former and the financial committees and the statutory instruments committee for the latter. Here he goes into more detail about fewer bodies and writes as the well-informed student of parliamentary methods. When he comes to committees to administer, he speaks from the heart; he takes as his sole example committees of local authorities, and his analysis of the splendours and miseries of a councillor's life is fascinating, because drawn from experience. No one who had not served on council committees could speak about local government officials with the same mixture of passion and disillusion, affection and mistrust.

Mr Wheare has put into his book the qualities that are needed to make it a success: clarity, shrewdness, experience and a penchant, or at least a tolerance, for the *status quo*. Yet his book does not quite conform to his own specification. He says in his foreword that he had the choice of clearing a small portion of the jungle on foot, without seeing the whole, or of making a reconnaissance by air and bringing back a sketch-map, certainly inaccurate in parts, of the whole area. He claims to have chosen the latter, but in fact he has done neither. He has advanced in a straight line, matchet in hand, and has hewn out several very accurate traverses, which will form an excellent base for future triangulation but, by keeping to these paths, he has missed some of the territory.

He uses his seven committeemen brilliantly, and without a trace of artifice, to illuminate the subject. His definition and classification of committees are a little less natural, and less satisfactory if one is entitled to look to them for some light on the main question: why the system works. His insistence on responsibility to another body narrows the field in a consistent but not wholly natural way: it excludes committees to adjudicate, from the Judicial Committee of the Privy Council to the General Commissioners of Income Tax, who (in fact if not always in form) are responsible, under the law, only to the community. If one includes them, a fresh light shines: one sees in the background the tribal elders, the *panchayat*, the feudal *curia*, the collective guardians of that immutable law which binds even the king, as contrasted with more sophisticated unitary concepts, thrown up by intellectual or political revolutions which have never quite conquered this country, such as the prince, the city manager, the *podestà* and the *maire*.

Professor Wheare's classification by function is useful, but not precise and complete only on the basis of his rather restrictive definition. It leads him to lay less stress than he might on one important division: between round-table and long-table committees, committees to agree and committees to disagree. The latter are designed to be parliaments in little and to reflect party differences on contentious matters. The former try to form a single view, and the real oddity of the subject is how often they succeed. It seems to be a natural tendency of the human mind to agree when two or three are gathered together, perhaps a gentler manifestation of mob emotion. How it happens, no one describes better than Mr Wheare; why it happens is work for a psychological pioneer, hacking fresh traverses through the same jungle.

Economics and the Good Society

ECONOMIC CONTROL.
By Michael P. Fogarty.
Routledge and Kegan Paul. 334 pages. 21s.

THIS book has a wider scope, and a more ambitious theme, than its title suggests. The "control" in question is the whole body of sanctions determining economic behaviour: the automatic sanction of market competition; the legal sanction of authoritative public direction; and, supplementing them, the increasingly important device of consultation. Professor Fogarty's aim is to lay down, in broad terms, the conditions in which each is most appropriate as a dominant means of guidance; first, as a means of attaining agreed ends within a given social framework, then, as a means of altering the social framework itself and with it the ends to be pursued. To the achievement of such an aim there must go, evidently, more than an economist's expertise in analysis and the handling of evidence; its writer also needs an historian's perspective, an experienced administrator's sense of the practical, a realistic knowledge of "cities and men," and a coherent moral philosophy.

He who possessed all these to the ideally requisite degree would be a superman indeed. Mr Fogarty would not claim to qualify as a superman; but his wide reading, practical experience (especially in town planning, the meeting place *par excellence* of the social sciences), knowledge of human nature, and above all, perhaps, a knack of confronting facts and ideas generally left in comparatively sterile isolation, have combined to produce a remarkable book. Among the topics treated, related to one another, and given perspective by the use of statistical material, are industrial concentration, income distribution, consumption habits, class structure, population movements and family patterns, and the layout of "investment," in the widest sense, in production, research, education and health. A "further reading" list ranges from the works of Mr Lewis Mumford, through a formidable programme of white papers, blue books, economic and social studies, and learned society monographs to Mr d'Entraves's "Natural Law." Yet "Economic Control" is a shapely, eminently readable, and not over-long book.

It is also, unfortunately, an exceedingly uneven book; not by reason of unevenness in its author's qualifications for the handling of evidence, and the manipulation of ideas, drawn from different parts of the social-science field, but because of his extraordinary philosophical naïveté. When, in attempting to outline a "public philosophy" (to use Mr Lippmann's phrase), Mr Fogarty first lays down as universally accepted standards of policy a list of desiderata that are neither universally accepted nor internally coherent, and later polishes off in a few pat-ball paragraphs the whole distinction between facts and value judgments, the reader painfully experi-

ences the sensation of treading on a step that is not there. It is a thousand pities that Mr Fogarty did not choose to expand to book length his most admirable first section and leave to a companion volume—to be written after mature reflection on the quality of mind of those whom, for several thousand years, first and last things have baffled—the statement and justification of his personal creed.

Indefatigable Writers

LAURELS AND ROSEMARY.
By Amice Lee.
Oxford University Press. 362 pages. 30s.

WILLIAM HOWITT and Mary Botham, both of Quaker stock, were married in 1821. William died in 1879 at the age of eighty-six, and Mary in 1888 at the age of eighty-eight. As young people they had been drawn together by literary ambition; and industry and long life enabled them to write more than two hundred books. But they were very poor at the end of it all, and their work had little of the inherent distinction that might have compensated them for lack of worldly success. They were in fact hacks, turning out novels, translations, travel-sketches and works of popular education or edification indifferently, without admitting as a serious interruption even the arrival of a dozen children—of whom one-third survived to maturity.

It might seem possible that theirs could be a heroic story, but scarcely an invigorating or even interesting one. But this proves a false conjecture, partly because of the astonishing vigour of the Victorian world to which they belong and which they express; partly because their great-niece, Mrs Lee, has brought them and their whole ambience alive with notable devotion and skill. The resulting book, while holding great charm for the casual reader, will be of solid utility to students of the period. It deserves perhaps to become just such a minor classic as Mrs Sandford's "Thomas Poole and His Friends." There, the highlight is Coleridge; here, it is Wordsworth, Tennyson, Dickens, and the "discovery" of Mrs Gaskell.

Not that the Howitts seem ever to have had the complete freedom of the lions; part of the charm of their story lies in the fact that a lion was an event. Mary is having a bright idea—a "History of Deathbeds," good and bad, would surely be instructive and sell well?—when Mr Wordsworth arrives, banging at the door. It is an emergency that has brought him; while passing through Nottingham Mrs Wordsworth has been taken ill; can Mrs Howitt help? She does—and is rewarded by the observation that the great poet seems pleased with her husband's conversation, discussing "the future prospects of society and all subjects connected with poetry and the interests of man." It is true that at their next meeting, years later, the Laureate is not quite so cordial. But this is understandable, as her husband is now stalking him with a notebook in the interest of their forthcoming "Homes and Haunts of the British Poets." Nevertheless the two Englishmen make common cause against another visitor to Rydal, an American general from the Southern States who is an advocate of slavery. "Mr Howitt and I gave it to him pretty well," Wordsworth says with satisfaction. The Howitts had at least their moments of glory; and Mrs Lee discerns and conveys them excellently.

Heir to Chaos

A KING'S HERITAGE: *The Memoirs of King Peter II of Jugoslavia.*
Cassell. 214 pages. 25s.

READERS who expect new revelations or interesting new material from the memoirs of ex-King Peter of Jugoslavia will be disappointed. This book adds little to what is already known about the political scene in Jugoslavia during the Second World War and the years that immediately preceded it. Ex-King Peter finished his autobiography on his thirtieth birthday, and it deals with a selection of his experiences up to the age of 25 as they appear to him now in his years of exile. It cannot be said of him, as of another more famous royal exile, that he has learnt nothing and forgotten nothing: at least not in the same sense, for it is clear from this account that his education and experiences prior to his exile did little to give him a realistic view of kingship in the modern world. He has, however, forgotten nothing of the prerogatives and social privileges of royalty and the whole narrative has something of the flavour of patronising but gracious unbending of a royal personage. But behind all this is the rather pathetic picture of an ordinary, lively, but ill-educated little boy, pushed to the fore and often manœuvred as a pawn in political events of a magnitude that far exceeded his control or understanding.

It was also King Peter's tragedy—illustrated by his own account—that during the momentous events of the Second World War his advisers were at loggerheads among themselves, and more concerned with their own factional interests than with the future of their country or the problems of the allies who were involved in a global war. Had King Peter had more gifted, more truly patriotic and far-seeing advisers, he might have avoided some of the mistakes, and the misunderstandings with allied leaders, which his narrative describes.

It is a pity that he has not felt able to reveal the inside story of the intrigues and political manœuvrings of his governments in London and Cairo. The history of this period has not yet been written and there is much that he could no doubt have revealed to add to material for future historians. Who were the people who formed King Peter's opinions for him? Or, if his decisions were his own, who selected and censored the information on which he made judgments that have hardened into prejudice? How was it that he showed no realisation of the importance and validity of Croat aspirations and of the vital necessity of the solution of Croat-Serb differences? The names of some of the prime movers in these events are hardly mentioned.

The whole of this story of ex-King Peter's experiences from the death of his father to the end of the war illustrates the difficulties inherent in hereditary monarchy in a small backward country that has not yet developed the checks and balances of a stable democratic system, and in which power, whether wielded by royalty or political faction, gravitates naturally through autocracy to dictatorship. The general impression that remains is that fate dealt unkindly with Peter Karageorgevic in making him heir to a turbulent Balkan kingdom at one of the most momentous periods of the world's history. Had he been cast for the role of fighter pilot or mechanical engineer he might have had more success and more real happiness.

Apology for Economics

ECONOMICS AND PUBLIC POLICY: *Brookings Lectures,* 1954.
The Brookings Institution (London: *Faber*). 164 pages. 14s. 6d.

JUST as, in the field of the physical sciences, a growing and necessary attention is being paid today to the intermediate or technological links between pure research and day-to-day production, so in the social sciences one may note a growing and necessary emphasis on the links between pure theory and active policy. One of these links, unimportant in technology, all-important in the social sciences, is the formation of an educated public opinion; which includes the self-education, or at least the self-examination, of economists in the matter of political values and administrative possibilities. In these lectures six liberal economists—Professors Arthur Smithies, of Harvard, Joseph J. Spengler, of Duke University, Frank Knight, of the University of Chicago, John Jewkes, of Oxford, Jacob Viner, of Princeton, and Lionel Robbins, of the London School of Economics—discuss, with one exception, the general objectives of policy: economic welfare, that slippery concept; internal congruity and the role of theory in bringing it about; the relation between order and freedom; the practical limitations, and practical opportunities, of economists as contributors to the formation of policy. The exception is Professor Viner's paper on international trade theory, which at first sight looks out of place, but which falls into position as a specimen of that practical guidance which his fellows desiderate.

It is a far cry from the certainties of the nineteenth-century classics, or for that matter from the cocksureness of the less cautious Keynesians, to the tentative assessments and questionings of these heirs of the liberal tradition. No one, however, can accuse them of abdicating. If they delimit the theorist's sphere, dis-

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The United States of America buy Rolls-Royce propeller turbine aero engines.

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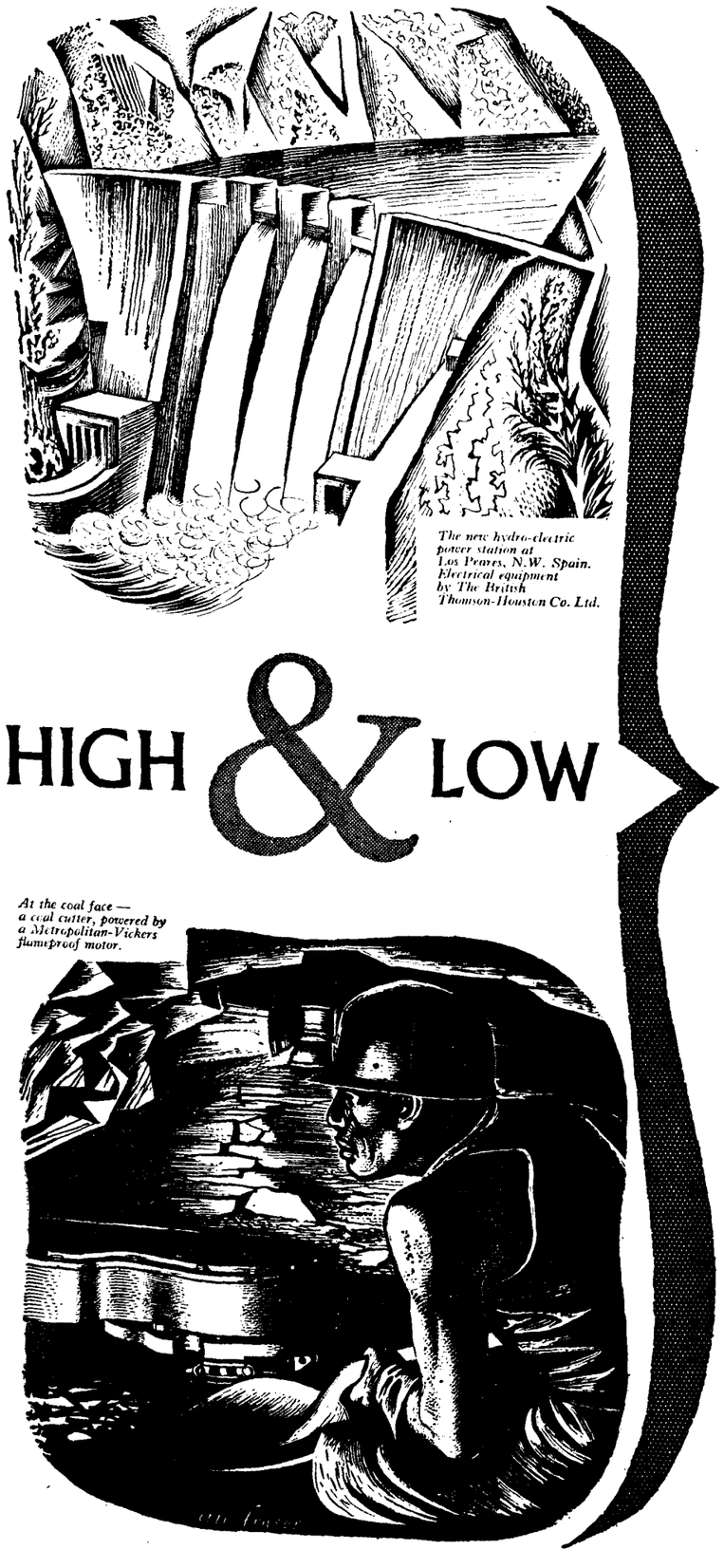
ROLLS-ROYCE

AERO ENGINES LEAD THE WORLD



AEI

Up in the hills of Los Peares is the biggest and most important of the power stations of Spain. Its electrical equipment was supplied by The British Thomson-Houston Company, one of the great partnership of British Companies which is Associated Electrical Industries Ltd.

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The Hotpoint Electric Appliance Co. Ltd.
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Siemens Brothers & Co. Ltd.
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Sunvic Controls Ltd.
&
Newton Victor Ltd.
&
Australian General Electric Pty. Ltd.

claim certain competences, give warning against self-sufficiency (one thinks of Professor Jewkes's admirable plea for the *historical sense) they are none the less certain of the value of that contribution* which it is genuinely in their power to *make to the framing of rational policy.* It is a pity that this slight though pithy book should be so expensive, for it is hard to imagine a more valuable *vade-mecum* for young men and women confronting, with an economics degree in *their pocket,* a world that both needs their expertise and mistrusts their pretensions.

Royal Duchy

MEDIEVAL CORNWALL.
By L. E. Elliott-Binns.
Methuen. 462 pages. 35s.

DR ELLIOTT-BINNS is an ecclesiastical historian; here he breaks new ground in his study of medieval *Cornwall.* He is no Cornishman; it was the late war that took him to Truro Cathedral, of which he became Canon and Treasurer. There, intrigued by the problems of Cornish history, and with to his hand the 16,000 original documents, bequeathed by the late Charles Henderson to the Royal Institution of Cornwall in Truro, he embarked on this study. It is intended for the general reader as well as the scholar, and it will be read with interest by both. It is the *precursor* to Dr A. L. Rowse's "Tudor Cornwall," on which it is modelled.

Not being Cornish, Dr Elliott-Binns approaches his subject with objectivity. He has felt the charm of the varied and sometimes mysterious Cornish landscape and can convey it to the reader. The Cornish people, he admits, he *found* difficult to fathom. He appreciates their individuality, their passionate attachment to their land, its language and its history, and their tenacity, seen particularly in the Cornish miner, but he sees also their emotionalism, their instability, and their lack of an aesthetic sense, to which he attributes the "defiant ugliness" of their modern buildings.

Dr Elliott-Binns arranges his material in subject chapters: the land, the people, the government, the Earls and *Dukes of* Cornwall, economic and social life, the Church and religion, art and architecture, language, literature and learning. It is a wide survey, for which he has utilised the work of such scholars as the late Henry Jenner, Canon *Doble, Canon* Taylor and Charles Henderson, as well as that of Dr Rowse.

The Cornwall he depicts, remote and thinly peopled, was yet significant; its tin industry, a royal monopoly, brought revenue to the Crown; from its *many* ports, men and ships could be drawn in war. Dr. Elliott-Binns thinks the duchy was more of a liability than an asset; *it* drained revenue out of Cornwall. But its records show that it provided some stability and continuity *in an unquiet* land. There were no great nobles in Cornwall, but a numerous closely-knit gentry. On the trade of Cornwall, Dr Elliott-Binns gives a general account only; there is room for a statistical inquiry into the subject apart from the tin trade, which has already been covered. The best chapters in the book are those dealing with the Church. Land of saints and pilgrimages, Cornwall, in its remoteness, presented an intractable problem to its bishops. Dr Elliott-Binns passes cursorily over the ancient Celtic bishops, on whom Canon Taylor threw much light, and concentrates on the Bishops of Exeter, to whom in 1050 Edward the Confessor delivered the diocese of Cornwall. On the monasteries in Cornwall, the colleges of priests and the friaries (there were no nunneries), Dr Elliott-Binns writes with interest; he also shows the contribution of Cornishmen to learning.

This book has much to commend it, but it needed more *careful revision.* Anne of Brittany (page 95) should be Anne of Bohemia. Francis Rous, Speaker in 1653, did not die in 1622, as stated, but in 1659; it was his father who died in 1622. In 1346, Edward the *Black Prince was already Duke of Cornwall,* and had been created so in 1337, when the duchy was erected. In the useful chapter on sources, the large *collection of records in the Duchy Office* in London is omitted. Reference should *also be made to the County Record* Office in Truro, in which the Vyvyan Manuscripts from Trelowarren have been deposited.

Shorter Notices

A HISTORY OF INDIA.
By J. C. Powell-Price.
Nelson. 694 pages. 42s.

Indian history, stretching from a *present full of exciting possibilities* back to pre-Aryan mists through which a fully developed civilisation can hardly be discerned, offers variously a panorama of courage, doom and grandeur to the pen of a Winston Churchill, Anglo-Indian social comedy to a Jane Austen, chivalry and romance to a *Dumas, or an inex*haustible quarry of apophthegms, political to a Voltaire, economic to a Keynes. To Mr Powell-Price it offers the chance of being dull on a scale in keeping with his vast subject. He has compiled nearly 700 pages in officialese ("The result was exemplified"), salted with colloquialisms ("Lucknow, which now comes into the picture"), tautologies ("It was at *this time* that the long wars with the Chalukyas began which lasted for such a long time"), and other forms of pedestrian English.

A new history is justified if it reveals hitherto unknown facts or throws fresh light on old-established ones. Apart from passages here and there, Mr Powell-Price repaints the picture presented by the authorities who were writing in the 1920s. Since, however, historical studies do not stand still, one *assumes that* Mr Powell-Price thinks little of the challenges to what must now be regarded as the classical British *interpretation* that have appeared in increasing numbers, in this country as well as in India, from around 1935 onwards. Mr Powell-Price's bibliography wears a somewhat dated air and is *arbitrary: for* instance, it includes Mayhew's "Education in India" (1926) but not Nurrullah and Naik's monumental work published in 1951; Nehru's "Autobiography" but none of Mahatma Gandhi's writings.

The book is a lovely example of book-making, finely printed and bound, with twenty-five excellent maps and seventy-five beautifully reproduced plates; but the text leaves the standard histories in undisturbed possession.

THE WORKS AND CORRESPONDENCE OF DAVID RICARDO. Vol. X. Edited by Piero Sraffa.
Cambridge University Press. 434 pages. 24s.

That monumental achievement the "Works and Correspondence of David Ricardo" could easily have been regarded as completed by the four volumes of "Letters" which raised the total to nine. Now, however, comes a postscript or *bonne bouche, a personal miscellany* comprising family correspondence, notes on family matters and relationships, a paternal memoir, the diary of a continental tour. Apart from a couple of chapters on Ricardo's activities as a loan contractor and his management of the fortune which he *so ably built up, and from certain* appendices relating to the subjects of earlier volumes, there is virtually nothing here of the public figure and classical economist. The Ricardo of Volume X is the family man, third of the seventeen (or possibly twenty-three!) children of Abraham *Ricardo,* "*a native of Holland* and of very respectable connections"; married, to his orthodox parents' disgust, *to a Quaker wife* and later an adherent of Unitarianism; an admirably generous brother and cousin, loving parent, agreeable friend, and appreciative though slightly John-Bullish *traveller.* The portrait is a likeable one. Ricardo as a young man confronts that formidable old proto-Pontifex *his father-in*law with courage and dignity; he has just the right touch for a nearly hysterical younger brother fretting under financial obligation; as paterfamilias he shows a *pleasant blend* of authority, warm-heartedness and humour.

The *same scrupulous and indefatigable* scholarship as *went to the editing* of Volumes I-IX of the "Works and Correspondence" has placed and identified practically every character and circumstance in this family miscellany, and made the reader free of what—it is entertaining to reflect—is an authentic tract of early-Thackerayan country.

Books Received

THE BRITISH APPROACH TO POLITICS. *Third edition.*
By Michael Stewart. *Allen and Unwin.* 313 pages. 16s.

THE RIGHTS OF WOMAN.
By Mary Wollstonecraft.
ON THE SUBJECTION OF WOMEN.
By John Stuart Mill. *Reprint. Everyman's Library. Dent.* 329 pages. 6s.

STATISTICAL YEAR BOOK 1954. *The Statistical Office of the United Nations.*
Distribution: *Her Majesty's Stationery Office.* 594 pages. Paperbound 40s. Clothbound 45s.

WELFARE IN LONDON.
London County Council. 80 pages. 2s. 6d.

THE QUEEN'S WALES: *North Wales.*
By H. L. V. Fletcher. *Hodder and Stoughton.* 238 pages. 15s.

INDONESIAN SOCIOLOGICAL STUDIES: *Part I.* Selected writings of B. Schrieke. The Hague: *Van Hoeve.* 320 pages. Hfl. 9.50.

American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Federalism Revisited

Washington, D.C.

THE first official reassessment of the American federal system since its foundation in 1787 was presented to President Eisenhower last week. It was the work of the twenty-five members of the Commission on Intergovernmental Relations, one of the many such commissions set up in 1953 by the Republicans to find out what had been happening during their twenty years' exile from power. Even though there were Democrats on the commission, the general complexion of its membership was distinctly conservative. Its report, supported by sixteen volumes of illuminating staff studies, was in a sense a critical survey by right-wing American opinion of its own propaganda on such controversies as the increasing centralisation of government in Washington and the undermining of states' rights by the federal bureaucracy. It was significant that the first chairman, Mr Clarence Manion, was dropped overboard on the way, because his reactionary prejudices were found to be incurable; his successor, Mr Meyer Kestnbaum, is a liberal Republican businessman.

GOVERNMENT FINANCES

TAX COLLECTIONS, FISCAL YEAR 1955
$ million*

	Federal	State	Local
Individual income taxes	29,816	969	96
Corporate income taxes	21,238	810	7
Inheritance and estate taxes	881	222	4
Tobacco and alcohol taxes	4,436	1,014	—
Motor fuel taxes	906	2,019	—
Other excise taxes	5,426	828	287
Sales taxes	—	2,433	431
Property taxes	—	365	9,016
Other taxes	92	1,894	519
Totals	62,796	10,552	10,361

FEDERAL GRANTS TO STATES, FISCAL YEAR 1953
$ million*

For old age assistance	896·6
" aid to blind and disabled	91·1
" aid to children and school lunches	493·4
" school building and maintenance	179·6
" hospitals and public health	137·8
" employment security	195·8
" highway construction	510·1

*Rounded figures

FEDERAL GRANTS RELATED TO STATE AND LOCAL EXPENDITURES

Fiscal year	Total federal grants, $ million	Federal grants as per cent of state & local expenditures
1929	119	1·55
1939	2,909	30·44
1947	1,678	11·56
1952	2,393	9·39
1953	2,781	10·19

The first general conclusion to emerge from this study is that the character of American federalism has indeed changed in recent years. As a result of the Supreme Court's abandonment of its old restrictive attitude towards economic regulation, the boundary between federal and state controls in this sphere is determined nowadays more by the forbearance of Congress in framing laws, and by that of regulating agencies in using them, than by judicial definition. The National Labour Relations Board, for instance, has its own arbitrary standards of what businesses operate for its purposes in interstate commerce and are therefore subject to its particular group of federal regulations; these standards can be and have been altered without reference to the courts or even Congress. Furthermore, by the offer of grants-in-aid, the federal government has been providing incentives for the states to take on new functions, mainly in the field of social welfare. To get federal money the states must raise "matching funds" and comply with standards set by Washington.

The second conclusion is that there is complete contradiction between words and deeds in the attitude towards this change which prevails in many states. Even in the South and other places where the defendants of states' rights are most vehement in their opinions, there is little inclination to refuse federal funds or hesitation in qualifying for them. There is general popular support for most of the programmes these funds make possible; the state government is often strengthened in public esteem because of them (since, as the part played by federal money is seldom stressed, the state authorities usually get all the credit); and there is no political future at all in proposing that specific grants be spurned. Indeed, some of the poorest states, Arkansas and Mississippi, for example, are kept in business as separate political entities by federal grants. They would be totally unable to provide the services that a modern population requires without them.

During the last ten years grants have tended to be used to equalise conditions between poor and rich states. The commission felt that this tendency should be encouraged, but it did not recommend that the federal government should refrain from "stimulating" wealthier states.

There has been an idea that a neat division can be made between functions and sources of revenue, some to be returned to the states, others to be left under federal direction, with a bit of extra help for the poorest relations. But the commission found this almost wholly impractical; however, it did make a few relatively minor, though not for that reason uncontroversial, suggestions for tidying up loose ends. Its majority, nevertheless, parted with some of the ex-Governors among its members in refusing to endorse the notion that the petrol tax, and with it control over highways, should be entirely returned to the states, a proposal that is peddled with all the more enthusiasm in that it is the only specific one of its kind on which any number of practical administrators can agree.

Part of the reason for the hollowness of the states' rights issue, even where it has the greatest sentimental appeal, is repeatedly made clear in the large mass of staff reports. Federal officials have learned to be extremely tactful in their enforcement of national standards and very sensitive to local differences. In those state departments which have daily dealings with Washington there seem to be practically no complaints of "federal dictation." The states retain most of their traditional functions, making laws that govern crimes, property, contracts, domestic relations, schools, and the structure of local government. Furthermore, by their control over the machinery of elections, they have kept the American party system substantially in local hands. So far from withering away the states have assumed new functions, partly by taking over some from local units no longer able to bear them, partly by entering into partnership with Washington.

So far, so good, but if this process were extended indefinitely the danger that state departments might gradually be assimilated as branch offices of the federal government is clearly more than a rhetorical flourish. The Kestnbaum Commission broadly endorses, and supplies a factual basis for, Mr Eisenhower's instinctive position: that, after a little tidying up, intergovernmental relations should be left roughly as they are now (with perhaps a new doctrine called "co-operative federalism" to make it all sound more proper) and that, for the sake of local vitality, the onus of proof should be heavily upon those who want federal regulation or grants-in-aid for new purposes.

★

But the great merit of the report is that it makes abundantly clear that the absolute condition for the lasting success of Eisenhower Republicanism at the centre is a stiff dose of Benthamite radicalism on the periphery. The main reason why the federal government has been forced to extend its scope, the commission makes clear, is because the states have failed to provide a modern type of government on their own initiative. In far too many instances the Governor is "chief executive" in name only; his main departments are headed by elected officials, often from the opposite party and much of the authority of the state is dispersed among many-headed commissions, whose members have longer terms of office than the Governor. The State Legislature, meeting perhaps for sixty days once every second year, is often almost strangled by the involved restrictions which the state constitution puts on its powers, particularly in financial matters. Many Legislatures control only a small percentage of the state budget, since most of the revenue is earmarked for particular functions by the constitution; state and local governments are hamstrung by unrealistic limitations on their sources of tax revenue and their capacity to incur debts. In many of them rural areas are heavily over-represented by comparison with the towns and most state legislatures have failed dismally to tackle the problems created by the cities that are everywhere bursting out into "metropolitan areas." The Kestnbaum Commission points these things out mercilessly and clearly marks the route for the Eisenhower Republicans. If they want, as they do, to avert irresistible demands in the future for a further assumption of federal responsibility, they must begin at once to crusade for radical governmental reform in all except a very few of the forty-eight states.

The President and Mr Johnson

ONLY a few days before being stricken by a severe heart-attack, Senator Lyndon Johnson of Texas, the leader of the Democrats in the upper chamber, had stated with justifiable pride that the Democrats had proved, by their support for the President's legislative programme, that Mr Eisenhower's prediction of a "cold war" in the event of a Democratically-controlled Congress had been utterly wrong. When queried on this point at his weekly press conference, the President grinned and whipped out a list of legislation "which I think the American people would be interested in because I can conceive of nothing that is more important to them." This list included various measures asked for by the President but not yet acted upon by Congress. Among them were the military reserve programme and the appropriation of some $35 million for an atom-powered "peace ship" to tour the world. This idea, proudly conceived by Mr Eisenhower, was rejected in the Senate by one vote amid ungracious Democratic comments on "smokestackless wonders." No doubt the President was trying to get back for himself some of the credit for the good deeds done by Congress, to spur it on to further works and to nettle the parsimonious torpedoers of his argosy. Senator Johnson promptly riposted that his party was "not going to carry out instructions like a bunch of second lieutenants."

Such skirmishes are a traditional accompaniment of the closing weeks of a session of Congress—especially when the President and the majority in the Capitol are of different parties. In fact, however, there can be no doubt that the President is sincerely sorry about Senator Johnson's removal—for some time, at least—from the helm of the Senate. Mr Eisenhower knows that it has been to Mr Johnson's unfailing tact and political skill that he owes the speedy support given to his foreign policy at the time of the Formosan crisis, the utter defeat of Senator McCarthy over the issue of the Big Four meeting, the passage of his foreign aid programme and many other vital Bills. No man since Senator Taft has so intelligently managed the Senate or sensed the instincts of its majority with as much certainty. In fact, some of Mr Johnson's most virulent critics have not been in the White House or among Republicans but in the liberal wing of his own party. But the Democrats as a whole

can only hope that Mr Johnson will be restored to them as Congress enters the difficult eddies of a presidential election year.

Steel Keeps Rolling

TEN dramatic hours after it began, the strike in the American steel industry ended. Some 600,000 workers left their jobs at midnight on June 30th. At that point, no agreement had been reached between their president, Mr David McDonald, and the negotiators for the big steel companies, particularly the United States Steel Corporation. But when it became clear that the United Steel Workers were not bluffing, the industry suddenly began to bargain in earnest, abandoned its rigid refusal to contemplate any increase beyond 10 cents an hour, and swiftly agreed to an unexpectedly large wage rise which averaged slightly more than 15 cents an hour. Mr McDonald promptly called his men back to the mills.

This is the eighth increase won by the USW since the war and in April average weekly earnings in the industry were already over $90 (£32). What counts most in Mr McDonald's eyes, however, is the fact that such a straight increase in take-home-pay eclipses the less tangible benefits of the "guaranteed annual wage" obtained for the automobile workers by his great rival, Mr Walter Reuther. Next year the USW can, if it wishes, ask the steel companies for a "guaranteed plan" of its own; by that time it will have had an opportunity to see whether the advantages, particularly outside the automobile industry, are as worth while as Mr Reuther has claimed.

The steel companies and the trade union both took advantage of the present boom in the demand for their product. The real losers from their agreement are the consumers, who will now have to pay $7.50, or 6 per cent, more than before for a ton of steel. The long-range effects of this settlement in an industry that sets the pattern for much of the national wage structure, and the costs for much of the country's industry, could be drastic. Similar increases will be demanded by union leaders across other negotiating tables and employers will grant them in the fear that they will lose business if their plants shut down and in the hope that a prosperous nation will go on buying even at higher prices. The inflationary nature of such a movement is obvious.

Rescuing the Reserves

IT took strong words from the President to rescue his military reserve Bill from the limbo to which it was consigned after Representative Powell's anti-segregation amendment made it unacceptable to Congressmen from the South. Segregation of Negroes has disappeared from the regular services, but it has persisted in the National Guard, the military formations resembling the British Territorial Army which are under state control. Mr Powell insisted that no reservist should be assigned to a National Guard unit where racial segregation was practised; this "extraneous" rider, as Mr Eisenhower called it, was passed with the help of those to whom the proposals for compulsory service in the reserve forces smelt of the much-disliked universal military training.

Now, after repeated urging by the President, the House of Representatives has circumvented Mr Powell by leaving the National Guard out of a modified version of the Bill. This has been approved and the Senate is expected to act on it before the end of the month. The measure is intended to build the trained reserve forces, ready for immediate duty, up to 2,900,000 men by 1960, four times the present strength. The chief innovation is that youths who have not yet been selected for two years of conscripted service will be able to volunteer for only six months of active duty followed by seven-and-a-half years in the reserve.

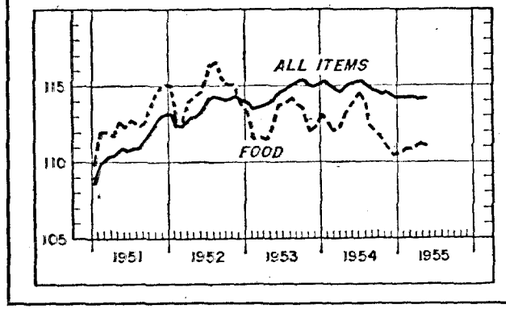
★

The other side of this scheme is a reduction in the number of men serving in the regular Army; this has now been accepted by both houses of Congress as part of the defence budget for the 1956 fiscal year which began last week. Congress has, however, given concrete expression to its doubts about this reduction by pressing an extra $46 million on the President so that the strength of the Marines need not be cut. The number of men in the Army will fall during the year from 1,114,000 to 1,027,000 and the Navy will drop 8,000 men from its present strength of 672,000. The Air Force, on the other hand, will add 5,000 men to its 970,000 and will have $14.7 billion to spend, compared with $7.3 billion appropriated for the Army and $9.1 billion for the Navy; the last figure includes funds for five atomic-powered submarines and another huge aircraft carrier. The total appropriation for defence comes to $31.8 billion, almost half of the government's estimated expenditures for all purposes during the year.

An extraneous amendment has also been added to this Bill, which is too important to be vetoed. The President cannot, therefore, get rid of the rider which forbids the use of silk yarn spun abroad in the manufacture of bags for gunpowder. The excuse for this blow at an important Italian export to the United States is that fibres from Communist China are allegedly used by the Italian spinners. But the real attack is obviously on the Administration's policy of loosening restrictions on foreign trade.

CONSUMER PRICES in the UNITED STATES

INDEX NUMBERS 1947-49 = 100



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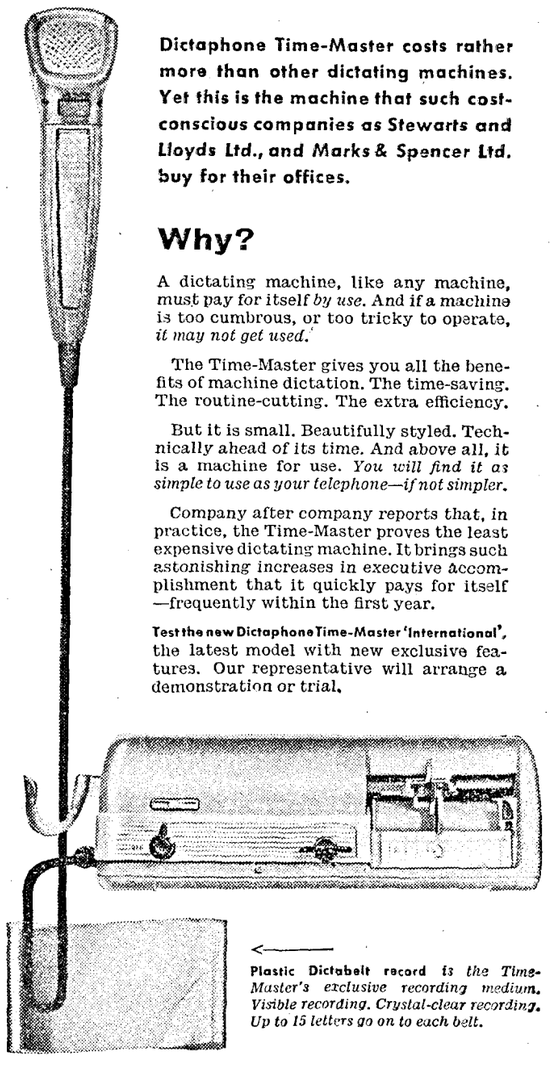

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Condensed Statement of Condition June 30, 1955

(Figures of Overseas Branches are as of June 24, 1955)

RESOURCES

Cash and Due from Banks	$1,446,053,783.14
United States Government Securities and Securities Guaranteed by the Government	2,241,000,424.34
Federal Agency Securities	173,596,191.18
State, County and Municipal Securities	590,106,961.58
Other Securities	119,785,913.01
Loans Guaranteed or Insured by the United States Government or its Agencies	1,252,410,322.93
Other Loans and Discounts	3,049,681,759.30
Bank Premises, Fixtures, etc.	80,437,247.09
Customers' Liability on Letters of Credit, etc.	231,605,567.34
Accrued Interest and Other Resources	55,404,801.66
TOTAL RESOURCES	$9,240,087,971.63

LIABILITIES

Capital	$150,000,000.00	
Surplus	200,000,000.00	
Undivided Profits and Reserves	127,854,701.49	
TOTAL CAPITAL FUNDS		$477,854,701.49
Reserve for Possible Loan Losses		66,752,053.04
DEPOSITS: Demand	$4,160,622,659.36	
DEPOSITS: Savings and Time	4,229,974,345.42	8,390,597,004.78
Liability for Letters of Credit, etc.		233,983,923.42
Reserve for Interest, Taxes, etc.		70,900,288.90
TOTAL LIABILITIES		$9,240,087,971.63

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RESOURCES

Cash & Due from Banks	$43,933,350.20
United States Government Obligations	23,493,150.62
Other Securities	8,729,182.00
Loans and Discounts	64,629,678.74
Customers' Liability on Letters of Credit, etc.	47,935,603.73
Accrued Interest and Other Resources	912,375.26
TOTAL RESOURCES	$195,683,350.55

LIABILITIES

Capital	$10,000,000.00	
Surplus	4,000,000.00	
Undivided Profits	417,506.02	
TOTAL CAPITAL FUNDS		$14,417,506.02
Reserve for Possible Loan Losses		820,295.83
Deposits		131,652,827.07
Liability for Letters of Credit, etc.		48,071,649.52
Reserve for Interest, Taxes, etc.		718,072.11
TOTAL LIABILITIES		$195,683,350.55

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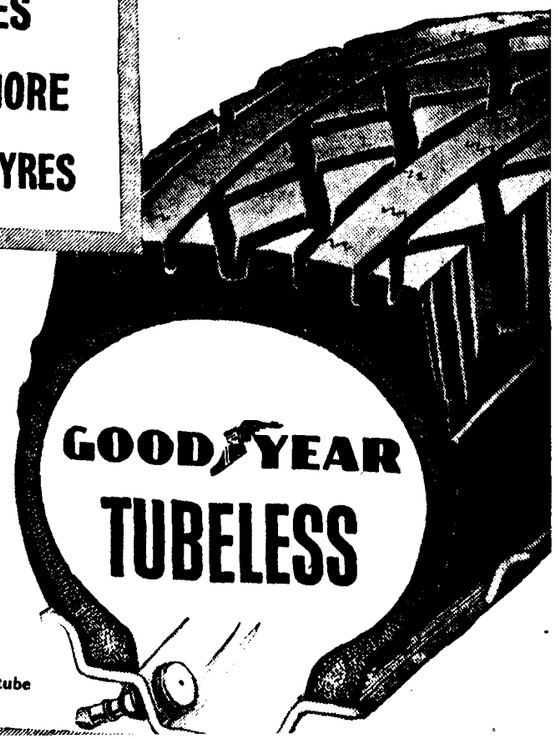

Foreign Aid's New Guise

AT midnight on June 30th the Foreign Operations Administration, headed by Mr Harold Stassen, ceased to exist. A few minutes later it was reborn as the International Co-operation Administration directed by Mr John Hollister. The FOA had itself sprung from the Mutual Security Agency which, in turn, had replaced the original Economic Co-operation Administration, known to the world as the Marshall Plan. This latest transformation in the agency responsible for foreign aid was, however, more than a change in name. The ICA will be a more permanent, but less powerful, organisation than its predecessor. It will not be a wholly independent body, but will operate under the control of the State Department and that part of the budget that deals with purely military aid will be the direct responsibility of the Defence Department. Mr Hollister, moreover, will not enjoy the cabinet rank held by Mr Stassen. He differs in more important respects also; he achieved prominence as a law partner of the late Senator Taft and is thought to have reservations about the more imaginative uses of foreign aid.

Until Congress actually approves specific appropriations for various kinds of foreign aid, it is difficult to tell exactly how much the ICA will receive for the current 1956 fiscal year. But both the Senate and the House have passed Bills authorising very nearly the same amount of money as had been asked for by the President. Of the total of about $3.3 billion, only some $814 million will be, strictly speaking, direct economic assistance—most of it earmarked for Asia. The rest will be used for military and "defence support" purposes.

Nevertheless, it took the combined generalship of Democratic and Republican leaders in the House to pass the foreign aid Bill. Approval, by 273 votes to 128, came only after strong attempts to curtail help for India because of that country's neutralism and for Jugoslavia because Marshal Tito seemed once more to be drawing close to the Soviet Union. By 181 votes to 51, moreover, the House retained the provision under which 50 per cent of all foreign aid deliveries must be carried on American ships. As passed by the House, the Bill authorises $139,200,000 less than as passed by the Senate. Representatives of both bodies will now confer and the measure, in final form, should soon be ready for the President's signature. Funds will, however, still have to be appropriated.

Housing Stalemate

THE Senate's attempt to give the President far more publicly financed housing than he wants seems likely to mean that he will get none at all. He has again asked for authority to build 35,000 units a year for two years, and for a relaxation of restrictions which tie public housing to slum clearance schemes in such a way that even his very modest programme has been largely vitiated. The Bill quietly pushed through the Senate a month ago by the Democratic majority provided for the construction of up to 135,000 units of public housing a year until the total of 810,000, authorised in 1949 at Mr Truman's request, had been reached; less than 230,000 units have been built so far under that Act. But when private builders and real estate interests grasped what the Senate was trying to do, they mobilised all their very effective lobbying strength in support of their argument that even for the lowest income groups houses should, and could, be provided by private enterprise.

The House of Representatives is in any case never so enthusiastic as the Senate about allowing the government to subsidise housing. Nevertheless its Banking Committee was prepared to go as far as, or even slightly farther than, the President. However, the Bill which it reported out, embodying his programme, has been bottled up by the conservative Rules Committee and may never reach the floor for debate. This would mean the end of the public housing programme, for the time being at least, in spite of the practical advantages of keeping it alive, even in its present debilitated condition, if it is ever to become an active proposition again. Of more immediate importance, the Housing Bill contains a number of other provisions, concerned mainly with mortgage insurance. In particular it provides for a needed increase of $4 billion in the Federal Housing Administration's authority to insure mortgages. Without this increase that agency's activities, from which springs much of the present building boom, would soon be hampered.

Political Suburbs

FROM A SPECIAL CORRESPONDENT

IT is now a demographic commonplace that in recent decades the most notable shift in the population of the United States has been the move to the suburbs. While the rural population continues to decline compared with the urban, and the big cities stand almost still, the dormitory towns that ring the cities grow by leaps and bounds. New York City's population increased by 5.9 per cent between 1940 and 1950, but outlying Nassau County gained 65.4 per cent in inhabitants; Detroit grew by 13.9 per cent, but suburban Macomb County added 71.8 per cent to its population; and so it goes.

What this shift will mean, in terms of social and political change, has concerned many recent writers, and not a few practical politicians. Even before the 1952 elections, Mr Samuel Lubell's book, "The Future of American Politics," expounded the thesis of "the new frontier" in the suburbs. The author began by describing the relation between the Democratic supremacy under Roosevelt and the mass of voters, chiefly immigrants and immigrants' children, concentrated in the larger cities of the United States. Out of gratitude to the Democratic party, which had catered to them by nominating candidates of foreign extraction and by sponsoring social welfare measures that eased their adjustment to American life or kept them alive through the depression, these citizens had manned the political machines in the big cities and produced the repeated New Deal majorities.

But, said Mr Lubell, these voters no longer live in the shadow of the depression; many of them have now moved

out of the working class and into white collar jobs. Many are moving geographically as well, out of the city and into the suburbs. They are the new middle classes, with homes of their own, new automobiles, and firm intentions of sending their children to a university. They no longer need the Democratic party to protect them ; they may even be inclined to resent the idea that they ever did need it. It is asserted that the new suburban voter tends to abandon the Democratic party officially, and to call himself a Republican, in the same way that he sometimes leaves the family church, whatever it may be, and joins that of his neighbours. The old political allegiance, like the old religion, is a link with the immigrant past ; to break it is to strengthen the feeling of heightened status that accompanies the move to the suburbs. Similarly, nineteenth-century British families often celebrated increased prestige and wealth by moving from chapel to Church of England.

The election of Mr Eisenhower in 1952 seemed to support the Lubell thesis. Mr Louis Harris, in a book called " Is There a Republican Majority ?", described how Stevenson victories within the city limits were smothered by bigger Eisenhower triumphs in the surrounding suburbs. Using data from the Roper polls, Mr Harris argued that, while the " white collar " vote had formerly broken about evenly between the two parties, it now favoured the Republican candidate by a margin of better than two to one. For this shift, Mr Harris was inclined to credit a variety of factors, among them the move to the suburbs.

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Studying such analyses, Democratic politicians are understandably uncomfortable. Of course, the Democrats are accustomed to losing the fashionable suburbs ; but heretofore it was thought that the Republicans made suburbs, not that suburbs made Republicans. There have been various efforts to meet the new threat but the best hope is pin[illegible] the supposed rise to dominance of the Republican party may turn out to be a myth. Mr Lubell's studies are buttressed by tireless investigation, of the house-to-house type, and a matchless familiarity with voting statistics at the local level. But making broad generalisations about, say, the Irish-American vote on the basis of gross returns from localities heavily populated with Irish-Americans is generally recognised, even when done by experts, as a risky business. Similarly, in so far as Mr Harris's conclusions are based on surveys by a " commercial " organisation, they are suspect because such polling enterprises cannot use the very expensive, but undoubtedly more accurate, methods of the latest academic efforts in this field.

The most careful and up-to-date studies of voting behaviour unfortunately do not treat the suburban vote as such. In " The Voter Decides," a study by the University of Michigan's Survey Research Centre, the voting community is broken down into rural, small town, and metropolitan areas, but the latter are not subdivided. Nevertheless, the study raises doubts about several of Mr Harris's conclusions. The much touted swing of the female vote to Mr Eisenhower in 1952, to which Mr Harris devotes a whole chapter, is belied by the University of Michigan's study ; women, it seems, switched from Democratic to Republican allegiance, but in very much the same proportions as men. White collar voters, excluding professional and managerial classes, swung to Mr Eisenhower, but not in quite such high proportions as did farm operators, or skilled and semi-skilled workers ; the latter remained Democratic, but by sharply reduced margins.

In classifications based on personal income, the big shift from support of Mr Truman in 1948 to voting for Mr Eisenhower in 1952 seems to have come in the lower brackets ; among persons earning under $2,000 a year, the swing amounted to a net 19 per cent ; for those with incomes between $2,000 and $3,000, the figure was 26 per cent ; but for the $3,000 to $4,000 bracket, the shift was only 4 per cent, and in the next higher bracket there was actually a 3 per cent shift in favour of Mr Stevenson. Such figures, in combination with the survey's report that the professional and managerial class was the one occupational group to show a net change in favour of the Democrats in 1952, throw at least some doubt upon the view that suburban growth spells doom for the Democrats.

For that matter, even the raw voting statistics indicate that it may not only be the ex-urban Democrats who are on the road to respectability ; the practice of voting Democratic may itself be losing some of its connotations of ethnic and economic underprivilege. In several strongholds of suburban Republicanism, recent elections have witnessed Democratic inroads. And urban Democratic majorities succumbed to suburban Republican ones in 1952 largely because the former were smaller than usual, as Mr Harris himself admits.

In short, although the move to the suburbs may well force the Democrats to make changes in the types of appeal and organisation they use, it seems hard to prove that 1952 is to be explained as a suburban revolution. The University of Michigan's survey demonstrated beyond question that the Eisenhower candidacy dominated the 1952 election. Republicanism was scarcely stronger than it had been for two decades, but Mr Eisenhower himself was simply unbeatable, in or out of suburbia.

Vexatious Metal

New York

TITANIUM, " that most vexatious metal," is as disconcerting to the government as it is to the metallurgist. Its properties—a unique combination of lightness and great strength, at temperatures up to 800° F., and exceptional resistance to corrosion—make it most desirable for use in military aircraft, which, at present, account for 90 per cent of all the titanium consumed. To ensure potential users an adequate supply, the government encouraged the expansion of capacity to produce titanium sponge, as the primary metal is called, and guaranteed a market for it. There are still only two producers of titanium sponge in America—du Pont and the Titanium Metals Corporation—but a third, Cramet, Incorporated, is due to begin producing this year, and the total output for 1955 has been estimated at 10,000 tons. Additional capacity, for which the government has already contracted, will bring the total supply up to 22,500 tons a year by 1957, but the goal of the Office of Defence Mobilisation is an annual output of 35,000 tons.

But so far consumption has lagged far behind production

and no increase in demand, to correspond with the planned increase in capacity, is as yet in sight. There are three main reasons for the consumers' lack of enthusiasm. The first is the very high price of titanium sponge. Although prices have been cut by over a dollar a pound during the last two years, at $3.95 a pound titanium is still prohibitively expensive for most purposes in comparison with steel, aluminium and other alloys. The second drawback is the metal's lack of uniform quality, which persists in spite of a drastic tightening in specifications. The third and most important problem is the almost complete lack of industrial " know-how " in melting and fabricating the metal. Cost, quality and fabricating difficulties all stem from a group of peculiarly difficult metallurgical problems. One answer to these is thought to lie in the development of new production processes but other experts maintain that costs can be substantially reduced without any radically new process, once larger scale production is achieved and integrated plants permit the more efficient recovery of scrap and the recycling of by-products.

Few fabricators, however, are familiar with the properties of the metal or have acquired the special techniques and equipment needed to handle it. A Senate sub-committee, noting a general lack of co-ordination between the various government agencies responsible for the titanium programme, has now recommended that the government should abandon, for the time being, its plans to expand output beyond the 22,500 tons already contracted for, and spend the money instead on promoting research and developing methods of using titanium.

Tubeless Triumph

New York

THE recent arrival at La Guardia airport of the first commercial airliner with tubeless tyres on its landing wheels is a sign that yet another tyre market is falling to the tubeless invasion. Tubeless tyres have been sold in America, on a limited scale, since 1948. But the automobile industry did not finally take the plunge until all of the major tyre makers offered them at prices competitive with the conventional tyre-and-inner tube combination ; this year all of the new model cars carry tubeless tyres as original equipment. The tubeless share of the passenger car tyre market jumped overnight from under 2 per cent to over 50 per cent, and of the 80 million passenger car tyres the industry expects to produce this year, some 55 million will be tubeless. Although the B. F. Goodrich Company, which pioneered tubeless tyres, has brought patent infringement suits against two of its main competitors, all are concerned to win the production race now and are leaving worries about legal complexities until later.

Tubeless penetration has been slower in the market for bus and lorry tyres. Small vans, which use passenger car tyres, present no problem, but heavy lorries and buses must first be converted to the airtight wheel rims needed for tubeless tyres. Farm tractors and construction equipment which, together with aircraft, provide most of the remainder of the market are also gradually being converted to use tubeless tyres. The industry thinks that, within a few years, the inner tube will be " as dead as a dodo."

Although they take longer to make, and require closer tolerances to guard against air leaks, the new tyres do not call for radical changes in production methods But on one part of the synthetic rubber industry, the butyl producers, tubeless tyres have had a drastic effect : 90 per cent of this synthetic, which has ten times the air-retaining quality of natural rubber, was formerly used to make inner tubes. But with the advent of the tubeless tyre, butyl is required only for an inner liner which is bonded directly to the casing, and consumption of butyl by the tyre industry has already nearly halved. Research into new uses for butyl had been inhibited by the shortage of the rubber after the inner tube demand had been satisfied, but a vigorous search for new outlets is now going on. One of these, for which the longevity and low cost of butyl make it particularly attractive—if certain technical difficulties can be overcome—is its use in the manufacture of the actual tyre covers.

SHORTER NOTES

With two of the country's three big copper mining companies strikebound, output of the metal has been cut by over half during the past week. Copper is already in short supply and the authorities are expected to ask the President for permission to release supplies to domestic industry from the strategic reserve, should the strike continue much longer. The union is demanding a wage increase of 20 cents an hour and other benefits ; so far all the companies' offers have been refused.

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The new tolerance on security questions in Washington has benefited two more sufferers this week. The Secretary of Agriculture has decided that Mr Wolf Ladejinsky, earlier dismissed by the department and now working on the foreign aid programme in Vietnam, is not after all a security risk. And the courts have ordered that Mr J. S. Service's record be cleared of the finding of " reasonable doubt " about his loyalty which caused his dismissal from the Foreign Service. The judge did not, however, order Mr Service to be reinstated, since there was authority for his dismissal under another law.

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Washington has been without public transport, whether by tram or bus, since midnight on July 1st as a result of union demands for wage and pension increases. The transit company maintains that its financial position is too unhealthy for it to be able to offer any rise at all until it is permitted to increase fares. To meet the resultant problem of traffic congestion private cars are being allowed to park on the disused tramlines. In Los Angeles, however, a similar strike has hardly inconvenienced people at all, for in that motorised city public transport has little importance.

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The growing proportion of old people in the population has encouraged a leading food processing company, which pioneered in the tinned baby food market, to produce a new line of " senior foods " intended for the geriatric market.

The World Overseas

Democracy on Trial in Pakistan

BY A CORRESPONDENT

THE inauguration of the new Constituent Assembly at Karachi this week, may or may not mean the beginning of a new era for Pakistan, but it is certainly a testing time for the politicians. They are now having their last chance to make a success of running the country on democratic lines.

The main task of the new Assembly is of course to do what its predecessor failed to accomplish in seven years—to approve a new constitution which must be acceptable to both wings of the country. This has been made easier by the bold decision of the government to integrate the provinces and States of West Pakistan into a single unit, thus creating a fair political balance between the Eastern and Western wings. The administrative machinery of the new unit is all ready to go into action as soon as the formal approval of the Constituent Assembly has been accorded. This will in fact be the first job to be done by the new body. It will then tackle the draft constitution, and will take time off to sit as a legislature only if there are important measures that must be passed.

If the atmosphere in which the Assembly is meeting could be regarded as reasonably harmonious no very serious snags would be expected. Unfortunately this is not the case. The elections have left their usual crop of rancours, and the recent political manœuvrings of the Prime Minister, Mr Mohammed Ali, have created a somewhat explosive situation. When the Governor-General dismissed the old Assembly, Mr Mohammed Ali retained the prime ministership only at the cost of some loss of face; he was not the most important member of the new Ministry and it was commonly believed that he would be pushed out as soon as it suited the more powerful elements. He himself had different ideas: he seems to have decided that he would be master in his own house or, at worst, go out with a bang rather than a whimper. His opportunity came during the simultaneous absence abroad of the Governor General and Mr H. S. Suhrawardy, when he opened negotiations with Mr Fazlul Haq, the East Bengal leader, not only for the restoration of parliamentary government in that province but for the formation of a coalition between the Muslim League and the United Front at the Centre.

For the full significance of this it is necessary to look briefly at the events of the past year in East Pakistan. The United Front party was formed to fight the hitherto all-powerful Muslim League in the East Pakistan general election and consisted mainly of Mr Suhrawardy's party, the Awami League, and Mr Fazlul Haq's followers. After an astonishing victory at the polls, Mr Haq formed a government in East Pakistan while Mr Suhrawardy became Law Minister at the Centre. Mr Haq's government proved a disastrous failure and was dismissed. He himself fell personally into disgrace by publicly affirming that the ultimate objective of his party was complete independence for East Bengal. The United Front rapidly disintegrated, but the one man who emerged with reputation unscathed and popularity undimmed was Mr Suhrawardy.

In these circumstances, Mr Mohammed Ali's action in making such an important deal with Mr Fazlul Haq without so much as consulting his Cabinet colleague, Mr Suhrawardy, was nothing short of a direct challenge. One of the two men, it seems, will have to go. Mr Suhrawardy, who has been touring in East Pakistan since his return, has said enough to show what his feelings are: he has challenged Mr Fazlul Haq's claim to be leader of the United Front and has said that in any case that party has ceased to exist. He will probably resume his role of opposition leader, but it will be an awkward situation during the constitutional debates, since as Law Minister he has played so large a part in preparing the draft which the Assembly is to consider. A solution might perhaps be found by the formation of a tripartite coalition, but it is hard to believe that personal resentments will allow this.

Mr Mohammed Ali has certainly strengthened his position by his recent move, even though it has involved alliance with a man whom he so recently denounced as a traitor. As leader of the Muslim League he commands a good deal of support in West Pakistan, and his new alliance brings him more from East Pakistan. Of the 80 seats in the new Assembly, 25 are filled by Muslim Leaguers, 16 by Mr Haq's United Front, and 12 by Mr Suhrawardy's Awami League. The combination of the first two secures for the government party a bare working majority, but further support will no doubt be forthcoming from the eight nominated members who are to represent the States and tribal areas. There are however some ex-Muslim League independants who will not make the Prime Minister's position any easier; prominent among these is Malik Feroze Khan Noon, influential in the Punjab, and Mr Fezlur Rahman, who was Commerce Minister in the dismissed Nazimuddin government and has already disclosed bitter hostility towards Mr Mohammed Ali.

One thing seems fairly clear: if the personal struggle

for power between these political leaders leads to continued constitutional stalemate, or to a new regime of inefficiency, intrigue and corruption in the Central Government, it will not be long before the Civil Service and the Army assert themselves again; and this time they are likely to make a complete job of it. Mr Ghulam Mohammed, the Governor-General, is himself an ex-civil servant, and for all his ill-health he reminds one of some Olympian brooding over the battlefield and preparing to launch another thunderbolt as soon as the situation requires it. He has two extremely efficient advisers, General Iskander Mirza and Chaudhri Mohammed Ali. They would be able to count on the support of the Army, led by General Ayub Khan. And, if the new administration fails to provide the good government for which the people crave, they would have the support of the public.

German Army's Slow March

BY OUR SPECIAL CORRESPONDENT

ONE point is now abundantly clear in the confusion surrounding Germany's steps towards rearmament. It is that the twelve divisions are still a long way off. Herr Blank's statements to the *Bundestag* and press last week show that, putting its best foot forward, the new army will consist, in the training cadres and at headquarters, of only 6,000 men by the end of March next year; and no conscripts will be called up before the autumn of 1957. The latter date is significant. The next federal elections are due at the same time, and Dr Adenauer will be 81 years of age. Any party manager worth his salt would be considering the advisability of holding the elections this year, and this is precisely what the rumours in Bonn suggest that the Chancellor will do. He could count on victory, with his prestige raised high again by his invitation to Moscow, and Socialist economics refuted by full employment.

Before the six thousand can be legally set to work, Dr Adenauer's famous emergency law must be passed. But it is still uncertain whether this can be achieved by the end of the session. Both houses of parliament insisted that the government should first make known its programme for combining the powers of the executive, the legislature and the army command and changes in the draft law are likely. It is evident that parliament will demand that the six thousand—who are key men—should be "vetted" by the civil board which is to examine all officers from colonel upwards. The interim law will also be limited until the end of this year, by which time the complete and final Soldier's Law may have been passed and any necessary constitutional changes made. The Defence Minister has now made his statement of government policy, and it has been debated on the familiar lines. No further move will be made from the government side. It is intended to let parliament produce its own proposals without feeling that it is being steam-rollered as it was over the interim Volunteers Bill.

The number of vital decisions on which the Ministry's proposals are opposed is considerable. The most important concern the question of who shall wield effective power over the army. The government—honestly trying to keep the civilians' power from being submerged—proposes that the command of the armed forces inside Germany and in technical matters shall be given to the Minister of Defence, acting under the Chancellor. It is not intended to appoint a *Chef der Heeresleitung* who might play the role of a General von Seeckt and dominate the civil power. The individual commands of army, navy and air force would be held by departmental heads inside the Ministry of Defence. The Nato supreme commander in Europe will, of course, have the disposal of all the German forces.

The good intention behind the government's proposal is evident. But it is being attacked as inadequate by leading members of Dr Adenauer's own party and its South German sister, the Christian-Social Union (standing for the federal powers of the *Länder*) as well as by ex-General von Manteuffel, who acts as military spokesmen for the Free Democratic Party. The reasons are well-founded. The individuals who hold the commands inside the Ministry of Defence may well be military men themselves. The Ministry might become a department of the armed forces. General von Manteuffel and others want a National Security Council on the American model to balance the military and civil views, and many parliamentarians are demanding that the constitution shall be changed in order that the Minister of Defence (and commander-in-chief) can be forced to resign by a vote of no-confidence. At present, the government is practically irremovable. Neither the Chancellor nor any member of it can be forced out of office unless the whole cabinet goes and a replacement is simultaneously proposed by parliament.

Who shall be C-in-C?

The same kind of struggle is proceeding over the question of the titular commander-in-chief. Is it to be the President, or the Chancellor, or both? As it now stands, a compromise is likely. The President will have the formal authority, but the powers of granting commissions, declaring war or calling out troops in an internal emergency will be shared with the Chancellor, who will be over the Minister of Defence. As the hierarchy at present appears, therefore, the power of the Chancellor is intended to be very great indeed, but if he were a weaker man than Dr Adenauer, and a strong man sat in the Ministry of Defence, it might still be the army that predominated.

Another decision has been taken which indicates how the spirit of a European Army is dead. As in former days, local *Wehrkreise* are to be formed, each with their own hierarchy, and the arms units are to be set up on a regional basis. Not only will Bavaria have its Bavarian forces, but the government is being pressed to agree to the demands of the refugee *Landsmannschaften*, for "East Prussian" and "Silesian" units to be set up. This would be a serious political mistake. It would rouse Russian suspicions, and it would not be justified by the sentiment among the younger generation. On the other hand, decentralisation of the army network is politically desirable, and it is a welcome sign that the leader of the Christian-Social Union, Herr Franz-Josef Strauss, is demanding that the *Wehrkreise* shall be contiguous with the *Land* frontiers, and their commanders appointed in conjunction with the *Land* governments. Failing a European army, Bavaria's federalism is one of the best defences against any centralist tendency on the part of the new military organisation.

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Colour Bar on the Copperbelt

THE issue of African advancement and the lowering of the industrial colour bar are again beginning to dominate the labour situation on the Copperbelt. It is now nearly two months since the Northern Rhodesian (European) Mineworkers' Union made its offer to surrender thirteen categories of jobs to Africans in the interest of African advancement, and also to discuss the surrender of any additional jobs for which the mining companies could prove there were suitable Africans available. The talks between the Chamber of Mines and the European Union's leaders —which are still described as "preliminary"—turn on the latter question, and particularly on the subdivision of European jobs so that Africans can be trained to take them over.

The two groups of companies—Rhodesian Anglo-American and Rhodesian Selection Trust—remain deeply divided on their approach to the offer; Anglo-American considers that it affords the prospect of a settlement, while the Selection Trust feels that it leaves everything still to be negotiated. Anglo-American would certainly like the white mineworkers to yield more jobs to be either handed over as they are, or subdivided, but they tend to take the line that what matters is the first step, and that the existing offer, for the first time in Copperbelt—indeed in Southern African—history, opens the door to African advancement and is on that basis a decisive move forward. The fact that Africans remain so largely indifferent to the question of advancement (which even under the most generous scheme affects few of them) is to Anglo-American an additional reason for accepting a practical beginning here and now.

Ladder of Advancement

Selection Trust, on the other hand, could hardly accept the European mineworkers' offer, or anything like it, without going back on the statement of policy which led it last November to give the European mineworkers six months' notice of termination of the labour agreement which upholds the colour bar. This notice was, it is true, withdrawn in January when the ballot among European unionists showed a majority for African advancement in principle. But the European leaders have failed to accept the basic requirement of the Selection Trust's plan—which is that there should be no numerical limitation of the jobs to be opened to Africans and no period set after which new negotiations would be necessary for any further advance. Nor do the European miners apparently envisage the intermediate scale of jobs which in the Selection Trust's plan was to provide the Africans with a continuous ladder of advancement; the European mineworkers' offer, moreover, consists of little more than the "ragged edge" jobs which in some cases Europeans do, in others, Africans. The RST's original schedule was far longer, and envisaged subdividing jobs to fit them to African capabilities rather than holding back jobs until Africans were fit for them.

Unless the European mineworkers make a decisive advance towards the Selection Trust's position, therefore, the situation is beginning to look much the same as in November last. The company still seems very determined. Though negotiations continue, on the Trust's side they are plainly backed by readiness to renew its notice of termination of the labour agreement. This is a strong sanction, for the European mineworkers have little stomach for a strike, notwithstanding the intense anger aroused amongst them by the lenient treatment meted out to the Africans after their strike. For the trade union leaders realise that they have no backing whatever from British labour, and that their consultations with the South African mineworkers' union were a bad mistake. Selection Trust is evidently perfectly prepared to accept the loss of production which a strike would cause, while it is possible that the African mineworkers at Anglo-American might come out at the same time, possibly with British trade union backing, on such an issue. The companies could stand the loss of revenue, but the federal government would feel it more. Thus once again Selection Trust is placed in the position of first champion of what it conceives to be a vital principle of partnership, in the interests of long-term race harmony in Northern Rhodesia. It is an unusual position for a commercial concern to take up; but having taken it up, it looks as if it has neither the means nor the intention of retreating.

Perplexities in Israel

BARELY a month before Israel is due to go to the polls for its third parliamentary election on July 26th, its voters have been plunged into a sensation by a court verdict in a libel case. A Dr Kastner, who is a supporter of the Prime Minister's party, *Mapai*, and who during the war organised a "rescue committee" in Hungary on behalf of the Jewish Agency, has been trying to clear himself of accusations that he did deals with the Nazis which spared an *élite* at the cost of a mass of Jewish lives. The ten-month court case was freely reported without reaching the limelight, but when the verdict not only went against Dr Kastner, but did so in terms that made no allowance for the dreadful dilemmas in which far more European Jews than merely he were faced in Hitler's day, Israelis who had hoped that a new country would be uncluttered by recrimination found themselves caught in the net. The Kastner case has opened old wounds, picked trouble between political parties, and served as a pretext for a cabinet upset only three weeks before polling day.

Mr Sharett has re-formed a caretaker coalition the nature of which suggests that the libel action served only as a pretext for abandoning a partnership that would have split anyway. Probably, therefore, the case will not affect the election results but, momentarily, it has placed *Mapai* on the defensive and affords its rivals some ammunition at the hustings.

The case arose because an elderly man named Gruenwald, distracted by the loss of life in his family in Hungary, sought relief by pinning blame somewhere and in a mimeographed news-sheet, at length fixed it on Dr Kastner. As head of a "rescue committee" linked to the Jewish Agency, Kastner had in the course of his thankless task to deal with the Nazis in ways that most people think it wise to forget. Presumably because the government felt that issues larger than Dr Kastner's personal repute were involved, it caused

the libel action against Mr Gruenwald to be brought not by the victim but by the Attorney General. This decision, strange to an outside eye, entailed complications; Dr Kastner was handicapped in that he was not the plaintiff, and many potential witnesses were reluctant to speak up if evidence from a dead past was going to serve only to taint the politics of a new and lively present.

When the verdict not only went against Dr Kastner but made no allowance for the dreadful nature of the duties he had tried to perform, the doubtful wisdom of party intrusion became more apparent. Many of *Mapai's* prominent personalities were leading lights in the then Jewish Agency; rival claimants to the Agency's credit for founding the state rejoiced at their discomfiture, the first to do so being the extreme right-wing *Heruth* party—formerly the *Irgun Zvai Leumi*.

Undaunted, however, the Cabinet interfered again and instructed its officers to lodge an appeal. Its General Zionist members say they were not consulted over this decision. *Heruth*, delighted, sought a vote of no-confidence. So did the Communists, and though the coalition defeated both motions, it did so by only a narrow margin as the General Zionists abstained. Mr Sharett therefore handed in its resignation on the issue not of the Kastner case but of collective responsibility. Each group says the other struck the death-blow, but their uneasy partnership in fact collapsed because both now see advantages in campaigning separately. The caretaker coalition has dropped the General Zionists.

In spite of the storm of unhappy feeling that the case has aroused, the number of votes it will affect is likely to be small. Non-Europeans do not feel its poignancy; elsewhere, it seems more likely to close party ranks than to open the door to deviators. A better guide to the way the wind is blowing is obtained by studying the recent elections to the *Histadruth* (Jewish Federation of Labour)—a contest in which all parties except the religious bloc and *Heruth* took part.

Straws in the Wind

About half a million people qualify as voters for the *Histadruth*, and, on May 8th, 431,000 of them used their votes This figure represents roughly half of this month's parliamentary franchise, assuming that 75 per cent of the electorate go to the polls. In May, *Mapai* came out easily first with 237,000 votes or roughly 57 per cent of the total. It thus retained the position it held as the result of the 1949 *Histadruth* election, and remains safely entrenched in control of this body's huge and varied organisation and economic resources.

Mapam, the more radical party which stands for ties with Russia and a planned economy, held second place in the *Histadruth* until it split last year, when it lost a fraction of its members to the Communists and a larger number to a new faction to its right, *Achduth Avodah*. On May 8th, this last won 60,000 votes, *Mapam* only 52,000 and the Communists, 17,000. The *Oved Zioni*, a non-Socialist group that works with the Progressives (who served and are still serving in the Sharett coalition) polled 22,000 votes and the General Zionists, 16,000; these last, the champions of private enterprise, appeared for the first time in an election for the *Histadruth*.

Two facts stand out clearly from these results: first, that the new immigrants who have swelled the ranks of organised labour in the last five years have fitted into the existing parties without much altering their proportions; secondly, that there is a slight shift to the right, the evidence for which is the success of the *Oved Zioni* and the appearance of the General Zionists on the scene of labour politics.

In the Knesset that has just risen, *Mapai* controlled 47 seats out of 120, and the General Zionists, 23; the other parties were so disposed that *Mapai* could enjoy only a slender majority if it formed a coalition without the General Zionists. In the 1951 election, the General Zionists won this position by a spectacular victory which caused them to treble their seats. This time no party can expect any such drastic shift, and the absolute majority which *Mapai* enjoys in the *Histadruth*, which is Mr Ben Gurion's dream for the Knesset, will almost certainly not come to pass. For whereas in the *Histadruth* elections the main issue lay between moderates and leftists, the two main matters at stake this month are the fight between the collective section and private enterprise on the one hand, and that between the orthodox and the free thinkers on the other. It is expected that the new immigrants from oriental countries will somewhat swell the orthodox ranks.

No less than 23 party lists confront the elector, and are enough to confuse any outsider who does not know that many of them are mere devices used by the big parties to attract special factions or sects within the electorate. The main contest lies between *Mapai* and the parties to the right of it. The last few years have seen a tremendous increase in the weight of government-controlled and *Histadruth*-controlled, enterprises. These two organs co-operate closely in framing policy, for the key men in both belong to the same group and think on identical lines. As a big percentage of investment comes from public funds, and is lodged either directly by the government, or else by way of the big business corporations that the *Histadruth* finances and controls, the trend has lately been towards an increase in the influence wielded by the authorities and labour. The General Zionists, though they participated in the coalition, were unable to arrest this development. At the same time, the slight shift to the right in the *Histadruth* elections suggested that even some *Histadruth* members are averse to the trend. The elections to the Knesset will show whether the shift will be repeated on a nation-wide scale.

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Politics in Eastern Europe—II

BY A CORRESPONDENT

SHOULD Eastern Europe again enjoy freedom of political choice, it may be assumed that powerful peasant movements would quickly spring up, with democratic programmes and marked Christian and nationalist undertones. In Poland the workers may be expected to return to Socialism. Elsewhere their reaction is hard to predict. The possibility of fascism cannot be excluded. The state bourgeois who today profess devotion to Bierut and Rákosi could turn overnight into fascist demagogues. With nationalist, religious and perhaps also anti-semitic slogans they could appeal to the masses in town and country and stir up the desire for revenge.

There are three dangers that might arise at the moment of change—a white terror indiscriminately launched against "Reds" and "collaborators"; conflicts between rival groups of nationalists (Slovaks against Czechs, Hungarians against Roumanians); and a provocative attitude towards the Soviet Union, especially by Poles and Roumanians, from whom Stalin seized whole provinces in 1939 (Eastern Poland and Bessarabia). These dangers could be averted if the changes were brought about in an orderly manner, by free elections jointly sponsored by the Great Powers. The experience of the last ten years, in various parts of the world, has shown pretty clearly what is a free election and what is not, which measures ensure freedom and which do not; it should be possible to prevent the wool from being pulled over the eyes of the western world, while Church leaders, and the Vatican itself, could do much to prevent violence and revenge.

So also could some of the democratic exiles from Eastern Europe. The myth beloved of Communist propaganda, which depicts these men as bloodthirsty capitalists and landowners, thirsting for booty and revenge at the expense of their own peoples, has no basis in fact. There are fascists among the exiles, though few of these are capitalists or landowners. These fascist exiles, now scattered about Germany and South America, have rightly been ignored by Western governments. The exiles with whom Western governments have had dealings are democrats who have spent most of their political life fighting both fascism and communism. If they do return, it will be as individual citizens, not as governments, and their voice will be raised in favour of freedom and reconciliation. The danger of fascism comes not from them, but from the national fanaticism and desire for revenge of the masses oppressed by Stalinism.

It is of course obvious that Moscow will not at once consent to hold free elections in Eastern Europe. But Moscow never makes any concession until it has been pressed firmly and for a long time. The West has no desire to "restore landowners and capitalists" in Eastern Europe. The new state industries will doubtless remain in state hands: whether further industries can be created, beside the state sector, by private enterprise, as was successfully done in Czechoslovakia between 1945 and 1948, must be decided by the peoples themselves. Private peasant ownership will remain, but this does not exclude co-operative cultivation, provided that it is genuinely co-operative, not a pseudonym for Communist party dictatorship. The concern of the West is not primarily with these things: it is with the restoration of the European balance, with the restoration to the peoples of Eastern Europe of the right to choose their own international friendships. Only then can the relationships between Germans, Czechs and Poles be settled, without exploitation of each against the other by Moscow. Only then can both Germany and the West as a whole be secure. Above all, only then can Soviet Russia itself be secure. For the aim of Western policy, it should never be forgotten, is not to destroy Russia but to live in peace with Russia. The present armed truce may be protracted for decades: if Moscow refuses to negotiate, it will have to be. But if there is to be real and lasting peace, then Eastern Europe must be freed, not by crusading wars but by consent. It will, however, take a long time to persuade Moscow of this.

(Concluded)

Blindness in the Colonial Empire

BY A CORRESPONDENT

THE annual reports of charitable societies are necessarily *ex parte* statements, but enough solid facts are contained in the fifth annual report of the British Empire Society for the Blind, published on Thursday, to justify the view that blindness can properly be regarded as an imperial problem, and must be treated as such. There are estimated to be over a million blind people in the colonial empire; some 40,000 of them are concentrated in the northern Gold Coast, where onchoceriasis, or river blindness, is responsible for most of the eye disease. The infection is spread by the Simulium fly, which breeds in the rivers, and the society has just completed an entomological survey, extending over two years, into the possibility of wiping out the fly. The results of these researches are now being collated, but the report hints that they may well lead to the discovery of a means of controlling the disease, and even possibly of practically eliminating it in the course of time.

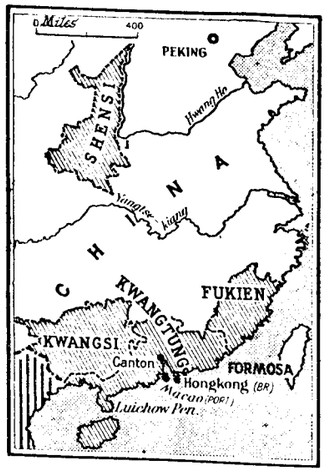
In Kenya, Uganda, Tanganyika and Zanzibar, there are estimated to be at least 120,000 blind people (one of the society's main services so far has been to calculate with approximate accuracy the incidence of blindness in colonial territories, which has so far been a matter for mere guesswork). Here, where the prevailing disease is trachoma, one of the main needs is surgical skill and equipment; in one year, a travelling clinic in Kenya has cured over 300 blind people in the intervals between giving instruction on the care of the eyes, registering the blind and collecting information about the causes of blindness. Everywhere, a good deal of medical time and skill has to be expended on research work, and it is painfully clear that if more money were available for the provision of surgeons and clinics, many people who are at present condemned to the prospect of permanent blindness could be cured.

Most of the blind in colonial territories live as beggars, and in some places the burden of supporting them puts a noticeable strain on the economy. The Governor of Nigeria has said that if every blind person in his territory could produce £12 worth of goods and services a year, the net result would be an increase in income of two and a half million pounds a year. Since the British Empire Society

for the Blind was founded five years ago it has doubled the number of blind children at school and increased ten times the number of blind adults in training. Most of them are being taught the trades which they would normally follow in their own communities; at two training centres, one in Kenya and one in Uganda, blind farmers are living with their wives in settlements designed to reproduce as closely as possible the ordinary conditions of African village life, and are learning how to cultivate smallholdings with implements specially designed for them. Blindness is rife in most underdeveloped territories, and the prospect of being able to train the blind to farm land efficiently is potentially of great economic importance.

Unrest in China

CHINA'S planners, who announced their revised version of the first five-year plan this week to a drum roll of propaganda and a firework display of statistics, have recently been given ominous warnings of the unrest their enforced "austerity" is causing. Whether they achieve the targets they have set for 1957, including a doubling of coal and a trebling of steel production, depends in the end on their success in extracting food surpluses, and the peasants are becoming impatient with their forced privations. The trouble has come to a head in the south. In Kwangtung, where riots have been reported at intervals during the last three months or more, an investigating delegation of the National People's Congress has reported "a very serious situation" caused by sabotage of crops and farm tools, and a Canton paper has claimed the suppression of attempted uprisings. "Criminal gangs" are alleged to have stolen large quantities of goods from state factories, and to judge from the casualty figures there has been a good deal of violence. There has also been unrest in neighbouring provinces, especially in Fukien, which faces Formosa and has probably been infiltrated by Nationalist agents; and even in far-off inland Shensi, remote from external interference, 52 people were executed and 450 sent to prison recently as a result of the disorders.



The discontent is not surprising. There have been severe and persistent droughts in Kwangtung and Shensi, and a "calamity area" has been declared in Fukien. Significantly, the Peking statement on the latest troubles in Kwangtung does not make the usual attempt to put the blame on "Chiang Kai-shek agents," but simply talks of counter-revolutionary elements and accuses the local party cadres of complacency and carelessness; the dissatisfaction seems to

have spread to the party level. Now, while the drought persist in the south, a repetition of last year's disastrou floods is feared in central China. Mr Mao Tse-tung' planning experts must be wondering whether China' economic foundations will stand the strain.

World Economy in 1954

ECONOMIC developments in 1954 throughout the work were dominated by the passage of the United Stat through the recession which started in the third quarter o the previous year and did not show positive signs of abatin until the fourth quarter of 1954. This fact emerges wit striking clarity in the latest World Economic Report* prepared by the United Nations Department of Economic and Social Affairs in New York. Throughout the Report save in the sections dealing with the centrally planned economies (the Communist bloc), the effect of this major change on developments in the rest of the world recurs agair and again.

The course and causes of the recent American recessior have already been described and analysed in many othe publications, and the latest United Nations study has littl new to add to the knowledge and understanding of thi phenomenon. But it contains some interesting new thoughts and figures on the repercussion of the fall i American business on the foreign trade and economi progress of other countries. The enigma of the 1953/5 recession is that, contrary to all expectations, the declin in American business activity was not transmitted to th outside world in the catastrophic way indicated by pas experience. After describing the unique features of th most recent recession the UN experts remark that it "is striking indication of the extent to which its [the rest of the world's] earlier dependence upon an import balance with the United States and its vulnerability to small fluctuation in United States import demand have been lessened."

World trade during 1954, notwithstanding serious declines in the United States and Canada, was, measure in constant dollars, 7 per cent above the previous year which itself was an all-time record. Most of the increas was shared by the Continental OEEC countries—in which the re-emergence of Western Germany as a world trade played a big part—and by the United Kingdom. Japa too made a substantial come-back in world trade. East-West trade was modestly higher, but trade with Communist China fell off during 1954.

Much interest centres on the description of economic events behind the Iron Curtain which forms the substance of two separate chapters. The usual problem of the absence of reliable statistical information is made all the more difficult this year by the confusing and frequently contradictory official statements which accompanied the announcement of the "new course" and its subsequent reversal. Speaking of the Soviet Union, the UN experts remark cautiously that "it appears that the new policy represents only in part a return to the policy pursued before 1953 when heavy industry was emphasised to the neglect of both consumer goods industries and agriculture."

* World Economic Report 1953/54. HM Stationery Office

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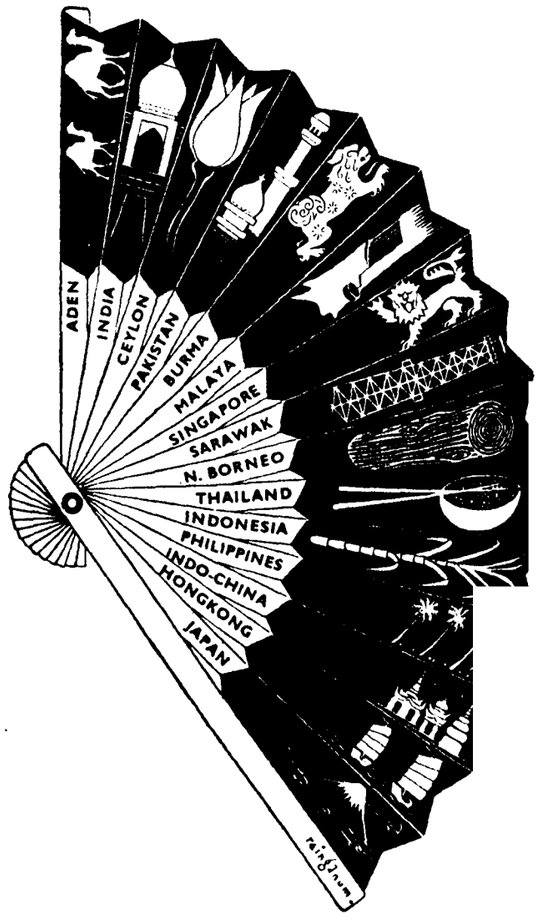

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THE BUSINESS WORLD

Co-existence in Road Haulage

NOT quite half the organisation of British Road Services has been denationalised in the two years since the Transport Act was passed. This is certainly much slower progress than Mr Lennox Boyd, when he was Minister of Transport, allowed himself publicly to expect. And the half that has yet to be sold may be the more difficult half to get rid of satisfactorily. It includes the lorries and depots in the BRS long distance trunk network and parcels and smalls organisation. The first attempt to sell the trunk network last March failed dismally and it is not clear that further attempts will enjoy a better fate. The small hauliers, who were granted first priority to buy back 15,000 lorries, have all that they want. Further disposals will involve another disruption of haulage services. Is this necessary or desirable? Political second thoughts are always unpalatable, and particularly so when the Minister is between opposing pressures not only from the parliamentary opposition and the TUC but also from sections of the road haulage industry, haulage users, and from Conservative back benchers. But some of the latter also hold that there is a strong case for reviewing the present policy.

Since November 1953 nearly 25,000 of the lorries owned by British Road Services have been put up for sale, and of these nearly 16,000 have found bidders at prices acceptable to the Transport Commission and the Disposals Board. There are thus 8,000 of the 32,500 vehicles originally earmarked for disposal that have still to be offered for the first time. Most of these are in specialised fleets for which separate arrangements have been made and the balance of fewer than 2,000 lorries includes some no longer running and others since replaced by fewer and larger vehicles.

The bulk of the 16,000 lorries so far sold have been stripped from the premises and depots from which they had been operating and it has been necessary to offer them in lots of steadily diminishing size. This was done in order to meet the promise to cater for the requirements of "the small man." The first three lists contained 10,046 lorries in 1,663 units, or six lorries to each unit; the last three general lists contained rather more units but less than two vehicles in the average lot. Nearly 19,000 lorries have had to be offered more than once. More than 11,000 vehicles have been sold without premises, against 4,500 with premises; thus nearly half the scheduled vehicles have been sold back to private hauliers, but less than a third of the depots.

These figures suggest that few former hauliers have found much attraction in returning to the haulage business. Existing road hauliers have bought about two-thirds of the total number of vehicles sold. These carriers were at first able to buy their way back into long distance road haulage before the 25-mile radius was abolished for all hauliers. Most hauliers would still be perfectly willing to add a few BRS vehicles at a time to their fleets to match the expansion of their business, but not, it seems, very many depots to go with them. A few medium to large private haulage businesses have begun to emerge but, in general and apart from the BRS fleets, road haulage is now conducted by more small units and fewer large ones than in 1947.

Two new factors have emerged since the transport debates of 1952 (and 1946), and they put a somewhat different complexion upon discussion about haulage policy. The first is the efficient and profitable trunk network that BRS made out of the patchwork of trunk and tramp haulage businesses it took over. The advantage of one such organisation covering most of the country was slow to emerge but it has been proven by experience in the last two or three years. A large organisation can provide regular services with efficient loading, clearing and communications; it can afford the

overheads that earn the benefits of operational research in freight handling, traffic movement, and in vehicle design and maintenance ; and it is better able to budget for staff and their training. In each of the last two years BRS has made a profit of nearly £9 million, amply covering its share of the Commission's capital charges. Further disposals will seriously reduce this profit. But BRS, stripped of all but its trunk and retained fleets, should be no less efficient, and it would be less troubled by management problems that are commonly ascribed to "undue size."

Is this the right course to follow ? Sales of BRS vehicles could certainly continue in penny packets until the rest of the 32,500 vehicles had been sold. But that would involve the slow disintegration of the trunk network, and an even longer period before a few large units again emerged that could match BRS in efficiency. There was never much chance of breaking up BRS into a number of compact groups of large or medium size. Early invitations to hauliers to make their requirements known to the Commission brought few replies and when the entire trunk fleet available for disposal was put up for sale in 160 medium and smallish lots (all but two with depots) not a tender was received for half of them and less than a tenth of the 6,100 vehicles offered altogether—and these mainly in the smaller units—were actually sold.

This failure seems to stem more from fears of the formidable competitive ability that BRS will still have with the 4,500 lorries it retains under the Act rather than from the particular methods of disposal open to the Commission and the Board. To turn unincorporated transport units into companies does not thereby add to their marketability. The Road Haulage Association has argued that such haulage units should be sold as "going concerns" neatly tied up with bundles of haulage traffic, but this suggestion unfortunately cannot guarantee that contracts between BRS and its present customers can be transferred to new proprietors. There remains the possibility of amending the Act so that shares in haulage companies could be offered for public subscription but this method also is full of difficulty—who is to be promoter and where is the management to be recruited ? Above all, each of these devices has the effect of splitting up the trunk network.

If this network were to be left as one operating unit (requiring 8,000-10,000 vehicles), it would not thereby have a monopoly of long distance freight traffic. This is made clear by the second factor that has come to light since 1952. In September of that year two statisticians at the Ministry of Transport carried out the first sample census of road haulage activities in Britain which unearthed some startling information about the amount of traffic carried long distance (over 40 miles) by traders in their own C licence vehicles. Both in tonnage and in ton mileage, this C licence traffic was equal to the total carried by professional hauliers operating under A and B licences and by the state road haulage fleet together. Although this census was taken before the mileage restriction was lifted from private hauliers and before railway freight charges were freed, these shares cannot have changed markedly since. Assuming that nearly all the general merchandise handled by rail is carried more than 40 miles and excluding minerals and coal, the comparable railway tonnage is half of the quantity moved by road and in ton miles, more significantly, 85 per cent of the road total. In round figures, C licence vehicles may carry perhaps a third of all long distance freight traffic handled in Britain for which road and rail compete.

The implication is that the general ceiling for both road and rail freight rates is set by the cost of comparable C licence hauls (which may contain elements more accurately labelled advertising or special sales expenses rather than transport costs pure and simple). The bedrock to these rates will ultimately be the long run costs of each service. But the competition that will be played out in between these two limits will be far from a "free for all." Transport users have a certain amount of protection from too little competition and operators have some assurance against too much.

Keeping the scales in a rough and just balance will not be a simple matter. It might be possible to assess the effects upon transport costs of restrictions upon investment and the different means of financing it, of doing away with the antiquated speed regulations laid upon modern goods lorries, of introducing further changes in fuel taxation (which have long relegated the painstaking calculations of the Salter Committee to a very distant limbo). But road and rail costs have in general quite distinct bases. There is no coherent, central arbiter of how much carrying capacity should be placed on the market, though the road licensing system is deliberately designed to exercise some control upon new goods vehicles through the eleven area licensing authorities. Road and rail hauliers providing regular trunk services along specified routes —the liners of land transport—may complain that certain public obligations of which they are conscious should earn them some protection from the tramp hauliers coming in and offering "on demand" runs that cream off the best traffic. Some other countries, where conditions may be different and public control has a different history and rules, meet this problem, if it is a problem, by a form of route licensing. The 1953 Act edges forward from the mere control upon the entry of new goods vehicles towards control of the service to be provided, with slightly greater freedom of entry, but experience of route licensing—which amounts to a grant of local monopolies—has not been encouraging in road passenger transport, and unless there were an altogether undesirable restriction upon C licence activities the protection afforded by route licensing would not be complete.

The final question—who should own the trunk networks, in road haulage ?—may seem less important against this background. The network will not be unduly large, nor can it be a monopoly ; but it should certainly not be cut up into small pieces. There are good technical (and indeed political) arguments for leaving it with the Transport Commission. British railways and BRS together would still not hold a commanding position in long distance freight haulage. But the settlement, whatever it may be, ought to assure road and rail haulage a period of reasonable stability. That is the most important condition for the experiment of seeing whether public and private long distance transport can live together in competitive and efficient rivalry.

THE STRUCTURE OF ROAD HAULAGE

Licence	Vehicles ('000) 1938	1947	1952	1954	Operators ('000) 1938	1947	1952	1954
A	83·7	83·9	40·4	41·2	23·0	17·6	12·4	12·4
A (contract)	9·5	14·0	13·0	14·5	4·0	5·4	5·1	5·7
A (special)	—	—	—	18·3	—	—	—	2·4
B	54·9	64·4	62·9	64·6	34·1	32·5	31·1	29·2
	148·1	162·3	116·3	138·6	61·1	55·5	48·6	49·7
BRS	—	—	39·2	25·4	—	—	...	...
Br Rlys	—	—	14·7	15·7	—	—	...	...
Total hire or reward	148·1	162·3	170·2	179·7	61·1	55·5	48·6	49·7
C	365·0	487·1	833·9	889·8	178·3	253·6	416·7	455·0
	513·1	649·4	1,004·1	1,069·5	239·4	309·1	465·3	504·7

FREIGHT TRAFFIC IN BRITAIN

(1952: estimates)

Carrier	All hauls: mn. tons	All hauls: mn. ton miles	Long Hauls (over 40 miles): mn. tons	Long Hauls (over 40 miles): mn. ton miles
By Road				
A & B licences	276	4,300	...	...
C licences	540	10,400	(60)	(4,000)
BTC	88	4,100	...	...
	900	19,000	95	8,000
By Rail	300	22,000	51*	6,800*
	1,200	41,000	146	14,800

*General merchandise hauled over all distances ; a further 2·34 million tons of coal and minerals was carried 15,600 million ton miles.

Derived from "The Outlines of The Road Goods Transport Industry," Journal of the Royal Statistical Society, Part 3, 1954.

Taxation of Profits and Incomes—IV

Tax Gatherer's Oyster

THE British taxing code asserts two distinct claims: to tax all income arising in the United Kingdom, no matter to whom it belongs ; and to tax residents in the United Kingdom, no matter where their income arises. Such a system caused small difficulty in the nineteenth century, for most of the overseas territories from which foreign income was derived had not then reached the stage of emancipation of adding their competing claim to tax this same income where it was earned. Rates of tax were low, and London's leadership in financing overseas enterprises, and hence in controlling and managing them, was unchallenged. But the spread of government and tax gathering across the world was bound to lead to a clash between rival taxing authorities and to a crisis in the affairs of overseas industries controlled from this country.

After liberal doses of strong sedatives—extensions of double taxation relief and more liberal allowances to mining and similar concerns—the crisis arrived in 1951 when Mr Gaitskell erected his notorious ring-fence to stem the flow of companies emigrating abroad and so placing themselves outside the fiscal jurisdiction. Preventive custody is repugnant and when in 1953 Mr Butler sought the Royal Commission's advice on a number of specific problems relating to overseas profits rather than wait for its main report, he must have hoped to obtain a final diagnosis on the whole subject. The Commission, however, had already sensed the difficulties and its first interim report showed that it was not to be hurried on the main issue:

> It seems clear to us that any major departure from the existing scheme would involve far-reaching measures constituting for the first time in the history of our tax code an absolute differentiation between home profits and overseas profits and the incidence of taxation upon them.

The final report notes that international usage, as now established, gives the country in which the profits arise the prior right to take tax from them ; most countries exercise this right, though the taxes they impose (sometimes for instance in the form of export duties) cannot always be classified as taxes on income ; and most countries other than the United Kingdom give some preference or exemption for the overseas profits of their residents. The Commissioners all agree that overseas investment income—as opposed to the profits of overseas trading—has no claim for special favours, and that such part of overseas profits which flows to, and becomes part of, the incomes of individuals in this country should bear the full rigours of progressive taxation. Thus the field of debate is limited to the taxation of the overseas profits of limited companies, and in particular to the retained profits of those companies. But little common ground emerges.

The case for exemption is rested on economic and practical considerations: overseas earnings are essential and ought to be fostered, yet the British tax system puts

traders at a disadvantage compared with their competitors. Theoretically, high taxes affect not the making, but only the application, of profits ; but in practice they prejudice the formation of reserves. Freedom to transfer central control and management abroad is no solution, for such transfers break other economic links—with banks and insurance companies, with financial institutions, with supplies and staff recruitment—which far transcend any tax revenue gained or lost. Nor is double tax relief the solution: it still leaves the British company paying more than its foreign competitors ; as an instrument it is imperfect ; it can frustrate the policies of governments overseas who may give special tax reliefs to foster local development. On these arguments the present system of two bites at the same cherry, even though one bite may be smaller than the other, is neither fair to the individual trader nor conducive to the true economic interests of this country.

The basic objection put forward by the other side is that any form of exemption of overseas profits would give a tax preference to one kind of trader unjustified either by equity between one taxpayer and another or by broad economic advantage. Why should the profits of a casino in Timbuctoo be preferred to the profits of a steel works in Wales? Why should a bonus be given to the export of capital? The economic arguments are rebutted on grounds that seem unfashionable:

> A concession to overseas profits would act as an encouragement to overseas investment. It is more than doubtful whether this country can give any such general encouragement . . . (it) is already investing abroad more than it can afford.

From these broad issues of equity and economic merit the report turns to set out the narrower point that overseas profits as a subject of taxation are now ruled by substantially different considerations from those that apply to domestic profits. This view is based on the suggestion that a single fund of profits cannot properly be the taxable subject of two different jurisdictions; double taxation relief is no solution, and it is now well established that the country in which the profits are made has taxing priority over the country of residence. The opposition has its answer: the profits arise because the capital of residents in one country is employed in the territory of the other ; the judgment of Solomon must prevail and both territories share in the taxes. It would be carrying *laissez-faire* too far for a state to let its citizens send their scarce capital abroad in search of tax-free pastures: the capital exporting country must be allowed a taste of the fruit.

The arguments for and against exemption are thus so debatable that the Commission pauses, before reaching its conclusion, to consider whether any workable scheme can be devised. Any arrangement must be directed either to overseas profits or to overseas traders. To relieve overseas profits as such would involve grave difficulties of definition—they are often inextricably mingled with domestic profits and the existing concept, familiarised by the double tax conventions, of a "permanent establishment" abroad, is vague and unsatisfactory. The Commission prefers, therefore, to work on the basis of a special category of corporation—the overseas trading corporation. This is not very closely defined but it is clearly intended to include not only a company that derives all its income from operations abroad—for example, a foreign utility—but also the exporting sides of the business of a United Kingdom manufacturer.

The profits of an overseas trading corporation, the Commission concludes, should be liable to United Kingdom tax when, and only when, they were distributed to shareholders in this country. The measures proposed for fitting such dividends into the existing system of corporate taxation and double tax relief are inevitably an accountant's nightmare but the Commission concludes that a scheme is feasible and would be "reasonably intelligible to those who had to concern themselves with its working." They therefore come down on the side of exemption of the overseas profits of overseas trading corporations even though such corporations may be controlled and managed here. They do so on grounds of the economic importance of overseas trading and not on theoretical arguments of equity.

The minority, which appreciates the economic advantage of removing a discouragement to maintaining the central management of a concern in this country, finds the extension of the exemption to the exporting side of a United Kingdom business a bar to its acceptance of the majority proposals, since the administrative difficulties would be enormous and the possibilities of avoidance, through underpricing of exports to the overseas subsidiary, might be considerable. It also regards the proposal as analogous to the subsidising of exports.

When it turns from taxation of overseas income to measures for relieving British taxpayers from the consequences of double taxation the Commission passes from issues of principle to problems of a technical character. If relief were not given, the growth of double taxation would go far to eliminate the overseas income altogether ; hence the extension of arrangements (even unrequited) for granting tax credits has been a notable feature of tax legislation in recent years. Apart from its complications, however, the system of relief is defective. But the Commission does not accept the claim that relief should extend to overseas taxes—export duties for example—which do not "correspond" to income tax or profits tax though it recommends (the minority dissenting) that it should cover local taxes of like character.

The majority examine the well-known grievance of preference shareholders who, if they are exempt from tax, can only claim repayment at the "net United Kingdom rate"—that is, the standard rate abated by the amount of double taxation relief. To remove this grievance, they think, would create more anomalies than it would remedy, and they express "the stubborn fact" that a preference shareholding in a company enjoying the benefit of double taxation relief is not a suitable investment for an exempt person and that he should change his investment. The minority, believing that preference shares may be peculiarly suitable for institutions like tax-exempt charities or pension funds, think that this is not good enough: the present disadvantages of preference shares benefiting from double tax relief narrow the field of suitable investments for them.

Where, under the terms of bilateral agreements, the indirect tax paid by overseas companies fails to be taken into account in arriving at the tax credit due to individual shareholders on their dividends, the administrative difficulties are formidable. Many thousands of different company rates are involved and long delays occur in obtaining the particulars that are needed ; inspectors and accountant's offices are clogged with uncompleted claims. Some taxpayers with small dividends must often adjudge the game not to be worth the candle, and in the aggregate a great deal of relief probably goes a-begging. The Commission recognises this difficulty but does not feel called upon to suggest a remedy ; this is for the overseas' taxing authority, which has the responsibility for ascertaining and notifying the indirect rates. It does, however, refer to the practice which empowers inspectors to settle outstanding claims without waiting for the exact figure to be ascertained ; this deserves to be more widely known and acted upon.

The minority has little truck with double tax relief which it regards, rather perversely, as a privileged treatment for foreign investment as compared with home investment. Its views, however, are rarely dull. For instance, it condemns the relief in respect of American indirect taxes which are not credited against the personal tax liability of an American taxpayer.

> As a result of this arrangement a United Kingdom shareholder of an American company enjoys a higher effective dividend on American shares than the American shareholder. Since the prices of American securities are determined in the American, and not in the British, stock markets, the arrangement is not only inequitable but provides an unhealthy incentive for British investors to invest in American companies, since the yield of American shares is made artificially attractive relatively to British shares owing to these peculiar tax provisions.

The treatment of overseas income, both conceptually and administratively, is one of the most knotty sections in British tax practice. The Royal Commission deals with it as clearly and as patiently as it handles many other subjects that have necessarily gone without detailed comment in this series of articles — such as expenses, covenants, charities, compensations, property income, avoidance and evasion, and others. The time for a final assessment on the devoted labours of Lord Radcliffe and his colleagues has yet to come ; but they have provided a masterpiece of exposition and analysis which is bound to be the foundation for the development of the taxing system for years to come.

Business Notes

Gilt-edged Paradox

THE gilt-edged market has this week presented a new paradox in market behaviour. In the very midst of the drive to publicise the need for a more effective credit restraint it has achieved its most notable rally for many weeks. After so long and so sharp a decline any belief that the bottom might have been reached was of course likely to provoke a marked rebound ; and the City found excuses for such a belief in the firmer trend of sterling, the ending of the dock strike, and the reflection that the June gold figures "might have been worse." To these reasons for taking a less pessimistic view there was added the argument that if the bankers really do succeed in restraining the pressure from bank advances they may avoid further sales of gilt-edged. And then it was suggested that the recent tactics of the government broker—though not any traceable outright support from that quarter—could be interpreted as a modest effort to steady the market sufficiently to permit the much discussed funding operation by the electricity or gas industry.

Each of these lines of argument makes some plausible appeal. Yet if the credit squeeze is indeed tightened upon borrowers from the banks, it is hard to believe that the resultant stringency will not have repercussions upon gilt-edged. Admittedly, selling thus provoked would not have the concentrated impact upon the market that might be expected from further bank sales—but the argument demonstrates the lessening of a bear point rather than the creation of a bull point. Again, it is still conceivable that the necessary restraint upon the economy may require a tighter squeeze upon the banks themselves. And if the authorities were convinced of that, they could not without hopeless inconsistency pursue a "grooming" policy designed for their own comfort as borrowers. The gilt-edged horizon still has its clouds.

Among those clouds is the counter-attraction equities,

which in the present atmosphere seem to glisten the brighter whether the news is good or bad. The optimists seem to be almost as readily provoked into buying by news of wage demands and rising costs as by a belief in the long-run possibilities of genuine "growth." The latest mild shake-out evidently exhausted itself ten days ago, and since then there has been a brisk climb—almost to the peak reached last month. The new account therefore opened briskly with some new time buying. One obvious consequence of the underlying strength of the industrial market is an increased flow of new issue projects and that has been much in evidence in recent days. Prominent among the latest capital issues have been the British Oxygen Company's proposal to offer as rights at a price not yet disclosed 3,247,079 new £1 ordinary shares on a two for five basis, and the Wiggins Teape re-financing plan which includes £2 million second debenture stock.

How Tight a Squeeze?

THE banks' efforts to persuade their customers to keep down their demands for advances have been a lively topic of City discussion in the past week. The widespread criticism of the bankers for the method of their appeal has at least ensured for them a much wider publicity than could have been secured through their chosen channel. And it has been put on record in many places that if the public experiences a credit squeeze, that will be because the national interest requires it and not because the bankers have hardened their hearts. But whether, in this atmosphere of boom and overfull employment, the public will really understand the need for restraint, and whether bank advances will in fact be reduced, are still very open questions. Presumably the bankers are not really expecting self-restraint by customers to make any perceptible contribution; and if it does not, there are only two ways by which an effective curb can be imposed—by putting up interest charges to whatever extent is necessary, or by tightening bank lending standards so as to keep the total of borrowings below what the public would like to take at the rates charged for them.

If the banks feel obliged to keep advances down not merely because they understand this to be in the national interest but also because of pressures upon their own resources and profitability, then one or other of these restraints will indubitably be imposed—however difficult or embarrassing they may be for the bankers. The whole policy of flexible money will then be clearly seen to be an effective brake on the general level of economic activity. The bankers' appeal evidently reflects a belief—or the fear—that this critical pressure point may be approaching. It may be that no further turn of the official credit screw is needed to ensure that the squeezed bankers sufficiently squeeze their customers. But many bankers are still dominated by the conviction that nothing must be done to hinder any "legitimate" business—and each is equally convinced that his own advances are entirely (well, almost entirely) directed towards such business. Again, however desirous they may be to get down their total lendings, they emphasise that even now an important part of the lendings to be expected in the next few months will represent drawings upon limits previously granted, or will otherwise be in pursuance of arrangements to which they feel themselves committed.

When such emphasis is put on these and other difficulties, it is impossible to feel sure that a sufficient pressure will be exerted. But it is only the very margin of demand upon the economy that needs to be cut away, and any really apparent restraint will have cumulative effects. If the monetary authorities are satisfied that a sufficient impetus has been imparted already, they will obviously be content to wait a little longer to see whether it will sufficiently work its way through the system. But it is with them that the real responsibility rests. And if they are not thus satisfied, their obvious duty will be to tighten the squeeze of orthodox pressures upon the banking system still further. That will then be the only way to ensure the equilibrium of the economy—and the only way to vindicate the whole principle of current economic policy. This is the testing-time for both; and a false move now would put both in jeopardy.

Bank Earnings—and Investments

THE season of bank interim dividends has this year relapsed into its customarily quiet routine. All the declarations so far made—and only one or two are still to come—have simply conformed to the higher levels of payments established by the changes of the past three years. The season's excitement, such as it is, is of a very different kind, and is focused upon the problem of providing for depreciation of investments. Though Martins, the District and Coutts have adhered to their usual formula, it seems likely that some of the banks will follow the precedent set in mid-1952, when four of them—Barclays, Lloyds, Midland and Westminster—broke with the tradition that investments should always be shown at a book valuation below current market value. The formula then adopted by those banks was "at or under cost and below redemption price," and the aggregate valuation on this basis was £34 million in excess of the then current market value, which was disclosed in marginal notes on the accounts. The interesting questions this year are whether an expedient of this kind will be more widely adopted, and whether any of the banks will elect to tap published reserves either to avoid this course or to reduce the disclosed margin between book value and market value.

There can be no doubt that in the two and a half years to end-1954 the banks were able to add substantially to their inner reserves—partly, of course, because of the big rise in the gilt-edged market, but also because of a good run of current earnings. These, indeed, must have been even better in the past half year, for the rise in Bank rate has raised interest charges to exceptional levels and yet has been accompanied by an expansion of bank advances to record proportions. The rate paid by the banks on balances on deposit account has, it is true, risen to its highest level since early 1932, but there has been an even bigger rise in the banks' earnings from short money and bills, while bad debts experience has remained very favourable. The new salary arrangements will have added a new load to the ever-rising burden of running costs (including provision for future pensions), but if the banks could look simply to the strictly "current" elements in their profit and loss accounts, the past half-year would certainly be rated a profitable one.

The one big offsetting factor has been their experience in the gilt-edged market, where they have had to face not only a severe depreciation of their portfolios but also some substantial outright losses through the abnormally heavy sales of investments they have been obliged to make in the effort to protect their liquidity ratios. The portfolios of the banks were generally of much shorter average life at the end of 1954 than they were on the eve of the gilt-edged slump of 1952, and this certainly means that the outright sales of this past half year have been less costly than the switching sales in which some banks had to engage three years ago in order to get closer to the shore. The "book" depreciation, however, is likely to have been much larger on this occasion, for although the fall in the undated stocks (no longer held by the banks) has been only a little larger than in the first half of 1952, the falls in the short and medium stocks have been much more severe. During the half year, the 1957 Serial Funding stock has dropped by 3¾ per cent; the 2 per cent 1958-59 stock placed in mid-1954 has dropped by 5.9 per cent; and the two stocks placed at end-November last—the 2 per cent Exchequer, 1960, and the 3 per cent Funding, 1966-68—have dropped by 7 per cent and over 11½ per cent, respectively. The disclosed reserves (including balance on profit and loss account) of the clearing banks at end-December were equivalent to 4 per cent of the then book value of their investments.

Coal Prices and Production

DETAILS of the long-awaited and much overdue increase in coal prices had not been announced as this issue of *The Economist* went to press. But it is certain that the overall increase will be much higher than some observers had expected, and the fact that waiting has made the increase more than it might have been will not prevent a general howl that it will give another boost to inflation at a moment when the British economy is tearing the stitches at its seams. In fact, the reverse is the case. Not to match increases in costs by increases in prices means that coal is cheaper than it ought to be; its use is unduly stimulated and the relative cheapness of coal allows consumers to buy more of other things—thus spreading the effects of inflation.

But since the howl will take place, it is all the more desirable to keep a level head about coal prices and production, and indeed about some of the longer objectives of official fuel policy. There are general grounds for supposing that a flat percentage increase will not promote a perfect structure in coal prices—it was certainly not already perfect; more probably the better qualities of industrial coal will still be relatively cheap. And the users of such coals are normally much more sensitive to the relative prices of different fuels, and technically better equipped to substitute one for another in response to changes in prices. Broadly, however, a realistic price for coal will encourage the further use of fuel oil not only in power stations (on present arrangements, it is hoped to replace by 1960 8 million tons of coal by 5 million tons of oil), but also, as it now appears, in industrial steam raising. If the substitution by oil of 10 million tons of coal in the public sector and by any comparable figure in industry could be achieved in five years, the relief to coal would be material.

That does not mean that a progressive increase in coal output is no longer needed. Substitution will not help much in the coming winter, with output this year so far 2.7 million tons down and home consumption 1.5 million tons up. The cushion of imports (at their price) will be there to help, and the cushion of exports will no doubt be pummelled further during the rest of this year and certainly in 1956. The railway strike mercifully did no harm to coal movement that cannot be made good, so that the outlook for the winter might be described as "normally critical." While these matters were under discussion in the Commons this week, the miners were thinking of more wages, a seven-hour day, and three weeks' paid holiday. They also heard some blunt comment from the chairman of the Coal Board, Sir Hubert Houldsworth. Inland consumption may be up by 4 million tons this year; 2 million tons have been lost in six months by unofficial stoppages—a week's output a year. Can this be justified, Sir Hubert asked? And he made two further frank observations. The NUM had no right to fight for nationalisation unless it was prepared to co-operate to make it work; "there are many who consider that now so much has been done for those who work in the industry, more should be done for those outside this industry, the users of coal."

Sterling Recovers

STERLING has shown welcome signs of recovery this week and in terms of dollars the rate which dipped last week to $2.78⅜ strengthened to $2.78⅝, though it failed to hold the whole of that improvement. A strengthening of confidence, which was reflected in the gilt-edged as well as in the foreign exchange market, occurred after publication of the end of June gold and dollar reserve figures. The reserve last month is shown to have fallen by $6 million, after allowing for receipts of $10 million of defence aid from the United States and $10 million net from payments in respect of the European Payments Union settlements, and on the other side of the account the payment of $8 million as a quarterly instalment on the Canadian interest free loan. Excluding these various items the residual deficit was $18 million, representing the drain on the reserve due to transactions of the sterling area with the dollar world during June.

This result can be regarded as satisfactory given the considerable pressure on sterling throughout the month, the effect on sentiment of the railway strike and of the talk of exchange flexibility. These developments gave rise to rumours of a likely depreciation of sterling which in their turn must have led to an appreciable withdrawal of foreign money from London, mainly on Continental account, which will have played its part in causing the United Kingdom to incur a deficit of $7 million with EPU last month. It should be recalled that June is normally a good month for the balance of payments of the sterling area and that in June, 1954, the gold and dollar reserve rose by $32 million.

Yet the performance of sterling last month must be deemed reassuring. It suggested that Britain's balance of payments difficulties are not cumulative. On the contrary there has been increasing resistance to the

unfavourable influences of the early months of this year. Over the first quarter of the year the gold and dollar reserves fell by $32 million a month. In April there was a recovery of $19 million, in May no net change, and in June, with its various troubles, the small reduction of $6 million, a change which could evidently have been converted into a small gain by a different choice of value dates in respect of exchange transactions of the Exchange Equalisation Account. During the second quarter of this year the gold and dollar reserves of the sterling area rose by $13 million, while in the first quarter of the year there was a decline of $95 million. These figures and trends justify neither despair nor jubilation. The effects of the railway and dock strikes on the balance of payments have yet to make themselves fully felt. The effects of speculation, on the other hand, have evidently played some part in anticipating the impact of these labour troubles. Working balances in London were appreciably reduced during June and their reconstitution is already bringing some reinforcement to sterling now that recent rumours of devaluation or an immediate plunge into a flexible rate for the pound have been punctured.

Brazil Goes Multilateral

THE Trade and Payments Agreement concluded between Brazil and Western Germany last Saturday opens up a new chapter in the history of Brazil's payments arrangements with the rest of the world. In future, trade between these two countries (which had previously been settled on terms that were bilateral and involved discriminatory exchange arrangements), will acquire a wide measure of multilateral virtue. The new agreement provides for the transferability of the Deutsche Marks in terms of which German-Brazilian trade was conducted, within what has become known as the "Hague Club", that is within the sterling and Dutch currency areas as well as the two countries directly concerned. These arrangements follow discussions held at The Hague between representatives of the British, Dutch and West German Governments last May. It was then agreed that the bilateral arrangements operated by the Dutch and German governments in their trade with Brazil and the auctioning of Brazilian currency was having serious repercussions on the trade of other countries, and particularly of the United Kingdom, with Brazil. The discount on Brazilian currency at these auctions had resulted in a considerable distortion in the pattern of Brazilian trade. The multiple exchange rates that emerged from these bilateral arrangements, caused Brazilian exports, such as cotton and cocoa, to find their way to the United Kingdom via Germany, and the resulting earnings of foreign exchange by Brazil were being earmarked, not to finance imports from the sterling area, but to pay for goods exported by Germany.

When a similar multilateral payments agreement has been signed between Brazil and the Netherlands (it already obtains in the arrangements with the United Kingdom) all this should be a thing of the past. Under the new system Brazil will be free to use all its Deutsche Marks earned in exports to Germany for purchases in any of the Hague Club countries, and vice versa. This will also apply to Brazil's earnings of guilders and sterling; like the Deutsche Marks these will be treated as a homogeneous and pooled currency. Differential rates of exchange and the discriminatory trade arrangements anchored to them should thus be eliminated. The new arrangements are bound to react favourably on Anglo-Brazilian trade. They will, however, call for some reconsideration of the Anglo-Brazilian payments agreement, and particularly of provisions for the repayment of Brazilian debt arrears owing to British exporters. Under present arrangements Brazil has undertaken to repay these arrears at the rate of at least £6 million a year but with an undertaking to step up the payments if Brazil's sterling earnings exceed £35 million a year. The escalator clause will have to be amended to take into consideration the fact that Brazil's sterling earnings will no longer be segregated, as in the past, but will tend to get mixed up in the Hague Club pool. It is still too early to work out a precise formula to replace the escalator clause, but the British Government will no doubt make it clear to the Brazilian Government that it expects the spirit of the debt agreement to be honoured in subsequent arrangements. These arrangements must be to the advantage of the commercial creditors in Britain since they will tend to expand trade between Brazil and the sterling area.

Motorways on the Horizon

THE concrete will not set on the first brand new mile of six-lane, dual carriageway motorway in Britain for some years yet. The details of the first instalment of new motorway construction issued by the Minister of Transport this week show that a serious start is at long last being made on planning and building modern motor roads along the major traffic routes. But it also shows that it will be nearly a decade before the first major projects are finished. In that time, on present intentions, about 250 miles of roads "for motors only" will be built at a total cost of about £65 million. These motorways are part of the enlarged road programme announced by the Minister in February, which envisaged total expenditures by the government and local authorities on new road construction of nearly £130 million in the next five years. Seven by-passes costing some £20 million for a total length of 84 miles, also designed for motor traffic only, are among other details announced this week. Whether the present plans for handling the traffic that speeds along the motorways and then tries to circulate in the congested streets of the big cities are adequate is a separate question.

The first section of the motorway programme will be a 53-mile stretch between London and Birmingham, starting at the new St. Albans by-pass and linking with the present A.45 at Dunchurch. Six flyover junctions will be constructed where it crosses other major roads, and these will be the only general points of access throughout its entire length. Allowing for legal and tendering preliminaries, it is hoped to complete this section within three to four years. Before then, a start will have been made upon the second motorway running north from Birmingham to Preston—a stretch of 94 miles, later to be extended to Shap. When the first section has been completed, work will be shifted to the Dunchurch-Doncaster motorway of

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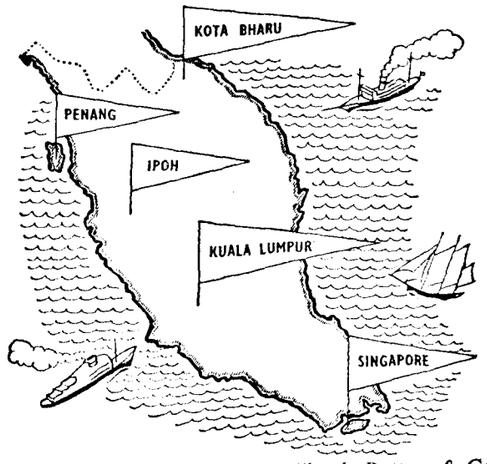

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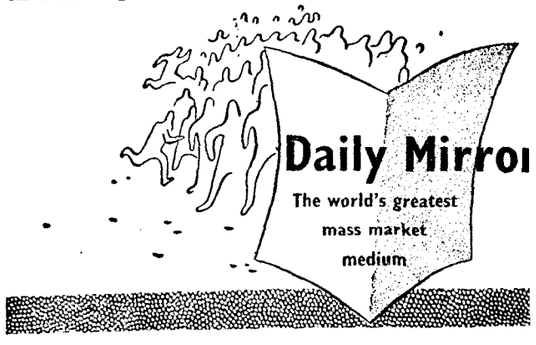
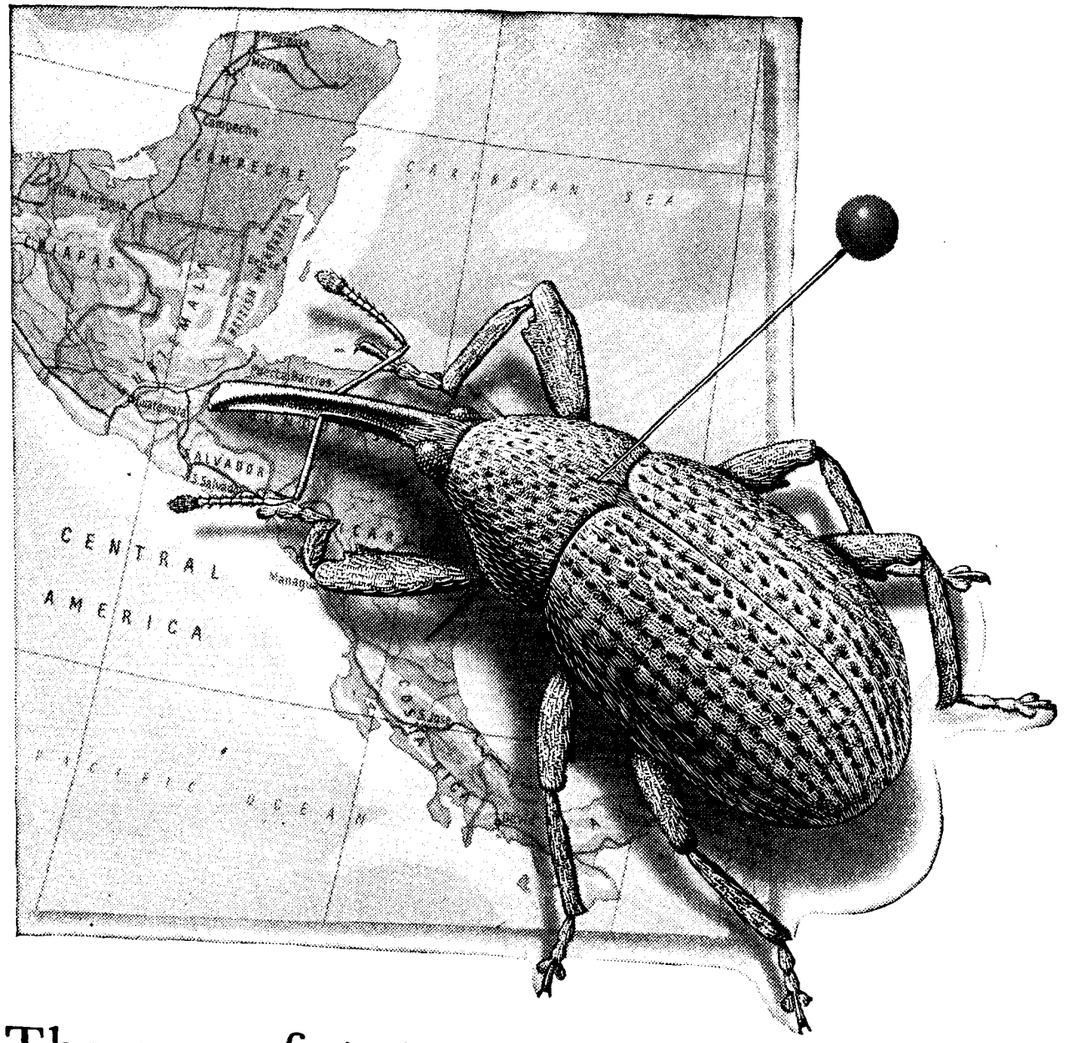
Because any day now Brown's promotion will co through and they'll start to move up in the wor They'll move into a house to start with and furni it from scratch. Before long there will be a n car and some exciting new gadgets for the kitchen

With its vigorous, realistic presentation of the nev the Daily Mirror appeals particularly to you families like these. In fact, the majority of t 4½ million people who buy it every day belong this all-important younger generation.





The case of *Anthonomus grandis*...

With its rounded, armoured body and long snout, the boll weevil under a magnifier looks like a visitor from outer space. Although only about a quarter of an inch in length, it is one of the most widely destructive of all cotton pests, causing losses that run into millions of dollars each year.

In the cotton plantations of Central America boll weevil has long been a particularly difficult problem, for this is its original home, where warm winter temperatures favour its survival and encourage breeding. Cotton growers have spent fortunes on insecticides to control boll weevil, with varying success, but now the arrival of aldrin has given them a very much more powerful weapon. Aldrin, an insecticide recently developed by Shell, is proving outstandingly successful and is rapidly coming into use throughout Central America, wherever cotton is grown.

Just 2 to 4 oz. of aldrin, as dust or spray, gives full control over boll weevil in an acre of cotton, offering a higher degree of protection at lower cost.

Long-lasting, non-tainting aldrin is the most effective of all insecticides for use in the soil. Because of its great stability, it is ideal for compounding with fertilizers. Aldrin's wider range includes many pests previously difficult to 'get at' economically.

Another recently developed Shell insecticide is dieldrin, possessing exceptional persistence. On foliage, dieldrin controls a very wide range of weevils, beetles, flies and other crop-eating pests. It is also extensively used as a residual spray against disease-carrying insects.

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aldrin and dieldrin are SHELL insecticides for world-wide use

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107 miles. Five of the seven new by-passes will form part of these three motorways and a sixth—at Maidenhead—will eventually form part of a London-South Wales motorway. The seventh, the 21-mile Ross Spur, is intended to ease the Birmingham-South Wales traffic.

With six 12-foot lanes and a "hard shoulder" of 9 feet on either side, the St. Albans-Dunchurch road is designed to carry at least 30,000 vehicles a day at a safety speed of 70 mph (a minimum speed rule has not yet been decided). Whether this capacity will be sufficient will depend upon how much traffic switches to the new route; but in general the Ministry now expects that by 1980 there will be four times as many private cars on all roads as in 1938. The present rule-of-thumb standard for new roads of 1938 traffic plus 75 per cent will very soon be out of date. The money for a road construction programme rising to a "plateau" of about £50 million a year by 1959 will have to be found by the Chancellor of the Exchequer, though it will have been noted that the Financial Secretary hinted again last week that road loans were not entirely ruled out. But it is becoming quite plain that £50 million a year will not be an adequate level of spending.

Boomlet in Commodities

INFLATIONARY symptoms have this week been shown in several commodity markets. Except for copper, prices have generally advanced, though rubber which reached 38d. a lb. on Tuesday has since fallen part of the way. But zinc, lead, shellac and wool futures have all been gently rising.

COMMODITY PRICE MOVEMENTS

	June 30	July 6
	£ s. d.	£ s. d.
Copper (cash), per ton	337 5 0	330 15 0
Tin (cash), per ton	727 15 0	728 15 0
Lead (current month)	103 7 6	104 7 6
Zinc (current month)	91 12 6	92 7 6
Rubber, spot, per lb.	36½	37½
Shellac (August), per cwt.	297 6	314 4½
Wool futures (Dec.), per lb.	115¼	116¾
Cocoa (Dec.), per cwt.	293 0	297 6
Tea (Indian common), per lb.	3 4½	3 4½
Wheat (Liverpool, near month), per 100 lb.	22 5¼	25 0

The factors to which the leading commodities are now sensitive are no less evident from those that have fallen a little than from those that are still rising. In general, nearby supplies are short and consumption is high. With strikes always liable to interrupt supplies, consumers take a serious risk if they hold off the market for long. Yet there is a widespread feeling among consumers that prices are high and they would like to help them downwards so far as they dare.

The fall of ½d. in the price of rubber on Wednesday sprang from an effort—it is not unfair to call it a propaganda effort—by the American tyre manufacturers. Mr John Collier, chairman of the B. F. Goodrich Company, made the suggestion of a release of no less than 200,000 tons of rubber from the United States stockpile. The diversion of the stockpile on that scale to depress the market would, of course, infringe the basic understanding that stockpile operations are to be conducted with minimum disturbance to the free market, and it would have made nonsense of the strategic intentions of the stockpile itself. But the suggestion served to produce a sharp break in Singapore which the London market followed.

The decline in copper the first three days of this week sprang from three sources: the settlement of the British dock strike; optimistic forecasts of an early settlement of the American copper strike; and the fact that some cathodes, resulting from the recent release of Ministry of Supply copper, are now reaching the London market. All these factors justify consumers in holding back while copper is still around £330 a ton and Chilean production is running high, but they may all prove to be transient. The shortage of wire bars in the market is still pronounced, and domestic consumers in the United States find that the scarcity of copper is still so marked that they are paying substantial premiums for marginal quantities.

Protecting the Customer

PROGRESS reports have been published recently by two different organisations, both interested in protecting shoppers but using sharply contrasting methods to obtain their ends. Both reports illustrate the difficulty of giving practical protection. The Woman's Advisory Committee of the British Standards Institution has been trying since it was formed five years ago to get manufacturers, through the offices of the BSI, to attend to complaints about the quality of goods that range from sewing thread to buttons and from children's shoes to detergent cartons. They have achieved some progress, but the main difficulty is to get agreement among manufacturers on standard definitions or methods of manufacture.

This difficulty is underlined in the annual report of the Retail Trading Standards Association. The RTSA is a body supported by manufacturers and retailers; its object is to encourage accurate descriptions of goods sold to the public. The RTSA, in common with many others, considers that there is urgent need to clarify the descriptions given to cloths and clothes made from more than one fibre; such terms already exist for goods that incorporate wool. The RTSA has prepared a report on the matter and circulated this among its members, but has not taken further action because a similar move has long been promised from the BSI. The BSI has still not opened discussions with the industries involved, and in view of the known opposition to labelling in sections of the textile industry it may find it difficult to do so.

The revised Merchandise Marks Acts appear to have closed many of the loopholes through which traders could make claims for their goods that were less than accurate, though some of the cautionary effects of the new Act seem to have worked off. But the biggest danger for shoppers that the RTSA sees at present is in the wording of hire purchase advertisements. The law requires that the cash price, the amount of the deposit, and the number of instalments should be given when goods are sold, but the law does not apply to advertisements. Newspapers and magazines have agreed with the RTSA to insist that this information is given in any advertisements that they accept. But the RTSA also

(*Continued on page 155*)

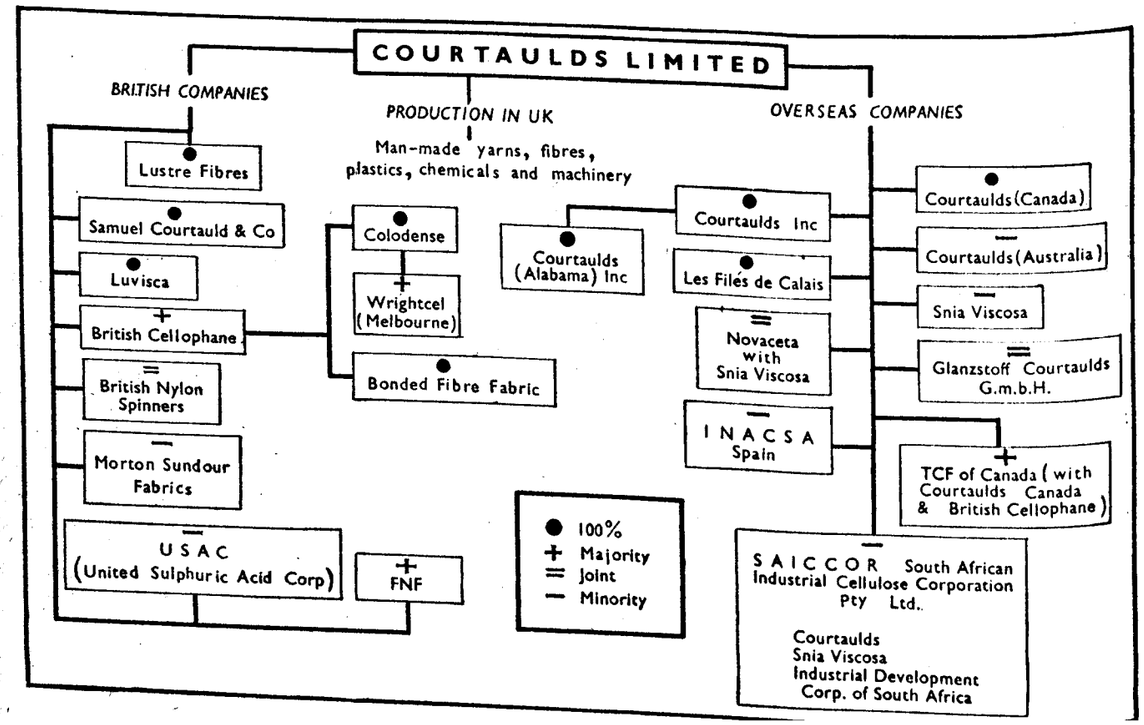
Courtauld's Plan for Progress

COURTAULDS enjoyed a record profit in the year to last March. The company also introduced a co-partnership scheme, covering every employee over 21 years old having more than three years of service, excluding only the directors. The co-partnership plan is generous and flexible. A portion of the profit geared to the ordinary dividend is handed to trustees who are investing it in new ordinary shares at 52s. 6d., the market price of the day when the stock was quoted "ex dividend." (The price is now 50s. 6d. and the yield only £3 19s. 2d. per cent.) The resulting ordinary shares (plus fractions in cash) will give the employees a bonus equal to about two weeks' pay. There are no strings preventing the sale of the beneficiary shares. It is worth comparing the scheme with that of ICI. The ICI scheme cost that company last year £2,652,857 which happened to be about 18¾ per cent of the gross dividend. Courtaulds plan last year bore more lightly on the ordinary stockholders; it cost £288,000, equivalent to 6 per cent of the gross amount of the ordinary dividend. The ICI scheme has been fully defined; it is one per cent of the employee's yearly remuneration for each one per cent by which the ordinary dividend exceeds 5 per cent. Its impact on the equity would therefore be nil if the dividend fell to 5 per cent, but is high when the dividend is high and it assumes that the capital structure will not be changed. Courtaulds scheme is not defined at all. Co-partnership benefit is not necessarily always 6 per cent of the gross dividend, nor must it always be invested in ordinary shares. The directors have merely asked shareholders to authorise the creation of 2 million new shares, implying an intention to continue. The scheme is not geared to the existing capital structure—only to the gross amount distributed. But shareholders are entitled to know what share of the equity they will have to surrender, and how fast.

The trading profit of £20.0 million, against £19.0 million was a good achievement for a year in which some of the company's competitors—notably British Celanese (whose shares at 29s. 6d. yield £6 15s. 7d.)—did less well. Courtaulds did indeed feel the pinch of competition as the chairman, Sir John Hanbury-Williams, shows—for example, in its own weaving business and in viscose and acetate continuous filament yarn both for home and export markets. Three factors have helped the results; viscose rayon staple, including the establishment of Courtaulds (Alabama) on a profit-making basis; British Cellophane booming with the packaging boom; some of the industrial yarns. The chairman believes in further expansion in man-made fibres. Under no other supposition could he justify the great capital development that the company has put in—and there is a viscose factory still building at Grimsby. But he couples that faith with the warning that in this country over-production "will inevitably be solved in the hard way."

What then are his prescriptions for assuring the future of this growing but well-entrenched industry? He believes first in maintaining stable and relatively low prices, and is among those who can claim that their products are relatively cheap. It is doubtless the hope of a long run at a low price that makes Sir John a global, and therefore an illogical protectionist, pleading for protection in this country against Japan, for protection in Australia that must affect this country and complaining about United States imports into Canada.

More important than those ideas has been the attempt to raise the standard of quality by the reintroduction of the company's "tested quality" plan on a broader basis. To weavers of fabrics and makers-up of garments made perhaps only in part of Courtaulds' yarn (provided they do not contain competitive yarns such as Celanese or Terylene) a test of quality is freely available. That attempt to raise quality is coupled with a drive to remain in the forefront of technical progress. The decision to pursue an acrylic fibre—Courtaulds own, not Orlon—is one of its fruits. The establishment of Courtaulds Educational Trust Fund on a permanent footing is another.

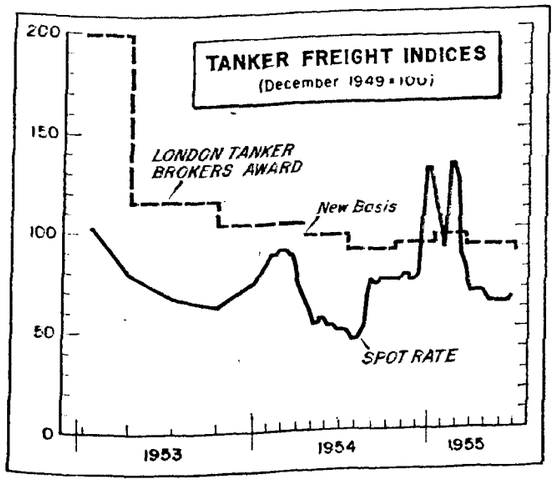


(*Continued from page 153*)

complains that some retailers, while they obey the letter of the law, use selling methods that confuse shoppers so that they do not know what their hire purchase agreements involve and what they may be paying for so-called "no deposit" terms. The briefest inspection of the showcards in shop windows will prove that there is a good deal behind this complaint for they are often confusing and, one suspects, often deliberately so.

Early Winter for Tankers?

TANKER owners usually have to wait until August before the winter season of heavier oil shipments and rising tanker freight rates replaces the summer doldrums. There are signs that winter may be earlier this year. Since oil started to flow again from Abadan there have been surprising fluctuations in tanker rates, often when too many tankers have been in the wrong place, and the margin between a strong and a weak market for single voyage chartering is



very small. Yet this summer period, if it is in fact coming to an end, has been better than the last, and it follows a winter that was also more rewarding for tankers though it had its sharp ups and downs.

The recent increase in business has been most marked in the American coastwise market, where tankers are now being fixed at US Maritime Commission scale rate minus 30-35 per cent, against minus 50-60 per cent two or three weeks ago. The London spot rate also moved up a few points after two months of no change. Most of the major British and Continental charterers are in the market; but there have been few fixtures this week for all of them are holding out for lower terms and owners are quite prepared to wait. Owners are quietly confident of getting better voyage rates. Most charterers still need tonnage for July and August loadings in both the Gulf and the Caribbean, and time is now on the owners' side. Some of the 93 tankers, with a combined tonnage of 1.15 million tons deadweight, that were laid up at the beginning of this month may soon be put into commission again. But there is about 8 million tons deadweight of tankers on order throughout the world—some for delivery this year—worth probably some £400 million. Still more tonnage will be required, however, to cope with the growing needs of the petroleum industry. How much of this can be financed by independent tanker owners and how much by the oil companies themselves was a question raised by Mr J. W. Platt, chairman and managing director of Shell Tankers this week at the launching of the *Harpula* at Belfast. Already about two-thirds of the tanker tonnage flying under the British flag is owned and operated by the oil companies—tying up much of their capital and staff.

Plant for Atomic Power

TO meet the military demand for plutonium, which is used to charge atomic weapons, the Atomic Energy Authority has frozen the design of reactors which produce plutonium and is to build three new installations almost identical with the plant that is now being finished at Calder Hall. Like Calder Hall, these plants will also be used to generate electricity, and the decision to repeat the design without major change is likely to mean big orders for the Calder Hall contractors. One of them, Babcock and Wilcox, has already received an order for 24 boilers of the type just supplied to Calder Hall and the value of the order is put at about £6 million. There are four such boilers to each reactor, and two reactors to each installation. Steam pressures are obtained through the medium of gases circulating through the reactor.

Scientists rate the Calder Hall design as now obsolete; the Atomic Energy Authority is developing a number of newer and more efficient designs at Harwell and has a full scale "breeder" reactor under construction in Scotland. Even though the earlier of the twelve atomic power stations that are contemplated by the Central Electricity Authority will be broadly modelled on Calder Hall, they are likely to show considerable improvements in component efficiencies. The contract received by Head Wrightson Processes for a £750,000 research reactor for Australia is another indication of the volume of business that is likely to flow to contractors for atomic equipment.

Farnborough's Jubilee

ALMOST as old as the flying machine itself, the Royal Aircraft Establishment at Farnborough is celebrating its Golden Jubilee. Farnborough is the back-room of the aircraft industry, and although the Comet inquiry last autumn made its name a household word, little is usually heard outside the aircraft industry about its routine work. This week's display to mark the Jubilee gives an idea of its range and growth. Farnborough started in 1905 as a government balloon factory, and as a reminder of those early days the display included a collection of early aircraft, among them Bleriot's cross-channel model of 1909, Captain Cody's kites and military bi-plane of 1912 and the Bristol fighter, the "Spitfire of the first world war."

But the real impact of the display lay in the astonishing scope and variety of the exhibits of the RAE's recent work.

Farnborough's fantastic three-dimensional analogue computer, which simulates the flight and characteristics of guided missiles, was thrown open for public inspection, so were the supersonic and the low-speed wind tunnels. A display of modern research aircraft included the Rolls-Royce flying bedstead, shown in public for the first time, its castered legs bandaged like a racehorse ; a Meteor with a Cyrano-like nose built to study the feasibility of pilots flying on their stomachs (this is said to give them better resistance to the effects of gravity) ; another Meteor with its engines modified to thrust downwards, as well as backwards ; the English Electric P.1 supersonic fighter, which has not been publicly demonstrated before ; and a supersonic delta research aircraft built by the Fairey company.

The exhibition also included the biggest collection of experimental guided weapons and equipment ever shown in this country. The Government has been uncommonly reticent about its work on missiles and it is not surprising that this silence fosters the impression of an American monopoly in this type of weapon. But the missiles and components displayed at Farnborough show that Britain has covered substantial ground. Particularly impressive were remarkable pictures of missiles taken from target machines by special wide-angled cameras (the cameras too were shown), and exhibits of some of the mechanisms used to home the missile on to its target ; rocket motors and fuels and instruments were also on display, with many of their components exhibited separately. Submarine detecting equipment (with actual recordings), gun-sights calibrated to hit moving targets, instruments from the Hunter fighter, and proximity fuses were all used to show the scope of the work that has been done at Farnborough during the past few years. Neither the scientists who have conducted it nor the taxpayers who have financed it have any reason to feel dissatisfied.

A Market for Sugar

THE Sugar Bill, tabled this week, and the White Paper that accompanies it contain no surprises. Once the decision in principle was taken to hand sugar back to private trading there were only two questions to decide. How was the price of the 1.6 million tons of Commonwealth sugar that the United Kingdom buys at guaranteed prices to be aligned with the world price? And how were the deficiencies involved in the British Sugar Corporation's manufacture from home produced beet to be covered ? There were basically only two solutions—to meet the obligations from the Exchequer, or to pass their cost to the home consumer by averaging the price of sugar on the home market.

The solution adopted after long talks with the trade is the appointment of the Sugar Board which will buy the quota of guaranteed price sugar, re-sell it in the country of origin, and recoup its losses by a levy on all sugar and molasses entering the British home market. The Bill also provides for that utopia in which guaranteed price sugar would be below the world price and the board would have a bonus for British consumers. The Government's obligations to the British Sugar Corporation will be collected in the same operation, the levy being taken at the point where the sugar leaves the bonded warehouse—that is, at a point that will

not affect the price to be quoted in the London market. The Board will thus exert the minimum of interference with the operation of the trade.

The last of London's big commodity markets is about to be restored. Next year, perhaps on January 1st, the Board will begin to operate and a market for sugar, including Britain's domestic offtake, will be an immediate requirement. A market there will be, but it does not follow that a fully fledged terminal market, which is also envisaged, can be arranged by that date. There are several difficulties of detail in addition to the currency arrangements that have to be made for every free market in a dollar commodity. The prewar basis of contract was cif United Kingdom. Freights now fluctuate so widely that the operator might find himself saddled with an unwelcome risk on the freight market—and there are some who advocate an fob basis. The prewar basis of the terminal contract was a unit of 50 tons. But so much sugar is now transported in bulk that doubts have arisen whether in practice 50 tons is a deliverable unit. These difficulties will be overcome, for the market wholly welcomes the step forward.

Breaking the Bank

IT used to be the bank at the Casino that broke in Monte Carlo. There has recently been a run and a near-break at the Principality's most important commercial bank, the Société Monégasque de Banque et Métaux Précieux. This institution has been saved for the time being by a special advance of Frs. 250 million from the Government of Prince Rainier, which brings the total official resources deposited and temporarily locked up with the bank to Frs. 1,250 million. The trouble seems to have been two-fold and fairly familiar in the long history of financial troubles. First there has been the classical sin against banking orthodoxy of borrowing short and lending long. The second has been the mixing up of politics and business.

The bank appears to have got thoroughly tied up with a company Images et Sons, which controls Monte Carlo's

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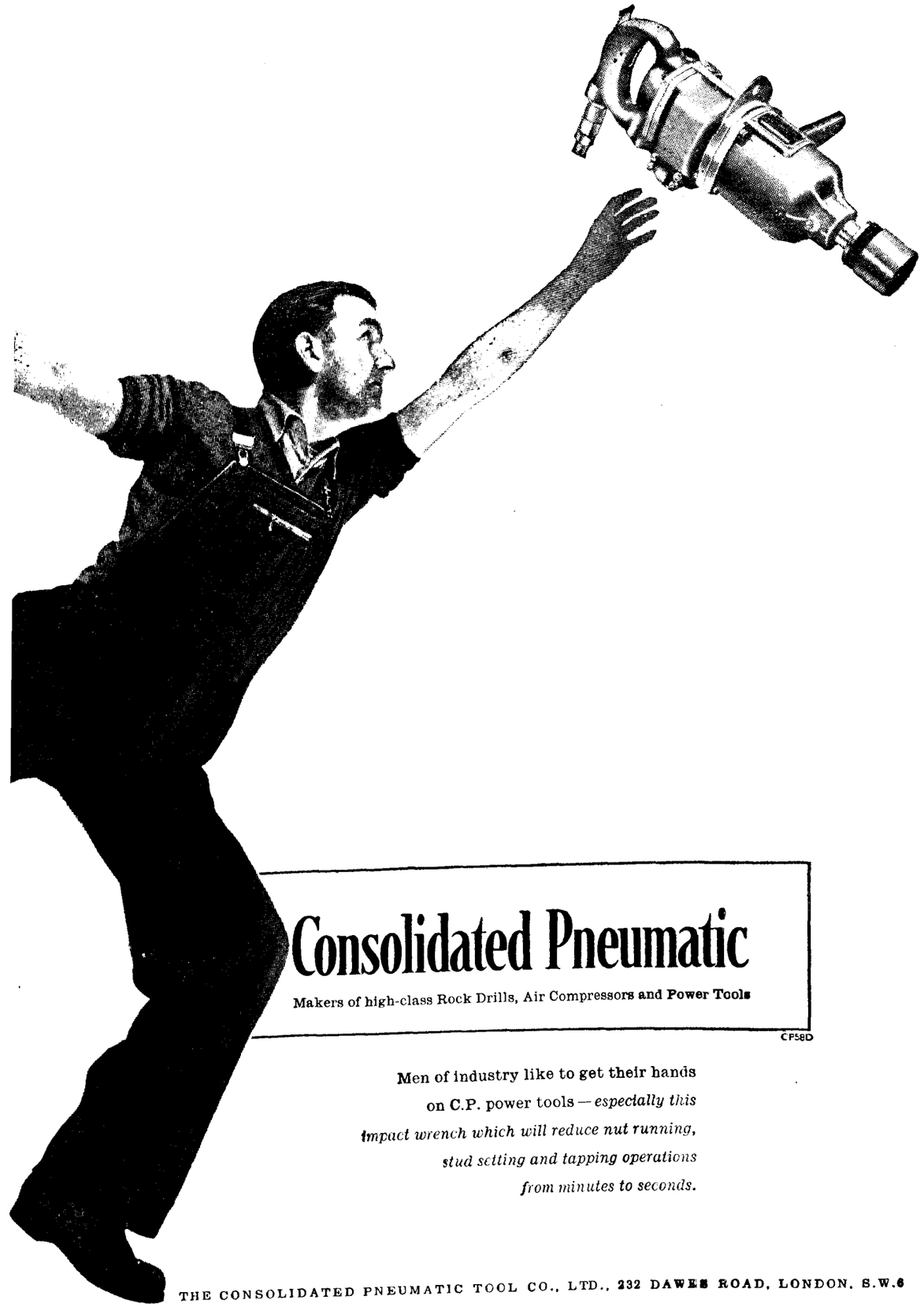

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commercial television station and a similar station in the Saar territory. No assets can so readily become blurred and vanish into thin air as the intangibles of commercial television. The bank was about to offer a large issue of stock on behalf of the television company in the local market, out of which to recoup its advances to the company. The run unfortunately interrupted this operation and called for official intervention and support.

The investigation which has been set in motion has already revealed a tangled web of interlocking personal interests between various members of Prince Rainier's Cabinet and the two institutions primarily involved. The Cabinet resigned *en bloc*. Then came news of the approach of Mr Aristotle Onassis, the Greek shipowner, who already owns the heart of Monte Carlo, namely the Casino, through his control of that innocuously named holding company, the Société des Bains de Mer de Monaco. These developments will no doubt play into the hands of Mr Onassis. On a modest scale they will also have provided one more illustration of the dangers of breaking the golden rules of banking and good politics: no risking of depositors' money in long-term investments; and the severing of directorial or other direct financial links by any person who becomes a Cabinet Minister.

Cost of Cinemascope

When the Associated British Picture Corporation was shooting *Moby Dick* it unfortunately lost a whale; but the company has never lost the whale of a lot of the shareholders' money. Therein lies the secret of the group's success. It both exhibits and produces films but keeps the balance well weighted towards exhibition to keep its figures healthy. It is not the whales lost, but the seats sold that count. In ABP's last financial year to March 31st, the national cinema attendance figures showed a fall of 1¼ per cent, despite the wet summer. Associated British nevertheless showed a one per cent rise from 197½ to 199½ million in its own attendances.

The result was money in the till to finance cinemascope out of earnings; record profits; an increased final dividend making 30 per cent for the year compared with 20 per cent; and well-covered preference dividends. The improved results, including the trading profit of £2,988,093, against £2,213,312, naturally owe something to last year's poor summer and much to the reduction in entertainments tax. The increased net profit attributable to ABP—£1,025,399 compared with £565,284—should therefore be the forerunner of higher profits from the rest of the film industry, though investors should remember that the financial year of Associated British is not coterminous with that of Odeon Theatres which ends on June 30th. Investors will also bear in mind the form of the dividend declaration; the year's 30 per cent includes an unchanged total payment of 20 per cent plus a bonus of 10 per cent, and the company has also provided a staff bonus. This mode of increase, coupled with a moderately cheerful review by Sir Philip Warter (who faces the prospect of commercial television in the autumn with the feeling that the cinema is holding its own), prompts the hope that the improved earnings helped by cinemascope will be maintained, but it suggests less assurance than a straight dividend increase would have done.

Much interest attaches to the way in which Associated British has tackled the heavy expenditure on wide screens and other equipment involved in the adoption of cinemascope in all of its theatres when it could be installed. The whole cost is being met out of revenue and involves no addition to fixed assets; approximately half has already been paid and the job should be finished this year. The total cost estimated at £950,000 is covered by two transfers to development reserve—£450,000 in the previous accounts and £500,000 in the latest report. To that reserve £464,528 of expenditure to date has been charged. It is a substantial tribute to the group's financial strength built up over years that these costs can be met without permanent finance and simultaneously with rising dividends.

Hire Purchase Expansion

Hire purchase under control presents a mixed picture of which one segment stands out clearly. Hire purchase motor sales are enjoying a boom—the biggest boom that the recorded figures have ever shown. Hire purchase sales of the other durable articles of which HP Information collects figures are also rising. The total of contracts recorded in June was 81,386, compared with 76,729 in May and with 51,956 in June last year. The seasonal rise to a summer peak in cars is earlier and sharper than usual for exceptional business was done during the railway strike. It is an open question whether the seasonal decline in demand that normally begins after August bank holiday may not this year be steeper than usual. But the main trend of hire purchase in the motor trade still seems to be upwards.

NUMBER OF HP TRANSACTIONS

Totals (new and used)	June, 1954	May, 1955	June, 1955
Cars	26,884	41,588	44,069
Commercial Vehicles	4,530	6,449	7,165
Motor Cycles and Side Cars	16,849	24,977	26,641
Tractors & Farm Equipment	1,263	1,561	1,623
Aircraft	—	3	15
Caravans	1,339	1,443	1,547

Source: HP Information

Furniture sales and the proportion of such sales made by hire purchase have been noticeably affected by control, as have the sales of equipment by the nationalised gas and electricity boards. In the radio trade the figures of the British Radio Equipment Manufacturers' Association suggest that hire purchase has more than held its proportion of a shrinking total volume of sales. Sales of radio sets for May are estimated at 73,000 compared with 79,000 in April, but the proportion sold on hire purchase rose from 42 per cent to 43 per cent. In television sets the number fell from 75,000 to 64,000, but the proportion on hire purchase held steady at 59 per cent.

Nyasaland Railway's Bow

A PRIVATELY owned railway that makes a profit and pays a dividend is rare. Nyasaland Railway Company's maiden dividend, recently announced, brings that railway into the select class—after nearly 50 years since the building of the railway system began. The payment of 2½ per cent on 418,375 Ordinary £1 shares and on 1,081,682 "A" Ordinary shares (that rank for dividend as fully paid £1 shares) takes only £21,563 net. The 5 per cent income debenture stock also receives its full payment after 4½ per cent in the previous year. These figures spring from a further sharp recovery in earnings. Net operating profit before tax, but after providing £113,823 against £100,986 for renewals, was £418,271 compared with £329,346. At 10s. 3d. the £1 ordinary shares (which have risen 9d. during the week) yield £4 17s. 7d. per cent.

Britannia on Test

A BRISTOL BRITANNIA fuselage is undergoing fatigue tests at Farnborough in a water tank and has so far undergone the equivalent of more than 12,000 hours flying. A Comet fuselage, in a similar test, failed at just over 3,000 hours, and the plan is to test the Britannia until failure occurs. The test is not being conducted with the object of satisfying a set period laid down by the authorities, but rather of finding out the likely strength of the Britannia's wings and cabin. *It is hoped that the Britannia may receive* a Certificate of Airworthiness in the autumn.

Extensive trials in the neighbouring water tank are still going on with the original Comet used in last year's inquiry. The tests continue and as fresh fractures appear they are being repaired, and the tests are resumed. This process is also likely to be carried out on the Britannia; the trials will not stop with the first failure but the fuselage will be repaired and re-broken in an attempt to guard against the possible error of placing too great reliance on the fatigue findings of a single fuselage.

SHORTER NOTE

The Woolwich Equitable Building Society has made it clear that it is not taking the initiative in the move for higher building society rates, and that it expects loyally to abide by the decision of the Association. The society favours the minimum adjustment that may be found necessary. The meeting of the Council of the Association was being held on Friday after this issue of *The Economist* had gone to press.

Company Notes

RECKITT & COLMAN HOLDINGS. The full 1954 accounts are the first to be issued by the re-capitalised Reckitt & Colman group, but the chairman provides shareholders with figures that make a comparison with 1953 possible. Under the old capital structure, now tidied up, substantial profits were retained by the operating companies, and the Reckitt-Colman group came to be more renowned for its soundness than for its growth.

But the rise now disclosed of almost a third in total profits for the group, from £4,850,000 to £6,376,748, is no small achievement in a highly competitive business. Steadier supplies of materials and greater productive efficiency made possible by rising output played their part. More than half the group's trading is overseas. In 1953 52 per cent of sales in all markets consisted of food products, 29 per cent of household products, and 14 per cent of toilet or pharmaceutical goods.

Group profit after tax is £2,826,806, against roughly £2,225,000, and after preference dividends, £355,669 to reserve for fixed asset replacement, and various adjustments, and after ordinary dividends of £1,062,009 net, the amount retained by the group is £956,462. The rate of dividend for the year is 10 per cent, against 8½ per cent forecast at the time of the amalgamation. In addition, there is a special bonus of 1 per cent, intended apparently as an offset for the fact that in future only one interim dividend instead of two is to be paid. At a price of around 45s. 6d., the yield on the 10 per cent dividend is £4 8s. per cent—a yield that reflects both the steadiness of the group's financial record, and some reservations about its future expansion. Consolidated equity earnings, allowing for Profits Tax on a full distribution, are nearly 18½ per cent.

Net current assets exceed £18 million, including £10,382,717 stocks. Gross liquid assets of almost £11 million are easily capable of meeting capital expenditures at the rate of about £1,750,000 a year.

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PATONS & BALDWINS. No spectacular changes and no comment on trading are to be found in Patons and Baldwin's preliminary statement for the year to April 30th. The figures make a good impression, for trading conditions cannot have been easy. The ordinary dividend is stepped up from the equivalent of 10 per cent on the present capital to 12½ per cent. The extra payment is cautiously described as bonus, but it does not increase the proportion of earnings distributed.

The year's net surplus, after tax and all charges, and including special (mainly tax) credits of £223,903 against £248,046, was £1,048,924 compared with £774,934. It can be estimated that, before the special credits, total profits have gone up from £2,727,492 to £2,970,118. Depreciation is almost unchanged at £522,989, and there is a small saving in tax (which requires £1,202,791 against £1,240,866). The increase in net equity earnings was rather larger than the apparent gross increase in total profit.

Equity earnings were £637,406, against £355,901, and represent a rate of 19 per cent on ordinary capital, after allowing for Profits Tax on a full distribution. The resulting estimated surplus of £261,373 over ordinary dividends together with the special tax credits enable the company to put £500,000 to General Reserve. This is the first occasion for seven years on which a big addition has been made to general reserve, and seems to mark a return to more normal conditions for previously the group had been concentrating on building up contingencies provisions, which in the 1954 balance sheet stood at over £3 million.

At a price of around 33s., the ordinary shares yield £7 11s. 6d. per cent. That is high for a leading equity, but perhaps not too high for a trade where profits are notoriously erratic, nor for a company which has a relatively modest earnings cover.

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ENGLISH SEWING COTTON. At first sight there should be no misgiving about a report that contains several references to new buildings and plant and to the need for keeping abreast of modern methods and products, especially as it increases the dividend by a quarter, but it can be said of this company that it shows a little of Lancashire's reputed tendency to live on the past and to draw the maximum benefit from existing capital resources rather than to break new ground.

Although reference is made to a substantial increase in business, the chairman says candidly that the company feels able—for reasons associated with more stable conditions—to distribute a larger share of the year's revenue. The group's trading profit has, in fact, fallen slightly. Nor has American Thread fared much better, with gross operating profits of $10,660,103 against $11,892,713. The American company has, however, doubled its common dividend. This absorbs nearly 85 per cent of 1954 equity earnings, and represents a grossed-up dividend of between 10 and 11 per cent. Meanwhile, the home group reports several acquisitions: three merchanting businesses, and with them, two weaving mills, and the entire capital of Lilford & Amalgamated Weavers. The group has relied chiefly on retained profits for that expansion. It has not had to make large special provisions to finance new equipment at a time of rapidly rising prices. A small amount of special depreciation was written off in 1954, but normal depreciation last year, at £251,994, was less than one-fifth of trading profit, and not much more than twice the 1947 level.

	Years to Dec. 31, 1953	1954
Consolidated earnings:—	£	£
Trading profit	1,426,953	1,330,569
Amer. Thread dividend	244,105	464,577
Depreciation	230,899	251,994
Taxation	759,575	834,094
Net profit	*652,904*	*679,719*
Ordinary dividends	220,000	282,500
Ordinary dividend (per cent.)	10*	12½
Retained profits	416,059	258,951†
Consolidated balance sheet:		
Fixed assets, less depreciation	2,460,444	2,868,085
Net current assets	3,889,124	3,793,117
Stocks	3,143,373	4,378,562
Liquid assets (gross)	1,356,451	712,383
Reserves	4,076,093	4,802,107
Ordinary capital	2,000,000	4,000,000

£1 Ordinary Stock at 30s. 0d. yields £8 6s. 8d. per cent.
* Equivalent on present capital.
† After writing off £105,085 acquisition expenses and special depreciation.

The rise in gross fixed assets from £3,555,670 to £4,297,189 reflects additions to the parent company's mills and the weaving businesses taken over in 1954. The American Thread holding, having been revalued at the current dollar rate (thereby making possible last year's 100 per cent capitalisation issue), stands at £4,465,268 compared with £2,099,303. The company is commendably frank in calling attention to the large liability for UK taxation of £2,015,973, or £1,495,853 after deducting 1955-56 income tax, and to the need for remembering this item in considering liquid assets. It appears that outstanding questions of EPT are still not cleared up. A bank overdraft of £182,626 is not a large sum, but is some indication of renewed strain upon resources.

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EXPRESS DAIRY COMPANY. In the light of the failure of an expensive advertising campaign to raise the consumption of milk, it is hardly surprising that a group such as Express Dairies, which is still primarily concerned with wholesaling and retailing milk, should suffer a reduction in trading profit in the face of increasing costs. Net trading profit for the year fell from £1,245,007 to £1,188,336, but a reduction in taxation from £719,556 to £515,147 cushioned the net profit which showed an increase of £147,738 at £673,189.

Using only internal finance, the group continued to expand both by the purchase of existing businesses and by new building. The number of "supermarkets"—large self-service stores on the American pattern—that the company has introduced into the London area has risen to seven, and some unremunerative teashops have been sold. An intensified campaign has been initiated to raise sales of dairy products other than milk. With an unchanged final dividend of 10 per cent the total dividend for the year is maintained at 15 per cent on capital increased by the two-for-five capitalisation last year. This is an effective increase on the present capital, from 10 5/7 per cent to 15 per cent. At 20s. 3d the ordinary shares yield 3¾ per cent which is covered three times by earnings.

SIX MONTHS' CAPITAL ISSUES

(Excluding Conversions)

Six Months to June 30	Old Basis* 1954	Old Basis* 1955	New Basis† 1954	New Basis† 1955
Total Borrowing (£ million)				
Br. Govt.‡	400·3	53·4	422·0	53·6
Br. Corp. (a)	10·8	Nil	10·8	Nil
Br. Cos.	109·6	111·8	131·5	145·7
Br. Total	*520·7*	*165·2*	*564·3*	*199·3*
Empire	19·3	17·2	19·7	18·4
Foreign	Nil	0·7	Nil	1·0
Total	**540·0**	**183·1**	**584·0**	**218·7**
Total Company Issues§ (£ million)				
Deb.	41·1	15·8	47·0	43·9
Pref.	20·4	15·3	24·0	16·6
Ord.	56·7	88·6	69·1	104·2
Total	**118·2**	**119·7**	**140·1**	**164·7**

Six Months to June 30	Old Basis* 1954	Old Basis* 1955	New Basis† 1954	New Basis† 1955
Analysis of New Issue Applications (£ thousand)				
Br. Govt.‡	400,305	53,412	421,970	53,576
Br. Corp. (a)	10,810	Nil	10,810	Nil
Dom. & Col. Govt.	10,638	Nil	11,073	450
For. Govt.	Nil	Nil	Nil	Nil
Bank & Ins.	10,770	16,058	13,231	24,430
Iron, Coal & Steel	28,099	37,176	28,424	37,911
Oil	Nil	Nil	Nil	Nil
Eng'ing, etc.	2,545	20,133	5,632	11,219
Electrical	489	22,173	1,459	24,687
Textiles	1,094	Nil	4,572	150
Motors, etc.	4,945	161	5,487	161
Breweries	1,669	2,008	1,718	2,957
Shipping	Nil	985	550	985
Mines	7,841	6,065	7,841	6,889
Others	60,764	34,941	71,458	55,248
Total	**539,967**	**183,112**	**584,025**	**218,663**

* Only includes direct offers to the public and to shareholders. † Includes direct offers to the public and to shareholders, "permission to deal," and stock exchange introductions. ‡ Includes net receipt or repayment of national savings certificates and defence bonds. § Includes British and foreign companies. (a) Includes loans to town and country authorities and to public boards.

LONDON STOCK EXCHANGE

Next Account begins: July 20th
Next Contango Day: July 26th
Next Settlement Day: July 12th

A rally in gilt-edged at the end of last week raised the *Financial Times* Index of government securities above the lowest so far this year—93.93 on Wednesday of last week—and with the further impetus this week of the not unfavourable gold reserve figures and the ending of the dock strike an uninterrupted advance throughout the week brought the index up to 95.39. 3½ per cent Treasury stock 1977-80 closed to 89⅞ and short-dated stocks were equally buoyant. Dealings in 4 per cent Transport "B" stock 1972-77 left off at ⅛ discount. There seems no doubt that Government departments must have taken a substantial part of the £42 million created to replace the London Electric Transport 2½ per cent stock. Applicants for over £100,000 received 88 per cent of their requirements, but the result of the small operation was as a whole not a discouraging factor. In the more active dealings this week there is no doubt that the government broker has been a substantial net seller of stock. He is now a buyer of serial 1955 stock due for replacement this year, but only in switch operations and then not on level terms.

Canadian banks were well supported; Royal Bank of Canada at £22⅛ and Bank of Montreal at £17⅛ were £1 higher on the week. Insurance stocks also improved, Prudential "A" rising to 51.

Industrials were higher, and on the start of the new account many leading stocks were raised to fresh peaks. Building shares were aided by the prospect of an intensification of road-building. Unilever N.V. rose to 102s. 6d. Motors and aircraft were active. Rolls-Royce went ahead to 126s. 3d. and Hawker Siddeley to 69s. 9d. Simms Motors rose to 47s. 9d. xd. on the results.

New account buying resulted in a sharp rise in oils; Burmah climbed to 160s. and Royal Dutch to £58¾. Reports of a new strike in Brunei caused British Borneo to jump 12s. to 47s. 6d. Rio Tinto new reached 76s. 3d. before reacting to 70s. Rubbers were active and generally higher.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Security Indices Fixed Int.†	Yields 2½% Cons.	Yields Ord.
			%	%
June 29	213·9	106·33	4·24	4·42
„ 30	214·3	106·28	4·23	4·41
July 1	215·6	106·34	4·18	4·42
„ 4	216·3	106·49	4·15	4·40
„ 5	216·8	106·65	4·12	4·39
„ 6	218·7	106·76	4·11	4·35
				Total bargains
1955, High	219·8 (June 22)	115·97 (Jan. 7)	1955 June 29	11,100
„ Low	175·7 (Mar. 15)	106·28 (June 30)	„ 30	10,974
			July 1	11,508
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 4	15,912
			„ 5	15,427
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 6	15,595

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to July 6 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 29, 1955	Price, July 6, 1955	Net Yield, July 6, 1955 § £ s. d.	Gross Yield, July 6, 1955 £ s. d.
100 5/16	97½	Funding 2½% '52-57	97⅞	97 31/32	2 15 10	4 0 3 l
100¼	97⅜	War Bonds 2½% '54-56	98 1/32	98 3/32	2 15 3	4 4 7 l
100 11/16	96	War Loan 3% '55-59	96 3/32	96⅛	2 15 7	3 19 10 l
100 21/64	99⅜	Serial Funding 3% 1955	99 31/64	99 13/32	2 0 10	3 16 11
100¼	96½	Serial Funding 2½% 1957	96½	96½	2 17 9	3 18 6
99 31/64	92⅝	Conv. 2% 1958-59	93 5/32	93⅜	3 3 1	4 0 8 l
97⅞	91½	Exchequer 2% 1960	91 31/32	91 9/16	3 1 0	4 0 6
104¼	96 5/16	Exchequer 3% 1960	96⅜	96⅜	2 9 0	3 17 1
100 11/16	90⅝	Savings Bonds 3% '55-65	91⅜	92 1/16	2 14 1	4 2 3 l
100⅜	91⅜	Funding 2½% '56-61	91⅞	92⅜	2 18 11	4 2 2 l
97	86	Funding 3% '59-69	86⅝	87	2 18 3	4 6 7 l
103 7/16	97	Funding 4% '60-90	97½	97⅞	2 17 4	4 13 4 e
96⅞	85½	Savings Bonds 3% '60-70	85⅞	86½	2 18 1	4 6 10 l
102⅝	92 9/16	Exchequer 3% '62-63	93	93 1/16	2 13 3	4 0 0 l
99 7/16	87½	Exchequer 2½% '63-64	87½	88 3/16	2 19 10	4 3 2 l
95 5/16	83⅝	Savings Bonds 2½% '64-67	83⅞	84 15/16	2 19 9	4 3 6 l
94 3/16	83½	Savings Bonds 3% '65-75	83⅜	84¼	2 16 0	4 5 3 l
105⅛	98	Victory 4% '20-76	98½	99 5/16	2 9 0	4 4 7 t
98⅛	86⅞	Funding 3% '66-68	86½*	87 1/16*	2 18 3	4 5 8 l
103	92½	Conv. 3½% 1969	92⅝	93 3/16	2 13 3	4 5 5
98⅞	87⅞	Treas. 3½% '77-80	87⅞	88 3/16	2 13 0	4 5 3 l
99 5/16	88⅛	Treas. 3½% '79-81	88⅜	89 3/16	2 12 4	4 5 3 l
88¼	77½	Redemption 3% '86-96	77⅞	78⅞	2 11 8	4 2 4 l
95 11/16	85⅞	Funding 3½% 1999-2004	86*	86½*	2 9 10	4 2 10 l
97⅞	88⅞	Consols 4% aft. Feb. '57	88⅞*	91 3/16*	2 10 4	4 7 6 f
88 3/16	79½	War L'n. 3½% aft. Dec. '52	79⅞	81 1/16	2 9 5	4 6 1 f
89 11/16	79½	Conv. 3½% aft. April '61	79⅞	81 1/16	2 9 6	4 6 6 f
78½	69	Treas. 3% aft. April '66	69¼	71¼	2 8 9	4 5 2 f
66½	58 13/16	Consols 2½%	59⅛*	60⅞	2 7 3	4 2 2 f
66¼	58⅝	Treas. 2½% aft. April '75	58⅞	60 1/16	2 7 9	4 3 5 f
94 11/16	83 13/16	Br. Elec. 3% '68-73	84⅛	84⅞	2 17 0	4 5 10 l
95 11/16	82⅞	Br. Elec. 3% '74-77	83⅝	84	2 14 10	4 3 11 l
109 5/16	99½	Br. Elec. 4½% '74-79	100	100½	2 9 5	4 6 5 e
98 13/16	87 13/16	Br. Elec. 3½% '76-79	88	88⅞	2 13 2	4 5 8 l
105⅞	97½	Br. Gas 4% '69-72	98½	97⅞*	2 8 9	4 2 11 l
102⅞	91½	Br. Gas 3½% '69-71	92½	93	2 11 11	4 3 11 l
88 7/16	78⅛	Br. Gas 3% '90-95	78⅞	79⅞	2 11 0	4 1 2 l
94 13/16	83½	Br. Trans. 3% '68-73	84⅛	84⅞	2 17 0	4 5 10 l
105 5/16	95⅜	Br. Trans. 4% '72-77	95⅝	96⅞	2 10 5	4 5 4 l
88 5/16	77½	Br. Trans. 3% '78-88	77½*	78 15/16	2 14 2	4 4 1 l

(e) To earliest date. (f) Flat yield. (l) To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11½ years approximately.

Prices, 1954 High	Low	Prices, 1955 Jan. 1 to July 6 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, June 29, 1955	Price, July 6, 1955	Yield, July 6, 1955 £ s. d.
97⅞	90½	94⅜	85½	Aust. 3½% '65-69	88½	87½*	4 9 6 l
101⅞	97½	101⅜	94½	Ceylon 4% '73-75	97½	97½	4 3 9 l
106⅛	98½	103¾	94½	N. Zealand 4% '76-78	94½	94½	4 7 9 l
79⅞	71⅞	75⅞	66½	L.C.C. 3% aft. 1920	68	68	4 8 3
99⅞	95	99	88¼	Liverpool 3% '54-64	89½	89½	4 9 0 l
87⅞	80¼	84	73	M.Wtr. 'B' 3% '34-2003	74½	74½	4 6 0 l
104¼	100	102½	99	Agric. Mort. 5% '59-89	100½	100½	4 17 3 e
109⅞	71⅞	120	91	German 7%	114½	114½	...
168½	102	192½	149	German 5½%	190½	192½	...
171	132⅞	193⅞	160	Japan 5% 1907	191½	191½	...
198⅛	167	235½	190	Japan 5½% Conv. 1930	232½	235	...

Prices, 1955 Jan. 1 to July 6 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, June 29, 1955	Price, July 6, 1955	Yield, July 6, 1955 £ s. d.
		%	%		BANKS & DISCOUNT			
58/7½	48/9	5	a	7	b Barclays £1	57/-	56/-	4 5 9
76/7½	64/-	15	c	6	a Lloyds 'A' £5, £1 pd.	68/-	66/6*	4 10 3
89/3	76/9	8	a	10	b Midland £1, fully pd.	82/-	82/-	4 7 10
87/-	76/-	18	c	9	a N. Prov. 'B' £5, £1 pd.	83/6	82/6*	4 7 3
96/10½	84/6	8	b	8	a Westmstr 'B' £4, £1½ pd.	90/-	90/-*	4 8 11
69/-	50/-	8⅞	b	3¾	a Alexanders £1	51/6	50/6*	4 19 0
58/6	47/6	7	b	5	a Nat. Disc. 'B' £1	51/-	51/6	4 13 2
60/-	51/-	5	a	7½	b Union Disc. £1	54/-	55/6	4 10 1
48/10½	39/6	4	b	4	a Barc. (D.C.O.) £1	47/6	48/-	3 6 8
51/9	42/3	7¼	a	7½	b Chart. Bk. of India £1	45/-	45/-	6 13 4
					INSURANCE			
21⅞	14½	50	a	110	b Leg. & Gen. £1, 5/- pd.	19¾	21½	1 17 8
26⅞	20½	20	†a	45	†b Pearl £1, fully pd.	25	26	4 7 0
52	41½	112½	†c	117½	†c Prudential 'A' £1	48	50½	4 0 11
					BREWERIES, ETC.			
141/-	124/-	33	b	10	a Bass £1	126/3	126/3	6 16 3
34/9	22/-	25	c	10	a Distillers 6/8	31/9	34/-	2 18 10 h
49/6	40/3	15	b	8	a Guinness 10/-	46/6*	47/6	4 16 11
95/9	77/-	7	a	14	b Whitbread 'A' Ord. £1	82/6	78/9*	5 6 8

Prices, 1955 Jan. 1 to July 6 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, June 29, 1955	Price, July 6, 1955	Yield, July 6, 1955 £ s. d.
46/-	35/9	17½	c	4	a B.S.A. £1	45/-	45/-	3 17 9 p
13/10½	10/-	3½	a	10⅝	b Cammell Laird 5/-	12/9	13/-	5 7 9
39/3	27/-	...		3	a Colvilles £1	35/6	37/-	4 17 4 o
36/3	23/-	...		8	c Dorman Long £1	35/-	35/6	4 10 2
105/9	62/4½	5	a	15	b Guest Keen N'fold £1	98/9	101/3	3 19 0
79/9	42/-	12½	c	5	a Stewarts & Lloyds £1	72/-*	76/6	3 5 4
47/-	27/6	6⅝	b	4	a Summers (John) £1	42/-*	44/6	4 9 11 m
50/-	28/6	6	b	4	a United Steel £1	45/-	46/3*	4 6 6
47/10½	35/9	2½	a	6	b Vickers £1	45/-	45/6	3 14 9
					TEXTILES			
30/4½	21/9	4	a	6	b Bradford Dyers £1	23/3	22/6	8 17 9
35/-	26/10½	3	a	7	b Brit. Celanese £1	29/6*	29/6	6 15 7
29/6	23/-	2½	a	6½	b Coats (J. & P.) £1	27/-	27/6	6 7 3
55/3	35/-	4	a	6	b Courtaulds £1	51/-*	50/6	3 19 2
34/1½	26/6	7½	b	5	a Lancs. Cotton £1	31/-*	29/9	8 8 1
36/0¾	28/-	2½	a	10	b Patons & Baldwins £1	35/-	33/-	7 11 6
					MOTOR & AIRCRAFT			
22/10½	17/4½	3½	a	6½	b Bristol Aeroplane 10/-	22/9	22/9	4 7 11
15/-	9/10½	8½	b	4	a British Motor 5/-	14/-	14/3	4 7 9
27/3	21/3	7½	c	Nil	c De Havilland £1	25/9	26/9	Nil
60/-	37/-	5	a	10	b Ford Motor £1	53/9	56/3	2 13 4 v
70/9	43/1½	7½	b	5	a Hawker Siddeley £1	66/3*	68/6	3 13 0
50/3	33/6	25	c	30	c Leyland Motors £1	47/6	48/9	4 2 1 m
125/6	71/3	5	a	12½	b Rolls Royce £1	115/7½	124/4½	2 16 3
10/3	6/10½	12	c	12	c Standard Motor 5/-	9/3	10/-	6 0 0
					STORES & STORES			
42/3	25/-	10	a	17½	b Boots Pure Drug 5/-	40/-	42/-	3 7 1
47/6	36/9	7½	a	20	b Debenhams 10/-	43/10½	47/-	5 17 0
62/6	43/9	45	b	15	a Gt. Universal 5/-	57/-	61/-	4 18 4
114/-	97/6	5	a	17½	b Lyons (J.) 'A' £1	102/6	102/6	4 7 10
76/-	58/6	15	a	30	b Marks & Spen. 'A' 5/-	73/6	73/-	[illegible]
71/9	55/3	36¾	b	20	a Woolworth 5/-	66/-	65/6	3 16 4 d
					OIL			
123/-	68/6	5	a	14	b British Petroleum £1	114/4½	119/4½	2 10 3 h
159/9	100/-	7½	a	13½	b Burmah £1	149/4½	158/9	2 14 1
£59½	£50¾	6	a	10	b Royal Dutch 100 fl.	£57	£59	2 10 11
136/9	109/9	5	†a	10	†b Shell Reg. £1	132/6	135/-	3 17 3
35/1½	26/9	15	†b	5	†a Trinidad L'holds 5/-	33/9	34/-	5 2 4
					SHIPPING			
37/3	25/10½	5	a	7	b Cunard £1	28/-	28/6	7 0 4 m
57/-	45/-	12	c	12	c Furness Withy £1	52/-	52/-	4 12 4
76/-	55/-	3	a	13	b P. & O. Def. £1	66/6	69/-	4 12 9
					MISCELLANEOUS			
91/-	61/3	14	c	2½	a Assoc. Elect. £1	83/9	90/-	3 2 3
125/3	88/9	5	a	15	b Assoc. Port. Cem. £1	117/6	125/-	3 4 0
111/6	67/-	7½	a	15	b Bowater Paper £1	102/6	103/9	3 9 5 u
55/3	44/1½	2½	a	7½	b B.I.C.C. £1	53/-	54/6	3 13 5
53/9	35/6	4	a	8	b Brit. Aluminium £1	50/-	52/6	4 11 5
61/3	47/10½	15	†c	5	†a Brit. Amer. Tob. 10/-	58/6	59/-	4 8 5
$64½	$51¾	3	b	3	a Canadian Pacific $25	$62½*	$63¾	4 5 10
48/3	31/4½	41¾	b	6	a Decca Record 4/-	44/3	47/6	3 3 2 r
33/4½	27/-	4	a	10	b Dunlop Rubber 10/-	31/3	31/3	4 9 7
79/3	54/1½	4	a	8½	b English Elect. £1	73/9	78/9	3 3 6
68/6	51/3	12½	c	4	a General Elect. £1	63/9	67/6	3 14 1
61/6	38/3	4	a	6	b Imp. Chemical £1	56/10½	56/10½	3 10 4
65/10½	57/9	8¾	a	12½	b Imp. Tobacco £1	63/6	63/6	6 12 4
$133	$105½	$2·90		$2·90	c Inter. Nickel n.p.v.	$128⅝	$132⅝	3 18 7
76/-	57/6	7	a	10	b London Brick £1	74/4½	73/9	4 14 11
38/6	26/-	6¾	a	15¾	b Monsanto Chemicals 5/-	36/9	36/9	3 1 3
81/3	60/3	3½	a	14½	b Tate & Lyle £1	79/4½	80/-	4 0 6 g
99/3	72/6	10	b	10	a Tube Investments £1	95/-	95/-	4 4 3
118/3	95/6	17½	b	5	a Turner & Newall £1	111/10½	115/-	3 18 4
95/3	69/3	6	a	9½	b Unilever £1	87/6	95/-	3 6 4
43/3	34/3	7½	†b	7½	†b United Molasses 10/-	39/-	39/3	5 12 9 q
49/9	34/-	2½	†a	27½	†b Cons. Tea & Lands £1	38/3	38/9	26 18 6
2/8½	1/10½	10	c	15	c London Asiatic Rbr. 2/-	2/6	2/6	12 0 0
54/3	38/9	7½	a	20	b United Sua Betong £1	52/6	53/1½	9 17 9
					MINES			
9 5/16	7 13/16	20	a	50	b Anglo-Amer. 10/-	8 9/16	8 11/16	3 19 5
143/3	106/10½	80	a	120	b De Beers 5/- Bearer	128/9	130/-	7 13 10
126/3	78/9	...		...	Free State Geduld 5/-	90/-	88/9	Nil
70/9	51/7½	10	b	10	a Randfontein £1	57/6*	56/3	7 2 2
9/6	6/8½	24	c	28	c London Tin 4/-	8/11½	9/3½	12 7 2
41½	31½	200	b	50	a Rhokana £1	39½	41	6 1 11

New York Closing Prices

	June 29 $	July 6 $		June 29 $	July 6 $		June 29 $	July 6 $
Balt. & Ohio	49	49½	Am. Smelting	51½	53½	Inter. Paper	110	111⅝
Can. Pac.	34⅝	35	Am. Viscose	57½	62½	Nat. Distill.	22½	22½
N.Y. Cent.	43¼	44⅞	Col. of Am.	24	24⅞	Sears Roebuck	93½	98½
Pennsyl.	28⅞	28½	Chrysler	80⅜	83⅜	Shell	63	62½
Amer. Tel.	182⅜	183	Gen. Elec.	53½	54½	Std. Oil of N.J.	127⅜	138
Stand. Gas	9⅞	9⅞	Gen. Motors	108½	127⅞	U.S. Steel	53	56½
United Corp.	6⅞	6⅞	Goodyear	61	62⅞	Westinghouse	67½	67½
W. Union Tel.	25½	24⅞	Inter. Nickel	71½	73⅞	Woolworth	48⅜	48⅞

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 16·1%. (h) On 15%. (l) To latest date. (m) On 10%. (o) On 9%. (p) On 8⅓%. (q) Yield basis 22·10% gross. (r) On 37½%. (u) Dividend for 15 months. On 18%. (v) On 7½%. (x) On 12½%.

Statistics

The following list shows the most recent date on which each statistical page appeared.

BRITISH		OVERSEAS	
Prices and Wages	July 2nd	Western Europe	
Production and Consumption	This week	*Production and Trade*	July 2nd
Manpower	June 18th	British Commonwealth	This week
External Trade	June 25th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	June 18th
Industrial Profits	April 30th	United States	June 25th
World Trade	April 30th		

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1952	1953	1954	1954 Mar.	April	May	1955 Feb.	Mar.	April	May
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948 = 100	114	121	129	132	124	133	139	141	132	137–138*
Mining and quarrying		,,	109	109	110	117	107	117	117	118	105	...
Building and contracting		,,	103	110	111	112	109	112	...	...	...	...
Gas, electricity and water		,,	127	132	142	153	136	131	176	172	141	...
Manufacturing, total		,,	115	123	133	136	128	138	144	146	138	...
Engineering, shipbuilding, electrical goods		,,	127	129	140	144	133	143	156	160	...	...
Vehicles		,,	124	138	155	163	144	160	169	...	...	...
Chemical trades		,,	132	151	166	164	163	171	183	179	...	...
Textiles and clothing		,,	99	114	116	125	116	123	126	126	...	...
Food, drink and tobacco		,,	108	114	116	113	118	126	111	115	...	...
BASIC MATERIALS												
Production of:												
Coal (1) (4)	W	'000 tons	4,332	4,300	4,298	4,609	4,189	4,591	4,518	4,614	4,114	4,289
Pig-iron	W	,,	202	215	229	231	232	231	242	241	238	242
Steel, ingots and castings	W	,,	310	339	356	365	368	374	394	395	393	402
Sulphuric acid	M	,,	125·5	156·3	170·2	186·3	176·8	169·9	167·3	183·6	...	...
Newsprint	W	,,	10·32	11·60	11·77	12·16	11·83	12·47	13·21	12·77	...	...
Electricity (1)	M	mn. kwh	5,166	5,459	6,075	6,650	5,634	5,592	7,299	7,795	6,102	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	14·82	17·97	19·17	20·54	18·66	20·78	19·43	19·11	16·32	18·18
Worsted yarn	M	,,	14·84	18·40	18·80	20·85	17·87	19·08	17·77	20·13	16·64	...
Rayon and synthetic fibres, total	M	,,	23·59	34·94	37·30	40·18	35·97	37·81	37·09	42·21	39·95	40·48
,, ,, ,, ,, staple fibre	M	,,	10·59	16·85	19·00	19·94	17·25	18·75	19·00	21·64	21·31	20·38
Cotton cloth, woven	W	mn. yds.	32·5	35·2	38·3	40·4	38·2	41·0	40·7	39·8	35·3	38·9
Wool fabrics, woven	M	mn. sq yds	31·5	34·3	34·5	36·3	31·4	33·0	34·8	37·9	30·1	...
Engineering production:												
Passenger cars and chassis	W	'000s	8·62	11·44	14·79	14·71	14·56	16·13	17·92	18·63	16·92	...
Commercial vehicles and chassis	W	,,	4·65	4·61	5·17	4·87	4·53	5·14	6·50	6·45	5·80	...
Metal-working machine tools	M	'000 tons	12·58	12·63	11·39	13·12	10·54	11·51	11·48	...	...	...
Internal combustion engines	M	'000 BHP	331	311	356	353	352	342	377	423	...	...
BUILDING ACTIVITY												
Permanent houses completed: (1)												
Total	M	'000s	19·99	26·56	28·97	33·71	27·26	31·37	23·35	37·92	21·50	...
For private owners	M	,,	2·86	5·24	7·55	7·07	7·01	7·70	6·71	8·60	8·84	...
For local housing authorities	M	,,	16·11	19·91	19·58	24·54	18·19	21·61	15·63	27·53	11·71	...
Other	M	,,	1·03	1·41	1·83	2·10	2·07	2·06	1·01	1·80	0·95	...
WHOLESALE SALES (1)												
Textile houses:		Av. value 1950 = 100										
Total home sales			90	95	95	116	99	90	86	114	95	88
Women's and children's wear		,,	90	96	96	123	102	92	90	118	98	89
Men's and boys' wear		,,	82	91	90	110	99	88	70	112	94	83
Piece-goods		,,	68	66	63	87	65	61	77	77	60	60
RETAIL SALES (1)												
Large retailers:		Weekly av. value 1950 = 100										
All merchandise			117	124	132	122	126	128	122	132	136	...
Clothing and footwear			110	113	125	105	123	130	92	116	135	...
Household goods		,,	102	110	125	114	111	118	117	130	119	...
Independent retailers:												
Clothing and footwear		,,	95	94	97	79	99	103	72	84	105	...
Household goods		,,	109	120	132	112	117	123	139	128	131	...
STOCKS												
Basic materials:												
Coal, distributed (1)		'000 tons	15,801	17,614	15,670	12,772	12,503	13,340	11,381	10,528	10,836	11,636
Steel		,,	817	1,112	899	979	1,032	1,010	879	875	...	...
Copper (4)		,,	131·9	55·3	61·5	47·2	60·1	65·3	70·2	67·6	...	...
Sulphur		,,	211·8	66·8	67·2	82·3	70·4	68·4	61·3	80·7	...	...
Newsprint		,,	189·7	110·6	97·5	100·1	95·0	98·6	100·2	114·9	...	...
Textiles:		Av. value 1950 = 100										
Wholesale houses, total (1)			74	89	95	118	114	112	116	115	109	107
Large retailers, clothing and footwear (1)		,,	92	102	107	128	126	127	125	133	129	...

(1) Great Britain. (2) Provisional estimate. (3) 1954 figures exclude all screening losses normally amounting to around 5,000 tons a week. (4) Excluding government stocks from August, 1953.

British Commonwealth

PRODUCTION OF FUEL AND POWER [1]

Monthly averages or calendar months	Coal				Crude petroleum		Electricity				
	Australia	Canada	India	S. Africa	Canada	Pakistan	Australia	Canada	India	N. Zealand	S. Africa
	000 tons						million kwh				
1938	973	987	2,362	1,335	72	...	363	2,168	...	...	478
1953	1,535	1,032	2,987	2,335	889	19·3	1,079	5,457	552	286	1,112
1954	1,644	953	3,064	2,404	1,062	21·4	1,205	5,761	625	312	1,220
1954, November	1,752	1,169	3,323	2,500	1,100	21·8	1,212	6,206	654	304	1,247
„ December	1,482	1,169	3,504	2,557	1,278	21·4	1,185	6,556	683	302	1,221
1955, January	946	1,032	3,153	2,461	1,321	...	...	6,547	668	287	1,246
„ February	1,473	901	3,249	2,366	1,209	...	...	5,973	626	281	1,252
„ March	...	1,034	...	2,778	...	...	...	6,615	...	332	1,334

PRIMARY PRODUCTION [2]

Monthly averages or calendar months	Copper		Rubber		Tin	Steel				Gold		
	Canada	N. Rhodesia	Ceylon	Malaya	Malaya	Australia	Canada	India	S. Africa	Australia	Canada	S. Africa
	000 tons									000 fine ounces		
1938	17·7	17·7	4·2	30·0	5·31	100	96	78	25	132·7	394	1,013·4
1953	16·0	28·4	8·2	47·9	5·20	171	306	126	106	89·6	338	994·7
1954	19·5	28·8	7·8	48·7	5·93	185	237	140	117	93·0	364	1,102·3
1955, January	21·3	7·1	9·6	57·2	6·30	174	283	157	120	79·1	366	1,162·3
„ February	19·7	14·8	4·5	48·9	4·62	156	287	...	119	...	351	1,115·0
„ March	21·3	25·8	4·9	54·2	7·10	170	...	...	131	...	372	1,210·5
„ April	20·2	29·9	7·0	44·7	...	...	...	...	...	...	...	1,193·0
„ May	...	...	5·4	49·8	...	...	...	...	...	...	...	1,220·5

EXTERNAL TRADE [3]

Monthly averages or calendar months	Australia		Canada		India		New Zealand		Pakistan		S. Africa	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	mn. £A		mn. C$		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1938	10·6	11·8	56	71	...	...	4·62	4·76	...	...	7·97	2·71
1953	42·5	70·9	365	348	471	442	16·01	19·61	112·7	125·8	35·45	27·93
1954	56·5	68·1	341	329	...	...	20·43	20·33	92·8	107·2	36·93	25·95
1954, December	64·4	85·1	337	391	490	612	18·5	25·6	91·0	124·6	36·8	25·9
1955 January	76·0	64·0	307	310	528	547	...	13·4	111·5	114·7	...	...
„ February	69·8	67·8	308	301	592	504	...	19·3	93·9	140·2	...	...
„ March	77·6	77·5	376	355	553	472	...	...	85·4	94·4	...	...
„ April	...	...	383	342	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES [4]

	Gold and Foreign Exchange Holdings					Cost of Living						
	Australia	Canada	India	New Zealand	S. Africa	Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1948 = 100						
1938	281	220	485	41	259	69	66	35	72	...	68	71
1953	1,361	1,826	1,765	204	295	178	120	108	134	112	130	136
1954	1,133	1,955	1,782	174	416	180	121	104	140	110	133	137
1955, January	...	1,943	1,779	165	398		121	100		107	135	136
„ February	...	1,848	1,777	161	399	181	121	97	143	105	136	137
„ March	...	1,883	1,780	160	392		120	97		105	137	137
„ April	...	1,883	1,749	...	368	...	121	...	...	...	...	139
„ May	...	1,896	...	...	346	...	...	...	...	...	...	...

(1) Petroleum production in Canada in 1938 includes natural gasoline. *1938 figure of electricity production in Australia is for 12 months ended June 30th;* figures for New Zealand represent about 87 per cent of total generation. (2) Copper and tin refer to metal production. (3) General trade (including re-exports) except for Canada, which is special trade only. Imports are c.i.f. except for Australia, Canada and S. Africa which are f.o.b.; exports are f.o.b. Trade for India and Pakistan includes that going by land; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. (4) Gold and foreign exchange holdings are those of the government and central bank: only figures for Australia include holdings of commercial banks. Cost of living for Pakistan is based on 12 months ended March, 1949, as 100 for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. Annual figures for Australia are for year ended June 30th. (5) Figures for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the five days ended June 30th there was an "above-line" surplus (after allowing for Sinking Funds) of £13,771,000 compared with a deficit of £27,343,000 in the previous week and a deficit of £6,772,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £5,020,000, bringing the total cumulative deficit to £257,278,000 (£230,779,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to June 30, 1954	April 1, 1955 to June 30, 1955	4 Days ended June 30, 1954	5 Days ended June 30, 1955
Ord. Revenue					
Income Tax	1877,400	218,754	239,516	3,061	24,387
Sur-tax	136,000	20,900	19,400	500	900
Death Duties	185,000	44,800	46,100	2,400	2,800
Stamps	74,000	16,400	16,500	600	1,400
Profits Tax & EPT	180,000	29,500	33,100	400	1,100
Excess Profits Levy	25,000	14,700	9,000	500	...
Special Contribution and other Inland Revenue	1,000	350	150	...	...
Total Inland Rev.	2478,400	345,404	363,766	7,461	30,587
Customs	1131,700	275,390	282,177	6,523	13,859
Excise	796,050	167,140	176,920	7,920	9,435
Total Customs and Excise	1927,750	442,530	459,097	14,443	23,294
Motor Duties	80,000	8,067	9,362	...	182
PO (Net Receipts)	...	...	200	...	200
Broadcast Licences	25,000	3,850	4,300	1,350	1,000
Sundry Loans	24,000	2,838	2,837	...	...
Miscellaneous	175,000	34,976	18,556	54	120
Total	**4710,150**	**837,665**	**858,118**	**23,308**	**55,383**
Ord. Expenditure					
Debt Interest	600,000	140,647	151,920	...	1,884
Payments to N. Ireland Exchequer	53,000	11,309	13,248	...	...
Other Cons. Fund	10,000	811	1,347	51	70
Supply Services	3862,875	826,385	805,530	29,799	39,438
Total	**4525,875**	**979,152**	**972,044**	**29,850**	**41,391**
Sinking Funds	56,000	6,895	6,394	230	220
"Above-line" Surplus or Deficit	**−148,382**	**−120,320**	**−6,772**	**+13,771**	
"Below-line" Net Expenditure*	82,397	136,958	11,825	5,020	
Total Surplus or Deficit−	**−230,779**	**−257,278**	**−18,597**	**+8,751**	
Net Receipts from:					
Tax Reserve Certificates	121,599	35,796	16,334	6,561	
Savings Certificates	4,600	10,200	...	...	
Defence Bonds	−7,399	1,897	−1000	...	

* Since end September 1954 *the capital expenditure of* the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at June 30th this item stood at £12,700,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
June 30	4,700·0		268·6	3·3	4,971·8
1955					
Mar. 31	4,931·4		315·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
„ 16	3,220·0	1,830·5	269·8	...	5,320·3
„ 23	3,240·0	1,765·2	315·9	...	5,321·0
„ 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
„ 14	3,270·0	1,760·7	275·8	0·8	5,307·2
„ 21	3,270·0	1,768·8	295·7	...	5,334·5
„ 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
„ 11	3,240·0	1,903·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7

THE MONEY MARKET

LOMBARD STREET throughout this week has been dominated by the aftermath of the half-year-end. The whole amount then borrowed from the Bank of England—to judge from the Bank return, rather more than £24 million—was outstanding until Wednesday last, and until then credit conditions were abnormally easy, with new money available at rates down to 2 per cent (and at the week-end even unlendable at that rate). No special seller appeared to mop up this surplus, but by Wednesday, when the first repayments fell due at the Bank, it was becoming less marked, and on Thursday, when seven or eight discount houses had repayments to make, conditions were extremely tight. Rates up to 4½ per cent were then paid for new money, with 4 per cent as the general charge, and although the authorities gave a fair amount of aid, two or three houses had to take a small amount of seven-day loans from the Bank.

The seasonal ease did not affect the rate at the Treasury bill tender. After the tender the rate for September maturities was inclined to ease from 3 29/32 per cent to 3⅞ per cent. Since then business has been done at both these rates (and August rates at 3 23/32 per cent, but Thursday's stringency kept the rate firm.

The note circulation rose by £13 million (slightly less than in the similar week last year), so that bankers' balances were scarcely increased, despite the market's end-June borrowings.

LONDON MONEY RATES

	%		%
Bank rate (from 24/2/55)	4½	**Discount rates**	
		Bank bills: 60 days	4
Deposit rates (max)		3 months	4
Banks	2½	4 months	4
Discount houses	2½*	6 months	4–4½
Money Day-to-day	2½–3½		
Short periods	2½–3	Fine trade bills:	
Treas. bills 2 months	3 29/32	3 months	4½–4¾
3 months	3 27/32	4 months	4½–4¾
		6 months	4¾–5¼

* Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	July 7	June 29	July 6
Issue Department:*			
Notes in circulation	1,661·7	1,782·7	1,795·7
Notes in banking dept.	13·7	42·7	29·7
Govt. debt and securities*	1,671·2	1,821·3	1,821·3
Other securities	0·8	0·8	0·6
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	18·4	14·2	18·7
Treasury special account	8·7	0·5	0·5
Bankers	274·0	246·6	247·1
Others	66·9	72·9	68·0
Total	368·0	334·2	334·3
Securities:			
Government	349·4	285·5	274·9
Discounts and advances	7·2	5·7	29·6
Other	13·6	16·1	15·9
Total	370·2	307·3	320·4
Banking department reserve	15·9	45·1	32·0
" Proportion "	% 4·3	% 13·4	% 9·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,825 million from £1,775 million *on June 8 1955.*

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954					
July 2	270·0	384·0	270·0	32 3·41	60
1955					
April 1	270·0	408·5	270·0	75 10·33	48
„ 7	250·0	402·4	250·0	74 5·00	61
„ 15	250·0	420·7	250·0	75 3·09	33
„ 22	230·0	385·2	230·0	77 1·08	39
„ 29	220·0	380·3	220·0	77 11·45	39
May 6	230·0	384·8	230·0	78 5·59	41
„ 13	230·0	382·4	230·0	78 4·69	46
„ 20	240·0	375·6	240·0	78 4·64	50
„ 27	250·0	389·9	250·0	78 4·37	48
June 3	250·0	370·5	250·0	78 11·80	52
„ 10	260·0	378·6	260·0	79 7·53	53
„ 17	260·0	365·6	260·0	79 5·17	65
„ 24	270·0	380·5	270·0	79 4·53	58
July 1	290·0	383·8	290·0	79 4·87	67

On July 1st, tenders for 91 day bills at £99 0s. 2d. secured about 67 per cent of the sum applied for: higher tenders were allotted in full. The offering yesterday was for a maximum amount of £280 million

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	July 6	June 30	July 1	July 2	July 4	July 5	July 6
United States $	2·78–2·82	2·78 7/16–2·78 9/16	2·78½–2·78¾	2·78½–2·78¾	2·78 9/16–2·78 11/16	2·78 9/16–2·78 11/16	2·78½–2·78¾
Canadian $		2·74 9/16–2·74 11/16	2·74½–2·74¾	2·74½–2·74¾	2·74 9/16–2·74 11/16	2·74 9/16–2·74 11/16	2·74 9/16–2·74 11/16
French Fr.	972·65–977·35	974¾–974¾	974¾–975	974½–975	975¼–975¾	975¼–975¾	974½–975¼
Swiss Fr.	12·15 3/16–12·33 3/16	12·18½–12·19	12·18½–12·19	12·18½–12·19	12·18½–12·19½	12·18½–12·18¾	12·17½–12·17¾
Belgian Fr.	138·95–141·05	139·77½–139·82½	139·77½–139·82½	139·77½–139·82½	139·77½–139·82½	139·70–139·75	139·55–139·60
Dutch Gld.	10·56–10·72	10·64–10·64½	10·64½–10·64½	10·64½–10·64½	10·64½–10·64½	10·64½–10·64½	10·63½–10·64
W. Ger. D-Mk.	11·67 3/16–11·84 13/16	11·69½–11·69¾	11·69½–11·69¾	11·69½–11·69¾	11·69½–11·69¾	11·68½–11·68¾	11·68½–11·68¾
Portuguese Esc.	79·50–81·10	80·50–80·80	80·50–80·80	80·50–80·80	79·90–80·00	80·00–80·20	80·30–80·50
Swedish Kr.	14·37½–14·55½	14·43½–14·43½	14·43½–14·43½	14·44½–14·44½	14·43½–14·44½	14·43½–14·44½	14·43½–14·43½
Danish Kr.	19·15½–19·45½	19·35½–19·36½	19·36½–19·36½	19·35½–19·36½	19·35½–19·36½	19·35½–19·36½	19·34½–19·35½
Norwegian Kr.	19·85–20·15	20·00½–20·01½	20·00½–20·01½	20·00½–20·01½	20·00½–20·01½	20·01–20·01½	20·00½–20·01½
		One Month Forward Rates					
United States $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	¼c. pm	½–¾c. pm	½–¾c. pm
Canadian $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	1/16–3/16c. pm	1/16–3/16c. pm	1/16–3/16c. pm
French Fr.		Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis
Swiss Fr.		2–1½c. pm	2–1½c. pm	1½–1½c. pm	1½–1½c. pm	1½–1c. pm	1½–1c. pm
Belgian Fr.		1/16–⅛ pm	1/16–⅛ pm	¼–½ pm	¼–½ pm	¾–¼ pm	¾–¼ pm
Dutch Gld.		3¼–2½c. pm	3–2½c. pm	3–2½c. pm	3¼–2½c. pm	2½–3c. pm	3¼–2½c. pm
W. Ger. D-Mk.		1pf. pm–par	1pf. pm–par	1pf. pm–par	1pf. pm–par	1pf. pm–par	1pf. pm–par
Swedish Kr.		Par–1/16 dis	Par–1/16 dis	Par–1/16 dis	1/16 pm–1/16 dis	1/16 pm–1/16 dis	1/16 pm–1/16 dis
Danish Kr.		Par–2/16 dis	Par–2/16 dis	Par–2/16 dis	Par–2/16 dis	Par–2/16 dis	Par–2/16 dis
Norwegian Kr.		1/16 pm–1/16 dis	1/16 pm–1/16 dis	1/16 pm–1/16 dis	1/16 pm–1/16 dis	1/16 pm–1/16 dis	1/16 pm–1/16 dis
		Gold Price at Fixing					
Price (s. d. per fine oz.)		251/9	251/7	...	250/6½	250/6½	251/8½

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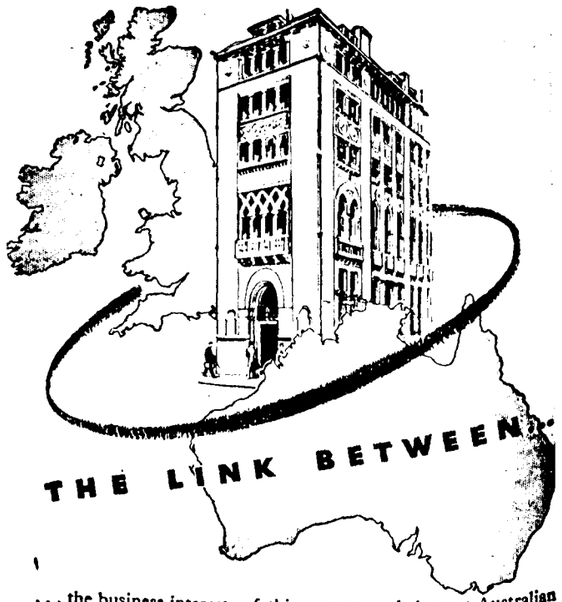

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. . .

Chairman - - - - Sir Homi Mody, K.B.E.
Managing Director - - - - H. C. Captain

. . .

Paid up Capital...Rs.	3,14,54,250	[£2,359,000]
Reserve Fund and Other Reserves ...Rs.	4,00,22,194	[£3,001,000]
Deposits.....Rs.	126,84,78,112	[£95,135,000]

Note: The Sterling equivalents of the rupee figures shown above have been converted at the rate of 1/6d. per Rupee.

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RESERVE FUNDS STERLING	£7,687,500
RESERVE LIABILITY OF MEMBERS	$25,000,000

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Chairman: C. BLAKER, M.C., E.D.
Chief Manager: MICHAEL W. TURNER
London Office: 9, Gracechurch Street, E.C.3

London Managers: S. A. Gray, M.C., A. M. Duncan Wallace, M. D. Scott.

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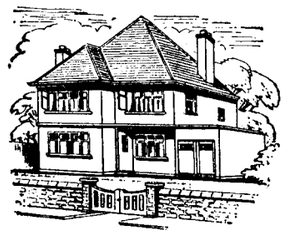

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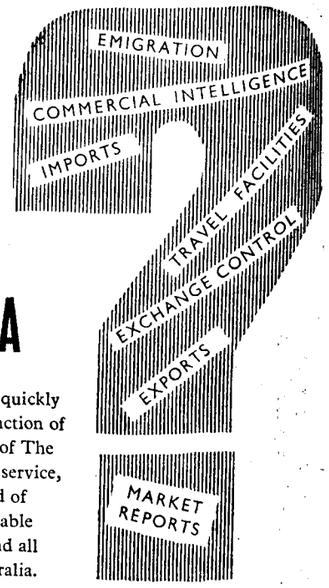

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COMPANY MEETINGS

COURTAULDS, LIMITED

RECORD GROUP RESULTS

CO-PARTNERSHIP LAUNCHED

VIGOROUS RESEARCH AND DEVELOPMENT POLICY

RAYON'S IMPORTANT CONTRIBUTION TO UK BALANCE OF PAYMENTS

The forty-second Annual General Meeting of Courtaulds, Limited will be held in the Hall of the Chartered Insurance Institute, 20, Aldermanbury, London, EC2, on July 27, 1955, at 12 noon.

The following is the statement by the Chairman, Sir John Hanbury-Williams, which has been circulated with the directors' report and accounts for the year ended March 31, 1955:

First of all I have to tell you with deep regret of the passing on July 30th last year of Mr P. J. Gratwick, who up to the time of his death was a Deputy Chairman and a Managing Director of your Company. He joined the service of the Company as long ago as 1911, and during those many years he played a very active part in its development, as well as in the rayon industry generally. His outstanding business acumen, his wide experience and his sound knowledge both of people and of textiles was always devoted to the interests of the industry which he had done so much to foster. His death came as a sad blow to his colleagues on the Board of the Company, to many members of the staff who had long known him and to the large number of people with whom he came into contact.

You will recall that in my Statement last year I informed you that we had been able to secure the valued assistance of Sir Dallas G. M. Bernard, Bt, as a Director of the Company, and I am now pleased to add that in December he was appointed a Deputy Chairman. At the same time the appointment of Mr J. E. Pedder and Mr A. H. Wilson, FRS, as Managing Directors was announced. Mr Pedder, who has a wide experience in all branches of our business, first joined the Company in 1924 and he has been a member of your Board of Directors since 1935. Mr Wilson, who came to us in 1945, is well known in the scientific world, and is the Director in charge of Research and Development.

As has previously been my practice, I will deal with the Accounts and schedules before passing on to other and more general matters. Two years ago the Accounts reflected the effects of the sudden and sharp depression in the textile industry; last year they reflected the equally rapid recovery of the Group from these influences. In the year under review, however, there has been no such major change in trading conditions. Nevertheless, it gives me pleasure to be able to tell you that the Group balance from trading and investment income at just over £20 million is the highest yet recorded, and larger by just over £1 million than the corresponding figure for the year to March 31, 1954. Notable improvements in results have been recorded by some of our subsidiary companies, amongst which I may mention Courtaulds (Alabama) Inc.—now firmly established on a profit-making basis—and the British Cellophane Limited group. The latter now includes Colodense Limited, the remaining part of whose share capital was acquired from E. S. & A. Robinson Limited during the year.

Offsetting these improvements there was some decline in the profitability of certain branches of the parent company's business. More severe competition—both in the home and export markets—affected the Textile Division, which experienced increased conversion costs and falling profit margins at the same time; conditions were also less favourable for viscose and acetate continuous filament textile yarn, and I shall refer to this again later on.

A substantial factor in the increase in the balance of profits has been the reduction in the Group charge for taxation, which this year is 44 per cent of the Group balance from trading and investment income, against 60 per cent in 1953-54. Towards the reduction in tax the major factor has been the elimination of Excess Profits Levy, but there have also been benefits in the United Kingdom from the investment allowances which have accrued on our substantial capital expenditures and from the reduction in the standard rate of income tax. There have also been benefits in relation to taxation abroad, not so much by reason of changes in law or in rates of tax, but because various technicalities in rules of assessment have operated in our favour this year to an unusual extent.

Of the improved results of subsidiaries, to which I have referred above, over £250,000 (against a negligible figure last year) represents the interests of minority shareholders, and nearly £1,800,000 (some £1,300,000 more than last year) has been retained by the subsidiaries for the purposes of development and expansion.

As a consequence of all the above-mentioned changes the balance of profits of Courtaulds, Limited for the year, amounting to £9,243,000, is some £2,150,000 in excess of last year's figure. To this balance must be added first the sum of £911,000, being the balance of profit brought forward from last year, and secondly the sum of £346,000, being over-provisions for taxation in previous periods relating to the Excess Profits Levy, in respect of which a partial settlement of our liability has now been reached.

From the resulting total of just over £10,500,000, transfers to provisions and reserves take £6,457,000. An amount of £1,325,000 (as against £1,220,000 last year) has been set aside towards the increased cost of replacement of fixed assets. Additionally, you will see this year an appropriation of £1 million to reserve for obsolescence. In previous years it had been our practice to build up a provision for obsolescence by annual charges of £250,000 to the profit and loss account. This provision for obsolescence, which was deducted from the value of the fixed assets in the balance sheet, had reached £5,487,000 by March 31, 1954. After careful consideration it has been decided to change the practice in this year's accounts and to discontinue the annual charge of £250,000. Instead, such appropriations as are considered prudent will be made, and considered afresh from year to year. As a corollary, the existing provision for obsolescence has been transferred to capital reserves in the balance sheet.

The provision for pensions in £632,000 this year, and £3,500,000 is transferred to capital general reserve, the same amount as last year.

The proposed final dividend on the Ordinary Stock of the Company of six per cent less tax, the interim dividend of four per cent less tax already paid, and the year's dividend at five per cent less tax on the Preference Stock, absorb in the aggregate £2,934,500, leaving £1,108,893 to carry forward to next year—an increase of £197,505 on the corresponding figure of last year.

PENSIONS

(*a*) *Employees' Pension Fund.* This Fund now amounts to £2,368,000, representing payments by the Company totalling £2,147,000, together with the sum of £221,000 being the excess of income of the Fund over outgoings for pensions, etc. The results of an actuarial valuation of the Fund as at March 31, 1955, will not be available for some time yet; in the meantime a precautionary provision of £100,000 has been made in the present accounts of the Company, though the Board as at present advised are of the opinion that the amount of £2,368,000 has already gone a very considerable way towards meeting the total capital cost of the Scheme to the Company under present conditions and in present circumstances.

(*b*) *Staff Pensions Funds.* These Funds are operating satisfactorily. However, pending the results of an actuarial valuation as at March 31, 1955, now under preparation, purely precautionary provisions aggregating £200,000 have been made in the present accounts of the Company in view of increases during the latter part of the past year in the salary levels by which pension liabilities are largely regulated. It is of interest to note that the total funds as at March 31, 1955, were approximately £5,380,000.

(*c*) *Executive (full-time) Directors.* A further sum of £250,000 has been provided to increase the provision in respect of executive directors who are debarred from membership of the Staff Pensions Funds. The total provision in this regard as at March 31, 1955, is £750,000.

(*d*) *General.* A total of £82,251 has been provided in the present accounts to cover special cases amongst present and former staff which cannot be dealt with adequately in the rules of any of the present Pensions Funds.

The provisions referred to in (*a*), (*b*), (*c*) and (*d*) above total £632,251. You will see that this last figure is stated among the transfers to provision and reserves in the consolidated profit and loss account as set out on page 4; the corresponding figure in the previous year was £802,000.

CO-PARTNERSHIP

I now turn to the subject of Co-Partnership, in regard to which you will notice an amount of £288,000 amongst the provisions mentioned in Schedule 5 on page 8 of the accounts. You will doubtless remember that last year I mentioned the Board's decision to introduce a scheme to enable your Company's employees to acquire a stake in the undertaking in which they work. I then said that I felt strongly that the interests of your Company would be promoted by so associating employees with the financial results; the terms of a scheme have now been decided upon by the Board, and Trustees have been appointed. It is fortunate that this should coincide with the 50th Anniversary of the spinning of viscose yarn in Coventry.

The principal features of the scheme are as follows:

(*a*) The benefit for the year ended March 31st last will consist of an amount equal to 6 per cent of the total gross amount of the dividends on the Ordinary Stock of the Company for that financial year.

(*b*) This sum will be paid after the Annual General Meeting to Trustees with power to apply it in a number of ways, including the subscription for newly created Ordinary shares of the Company (which on issue would be converted into Ordinary Stock ranking *pari passu* with the existing Ordinary Stock) for distribution among employees. Directors of the Company will not be eligible to take part in a distribution.

While the final decision on the manner of application of the total benefit rests with the Trustees, they have provisionally expressed their intention this year of applying it to the subscription for shares as mentioned above, to be distributed among employees who are on the payroll of the Company at the time of the Annual General Meeting, and who are over 21 years of age with not less than three years' service, in proportion to their earnings in the fiscal year ended last April. Any issue would be made at a price arrived at by taking the closing price on the Stock Exchange, London, on the day in June immediately following the day on which the Ordinary Stock was quoted ex final dividend.

The amount of shares necessary to provide for any such issues in any year in which a benefit is declared and distributed by the issue of new shares will, of course, vary according to the dividend rate and also according to the price of the Ordinary Stock in the market. It has, therefore, been decided to ask you to create 2 million £1 Ordinary shares for this purpose. This number of shares would be sufficiently large to avoid the necessity for repeatedly troubling you with Resolutions to increase the capital by inconvenient numbers of shares. An appropriate Resolution will therefore be proposed at an Extraordinary General Meeting of the Company which it is intended to hold immediately after the Annual General Meeting.

PROPOSED AMENDMENT OF ARTICLE 106 OF ARTICLES OF ASSOCIATION

You will have observed that it is also intended at the Extraordinary General Meeting to propose a Special Resolution for an amendment of Article 106 in respect of the power of a director to vote upon certain classes of contracts and arrangements. The purpose of the proposed amendment is explained in the circular letter to Stockholders sent with the notice calling the Extraordinary General Meeting.

BALANCE SHEETS OF GROUP AND OF COURTAULDS, LIMITED

Of the net increase in the fixed assets of Courtaulds, Limited, amounting to about £7,300,000, nearly £5,500,000 is accounted for by the transfer of provisions for obsolescence to capital reserve, a matter which I have already explained: of the even larger expansion in the fixed assets of the Group (£10,300,000), part is due to the acquisition of the remaining shares in Colodense Limited and the inclusion of its assets, and of those of its subsidiary company, in the Group figures. This acquisition partly accounts for the increase in the parent Company's holdings of investments in subsidiary companies. I must emphasise that the capital expenditure programmes of the Group are such that the rate of expenditure must be expected to rise at least during the next few years. Nevertheless, the liquid resources of the Company remain in a healthy condition. The growth during the year of the capital reserves, by £11,700,000 in Courtaulds, Limited, and by £13,500,000 in the Group—though accounted for to the extent of about £5,500,000 by the change in policy with regard to the treatment of obsolescence—is mainly a reflection of the policy of the Company of providing for its development and expansion so far as it reasonably can out of retained profits.

WORLD CONDITIONS IN THE TEXTILE INDUSTRY

In the world as a whole the textile industry made good progress in the calendar year 1954. You will recall that in 1952 there was a serious contraction in demand, which led to reduced activity in all the main producing countries. Fortunately this recession was short-lived, and in 1953 there was a recovery; indeed, it is estimated that the consumption of all fibres in textile mills throughout the world attained a peak. Similar estimates in respect of the year 1954 suggest that there was a further increase in total world consumption, and this occurred in spite of a sharp fall in activity in certain main sections of the textile industry in the United States of America which, although comprising only 6 per cent of the world population, accounts for over a quarter of the total world consumption of all fibres.

Man-made fibres, by which I mean those made by the viscose and acetate processes and the various synthetic fibres, have shared in this expansion. Production of rayon staple showed a rise of 17 per cent to a record level, and the output of synthetic fibres also continues to expand—these now account for about 8 per cent of the total production of man-made fibres of all kinds. The production and consumption of continuous filament viscose and acetate textile yarns was maintained: a decline principally in the United States of America was offset by increases elsewhere. Production and consumption of yarn for industrial purposes declined because of a substantial fall in demand in the United States of America.

There was a rather remarkable expansion of over 20 per cent in the volume of international trade in man-made fibres in all forms, most of the main producing countries sharing in the increased trade in rayon staple and in viscose and acetate yarns. Generally speaking, prices were on a lower level than in the previous year. The greater volume of trade in piecegoods was accounted for by larger exports from Germany and Japan.

UNITED KINGDOM

In the United Kingdom, purchases of clothing by the public rose by 5 per cent in 1954, and sales of household textiles were substantially greater; this expansion was in line with the growth of the public's total expenditure on all goods and services, and was in spite of large sales of motor cars and household articles which were assisted by hire purchase. Although the increase in clothing expenditure in 1954 was the largest for several years, the volume of clothing purchases per head of population is still almost the same as before the war.

To some extent the home textile industry had anticipated last year's increase in demand by building up stocks in 1953, and in consequence production showed only a small rise. Nevertheless, the total output of man-made fibres increased by 7 per cent to a record volume, and your Company shared in this expansion. Conditions in the different sections of the industry varied widely. For instance, the output of rayon staple increased by roughly 12 per cent, and it is of interest to note that the whole of this additional production was sold outside our major market in Lancashire, where there was some falling off in demand because of an accumulation of stocks in the various parts of the textile industry between the spinner and retailer. However, it is already clear that consumption is again increasing. Sales of rayon staple have been limited only by capacity to produce, and have increased largely owing to the successful development of new outlets in the wool and worsted industries, in carpets and in sundry other industries.

Demand for yarn for industrial purposes continues at a high rate and nylon is now playing a part in this; the long-term expansion programme of the United Kingdom motor car industry should provide a basis for optimism in this section. There was a fall in demand for viscose and acetate yarns for textile purposes, which led to some decline in production: this was due in part to more intense competition from cotton and also to the expansion in the output of nylon yarns.

I have already made reference to the severe competition which has affected our Textile Division, and although our looms and knitting machines have worked nearly to capacity throughout the year the profit margins have in some cases been somewhat meagre. This is a condition of affairs which has been brought about by over-production in certain sections of the textile industry, and should right itself in due course, but it is I think desirable to draw attention to the necessity of continuing the policy of installing new and up-to-date machinery and, provided that quality is maintained, working it continuously or at any rate for the highest possible number of hours. Without such a policy, the textile industry of this country and, in fact, other industries as well will find it increasingly difficult to compete in the markets of the world. Both employers and trade unions still have much to contribute in this direction.

Whilst we welcome the decision of HM Government to remove Purchase Tax on non-woollen cloth and household textiles, I should mention that this concession covers only a fraction of the trade. A substantial quantity of cloth which is produced is delivered wholesale to makers-up and reaches the public in the form of made-up garments; these are still subject to Purchase Tax and to the distorting effect of the "D" scheme. It is to be hoped that as the economy of the country improves the Chancellor of the Exchequer will find it possible to do away altogether with this method of raising revenue.

The exports from the United Kingdom of man-made fibres, including rayon staple, were in 1954 on a higher level; on the other hand, it is disturbing that there was no increase in exports of fabrics in spite of the substantial growth in international trade in these products.

With the co-operation of our customers, we strive to develop on merit grounds an ever-increasing range of cloths containing our fibres, and it is gratifying to note that in many cases the work of our use-development department has met with success and at times has been taken up by the trade with remark-

In my statement last year I referred to the reintroduction of your Company's "Tested-Quality" Plan: at that time it was possible to include only knitted goods, but in April of this year we were able to announce the extension of the scheme to cover woven textile articles containing our yarns and fibres. This now means that all apparel, furnishing and domestic textiles which are manufactured wholly or partly with the products of our Company can come within the scope of the plan. Our object is to enable the consumer to identify goods which are of an approved standard of quality and performance. By thus directing public attention to high-quality products, we believe that the best interests of textile manufacturers, distributors and consumers alike will be served.

RESEARCH AND DEVELOPMENT

Since commercial production of viscose rayon yarn was started in Coventry fifty years ago, a large part of the Company's research has been carried out in the laboratories adjacent to the factory there, and during the two world wars much progress was made. It was foreseen, however, that after World War II the man-made fibres industry was likely to undergo a considerable expansion and as a result research facilities would have to be greatly augmented not only at Coventry but elsewhere as well. A comprehensive programme was planned, involving heavy expenditure over a number of years. This programme included the erection of new research laboratories and pilot plant buildings, as well as the installation of new and up-to-date equipment. It will still take a little time to complete all our plans, but I am happy to tell you that the new Viscose Research Laboratory at Coventry started operating in January last. Broadly speaking, its main objectives are to effect improvements in the properties of viscose fibres and to develop improved methods of production. We believe it to be the largest and most up-to-date of its kind in the world, and it reflects great credit on those members of our staff who were responsible for its design and construction. A water-colour of the building is being shown at the Royal Academy of Arts in this year's Summer Exhibition at Burlington House.

During the year we have made substantial progress in translating into production some of the major results obtained in our research laboratories. In the viscose field we have made considerable advances in the production of tyre cords of greatly increased strength. We are introducing a much stronger viscose staple which will enable yarns of finer counts to be spun, and also a crimped viscose staple which we expect will be very acceptable to the carpet industry. Another of our development fibres which is making progress is "Fibrolane"; its properties have been improved, and its sales have increased substantially during the year. We have started production on a commercial scale of "Courpleta" yarn and staple; this is chemically a cellulose triacetate, and the quantities so far made available to the textile trade have been well received. For some time we have been devoting a considerable research effort to synthetic acrylic fibres, and we are now giving serious consideration to carrying this project further.

Your Company is, of course, vitally interested in the advancement of education and knowledge in those branches of science and technology which are in any way connected with the textile industry or in fact any other productive industry in which we are engaged. It was for this reason that in 1948 we formed the Courtaulds' Scientific and Education Trust Fund, and we contracted to pay to trustees over a period of seven years a total sum of £105,000, less tax. The last payment under the Trust Deed was made in October, 1954, and I am glad to be able to inform you that the Fund has been very successful in practice and that there have been numerous applications for its awards. Our wish is now to put this Trust on a more permanent basis and to widen its scope, and with this end in view the Courtaulds' Education Trust Fund has been formed. As a consequence we have undertaken to pay over to the trustees the sum of £30,000 each year for seven years under deed of covenant, and a Deed in these terms has been prepared.

It is a source of great pleasure to your Board to know that the Right Honourable R. A. Butler and Sir Edward Appleton, who are trustees of the original Fund, have agreed also to serve as trustees of the new Trust Fund; in addition, we have been fortunate in obtaining the services of Sir Charles Morris, who is Vice-Chancellor of Leeds University. He has also kindly consented to take the place of Sir Charles Tennyson as a trustee of the original Fund. Sir Charles Tennyson has asked to be relieved of his responsibilities, and I take this opportunity of expressing our gratitude to him for the assistance which he has always so readily given to us.

FUTURE OF MAN-MADE FIBRES INDUSTRY

Earlier in my statement I have made reference to the increase in world consumption of man-made fibres, and I should now like to deal with some of the factors which must be borne in mind when considering future prospects. Statistics show that the world consumption of all fibres (both man-made and natural) has increased since the war by about one-third. This has been brought about by a growth in the world population, combined with an increase in the *per capita* consumption of textile goods. By far the larger part of this increase is accounted for by the greater use of man-made fibres, which now provide roughly one-fifth of all textiles consumed throughout the world, compared with less than one-tenth before the war.

The question might well be asked why there has been this rapid growth, and one does not have far to go to find the main reasons. First and foremost, I should attribute the development to the intrinsic merits of man-made fibres themselves. Then there is the progress which has been made in improving the properties of viscose rayon yarn to which I have already referred, and besides there is the infinite variety of ways in which staple fibre can be used either alone or mixed with other fibres, whether man-made or natural.

In the United Kingdom market I believe the growth to which I am referring has been largely influenced by the policy of stable prices which your Company has endeavoured to pursue. Some advance in selling prices has, of course, been necessary owing to the rise in costs, but world prices of rayon yarns and staple fibre are only about twice as high as they were before the war. The prices of the natural fibres are now roughly five times higher than they were in 1939. As the world population increases and standards of living rise, there is likely to be a further growth in the use of man-made fibres. At times we may witness over-production, but the industry is now so firmly established that this problem—if and when it arises—will inevitably be solved in the hard way.

A word or two about the importance of this industry in the economy of our small island will not be out of place, because its contribution to the balance of payments is sometimes overlooked. In this respect our industry has played the major part in the United Kingdom textile trade since the war by consistently paying its way; I mean by this that throughout the whole of the period in question the value of its exports has on the average exceeded the cost of its imports of raw materials for the manufacture of man-made fibres and of finished and semi-finished goods by more than £25 million a year. The total gain to the economy is much greater, since the figure just quoted takes no account of the large additional saving of foreign exchange which results from home consumption of rayon instead of imported natural fibres. The raw materials imported to make one pound of rayon yarn cost about tenpence, compared with the 1954 import costs of cotton (34 pence per lb), wool (an average of 100 pence per lb) and silk (322 pence per lb). We estimate in 1954 the total net saving of foreign exchange from the home consumption of rayon to be in the neighbourhood of £50 million.

It is against this background of the contribution to the balance of payments that I must once again refer to Japanese competition. The White Paper issued in April contains welcome confirmation that HM Government do not intend in present circumstances to enter into commitments towards Japan under the General Agreement on Tariffs and Trade, but it also declares:

"It is nevertheless the Government's hope that the United Kingdom's trading relations with Japan and Japan's trading relations with the rest of the world will so develop as to enable the United Kingdom and the Colonial territories in due course to accept the full application of the provisions of the General Agreement to their trade with Japan. The Government's policy will continue to be directed to that purpose."

These words seem to mean that HM Government aim progressively to free from effective control imports of Japanese textiles and apparel into the United Kingdom, just as these have been virtually freed from restriction in almost all the Colonies already. This is a grave matter for us because we believe that yarn and staple customers here—including our own Textile Division—would be unable, however efficient they might be, to meet unrestricted Japanese competition on a major part of existing home trade, on account of low Japanese labour costs at the successive stages of textile manufacture. The expansion of our business in the United Kingdom, which has involved large capital expenditures, has been based to a great extent on our policy of charging low and stable prices. Indeed, continuous filament yarn prices in this country are lower than those in any other producing country except Japan, and there is very little difference between our price for rayon staple and the Japanese price. Our ability to sell at such prices depends not only upon our high standards of efficiency, but also upon being able to take a long view about the amounts which are set aside for depreciation and for building up reserves to keep us in the forefront of our highly competitive industry. We earnestly hope, therefore, that the Government will be able to re-assure the United Kingdom textile trade on their attitude towards Japanese textiles so that we shall be able to continue with confidence to pursue the policies which have enabled us—with official encouragement—to play our part in making a contribution to the country's balance of payments.

SUBSIDIARY AND ASSOCIATED COMPANIES

In the United States of America, Courtaulds (Alabama) Inc., which has a young and energetic team, had a successful year's trading. You will recall that this Company operates a staple fibre plant near Mobile in the State of Alabama, and when production first started in the early part of 1953 the rayon industry was in a depressed condition. However, by the end of that

year the full output of the plant was being sold. Our friends on the other side of the Atlantic are confident that the consumption of rayon staple fibre, which reached a record figure in 1954, will continue at high levels, and in consequence they decided to increase the capacity of the plant very substantially and the work in hand should be completed by the end of this year. In addition to this expansion, a research laboratory was built and brought into operation during 1954, thus providing the Company with its own facilities for studying a variety of technical problems. It is gratifying to know that the sales of "Coloray," which is the trade name used by Courtaulds (Alabama) Inc. for its spun-dyed viscose rayon staple, continued to expand.

The Canadian textile industry continues at a low level of activity; there have been some slight signs of improvement in the past few months, but on account of the strong competition which the Canadian industry has to face from fabrics which are imported from the United States of America the long-term prospect is somewhat obscure.

Sales by Courtaulds (Canada) Limited of viscose textile yarn have been affected throughout the year by the poor state of business. The Company has sold a satisfactory volume of viscose rayon staple, but owing to the need to compete with imports from Europe the selling prices of the home-produced staple have been low because the present Canadian tariff is not an effective barrier. The output of high tenacity yarn which is used for motor vehicle tyres and other industrial purposes has been sold satisfactorily and good progress has been made in improving the strength and other characteristics of this yarn.

Your Company has a substantial shareholding in Courtaulds (Australia) Limited, which is engaged in the manufacture of acetate textile yarn and viscose tyre yarn and tyre fabric. Last year, I said that the future of the Australian company depended to a great extent upon adequate tariff protection being granted on its products, because of the high costs in Australia which make it difficult for local industry—especially when newly established—to compete successfully against imports. At that time the decision of the Tariff Board, who were examining the matter, was still awaited; their recommendations were only finally made known towards the end of 1954. They recommended that protection be granted on tyre yarn and fabric; on acetate yarn Courtaulds (Australia) Limited was granted a Government bounty on each pound of yarn sold up to a maximum of £A100,000 per annum, tariff protection being refused. In the view of the Australian company, this bounty is inadequate to enable it to compete successfully against imported yarn, and a re-hearing of the acetate yarn application was therefore requested; this was granted, and hearings have recently taken place.

We are very conscious of the problems facing Courtaulds (Australia) Limited and, as hitherto, will continue to give all possible help; though I should not like it to be forgotten that, large as your Company's interest is, Courtaulds Limited is a minority shareholder with certain clearly defined obligations to give technical advice and help, to supply machinery and so on The greater part of the capital and the responsibility for management is in the hands of those in Australia, and we wish our friends there every success in their efforts to put the Company on to a profitable basis.

On the Continent of Europe, the output of the man-made fibres industry has been high; but selling prices have tended to fall, and wages and the cost of raw materials have risen.

Les Filés de Calais SA, in France, has had a not unsatisfactory year, but costs in that country remain higher than those in other European producing countries, and this is reflected in the financial results. I am glad that our French subsidiary is now well established in its home market as a supplier of yarn for industrial purposes; this provides a partial safeguard against the uncertainties which beset the French and, indeed, the whole of the European textile industry.

In Germany, Glanzstoff-Courtaulds G.m.b.H. has maintained its share of the German market and the volume of sales has been satisfactory; the Company is at present extending its capacity for viscose rayon staple.

Snia Viscosa reports that sales were considerably greater than in the previous year, and in fact attained the highest rate for some time; however, a large proportion of the output is sold in export markets where competition is very severe. The company has now declared a dividend for 1954 at the same rate as for 1953.

You will recall that in addition to our shareholding in Snia Viscosa we are associated with them in the manufacture of acetate yarn in Italy and the production of cellulose wood pulp in South Africa, where we are also associated with the Industrial Development Corporation of South Africa, Limited. Novaceta, which is the name of the Italian acetate company, started production at the beginning of 1954, and not only is the quality of its output good, but the product is well received by its customers. The consumption of acetate yarn in Italy in comparison with some other countries is at present rather low, but we are hopeful that in due course it will develop. Good progress has been made in the building of the wood pulp plan in South Africa, and it is expected that this will come into operation in the latter half of this year.

Industrias del Acetato de Celulosa SA, the Spanish acetate yarn producing concern in which your Company has a small shareholding, continues to operate successfully, and an extension of the original plant is under way. The help which we give under our agreement with the Spanish company has called for continued close contact, through which a happy relationship has been established.

British Cellophane, Limited, has had a most successful year's trading, and sales of "Cellophane" film were much higher than in any previous year. In 1954 I mentioned that the Company was extending the capacity of the Bridgwater factory; this expansion is now coming into operation, and the Company has decided to increase its production facilities even further by building a second factory in the United Kingdom.

Last July British Cellophane Limited acquired the entire share capital of Colodense Limited of Bristol, which converts and prints transparent films and is one of the larger customers of British Cellophane Limited: previously the Company was owned jointly by British Cellophane Limited and E. S. & A. Robinson Limited. Overseas, Colodense Limited has a majority interest in Wrightcel Limited, of Melbourne (Australia), a company in the same line of business; both of these companies have earned reasonable profits. Courtaulds Limited and British Cellophane Limited are shareholders in T.C.F. of Canada Limited manufacturing viscose film at Cornwall, Ontario. This Company is having some difficulty in reaching its full output, and is not yet working at a profit.

F.N.F. Limited, in which your Company has the majority holding, has continued to make progress and this has been reflected in a considerably increased volume of sales. As you are aware, the Company manufactures in England the F.N.F. knitting machine, which has proved its reliability in the warp knitting field over a number of years. It has now introduced a wider range of equipment and, in particular, a machine especially suitable for the American market. We feel confident that the policy of research and development which is being followed will enable the Company to maintain and, indeed, improve its place in this highly competitive industry.

British Nylon Spinners Limited, the share capital of which is held jointly by Imperial Chemical Industries Limited and ourselves, continues to make very satisfactory progress. The expansion at the Pontypool factory is proceeding, and production at the Doncaster plant has already commenced on a small scale. A site near Melbourne has been acquired by the Company's Australian subsidiary, and plans are going forward for the manufacture of nylon yarn there.

TRIBUTE TO EMPLOYEES

During the past year, in addition to visiting a number of our British factories I have also visited some of the subsidiary and associated companies, both at home and abroad. I formed a favourable impression of the good spirit which exists throughout the organisation, and all ranks with whom I came in contact seemed anxious not only to make a success of the task immediately before them, but were interested in the fortunes of the Company as a whole. Your Board of Directors trust that you will join in conveying a message of thanks to all employees, wherever they may be serving, for their loyal and devoted work during the past year's operations.

ELLAMS DUPLICATOR

INCREASED SALES

The annual general meeting of Ellams Duplicator Company, Limited, was held on July 5th in London, Mr Frederick Ellam, chairman, presiding.

The following is his statement circulated with the report and accounts:

Ladies and Gentlemen,—The report and accounts for the year ending December 31, 1954, give, I think, a clear picture of your Company's trading results during that period. They show that as the result of the Bonus Share issue authorised at the Extraordinary General Meeting held in July, 1954, the issued capital of the Company is now £175,000.

During 1954 competition has continued to be very keen, particularly in the export markets, added to this, labour and general costs have continued to increase. To meet these conditions has been a problem that your Board has endeavoured to cope with by a twofold means, namely, by increasing sales and by reducing production costs by the introduction of new plant and improved manufacturing techniques. I am able to report that sales for 1954 have been increased and our endeavours in the production field have also achieved success.

It now gives me great pleasure to recommend the payment of a dividend on the increased capital at the same rate as last year.

With regard to the current year's progress, while competition remains keen we have substantial orders in hand, and our sales to date show an increase over the same period in the previous year.

The Directors express their sincere thanks to everyone at home and abroad, throughout the Works, Offices, and the Outside Staffs for their loyal co-operation during the year, which makes such an essential contribution to the continued success of the undertaking.

ROLLS-ROYCE, LIMITED

ALL DIVISIONS CONTRIBUTE TO RECORD RESULTS

LORD HIVES ON GROUP'S ACHIEVEMENTS AND DEVELOPMENT PLANS

The forty-eighth annual general meeting of Rolls-Royce, Limited was held on July 5th at the Midland Hotel, Derby, The Right Honourable Lord Hives, CH, MBE, LLD, DSc (the Chairman), presiding.

The following are extracts from the Chairman's circulated statement:

The demand for our products was maintained at a high level, and I am once again able to report that turnover and trading profit have reached a new record. Our licensees also continue to be active, and there has been a substantial increase in the royalties which we have received from them.

The balance sheet reflects the changes in the capital structure and the issue of debenture stock which were approved last year. As a result of this issue and continued successful trading, our liquid position shows a satisfactory improvement. Your Directors are satisfied, however, that to maintain the existing volume of business and to keep abreast of technical developments in the many fields which are being opened up and which affect our business, these resources will soon be fully absorbed.

The present level of costs, and the hazards of the new markets in which we are becoming more and more heavily committed, make it essential that we should conserve our resources, and it is with this in view that your directors recommend that £1 million should be appropriated to general reserve.

The balance of profit which remains will permit the distribution of an increased amount by way of dividend, and your Directors are, therefore, recommending a final dividend at the rate of 12½ per cent on the larger capital

WORKERS' SHARES

Your Company has been a pioneer in many fields in addition to engineering.

The existing scheme under which £145,000 of workers' stock is now held by employees was introduced in 1920 and was probably unique at that time. The amount is now far too small in relation to the issued capital of the Company—less than two-and-a-half per cent—to achieve the original object of the scheme. Today, less than six per cent of our employees own workers' stock. The Directors are of the opinion that the time is appropriate to terminate the present scheme and to replace it by a larger and more flexible scheme, which will enable a far greater proportion of the employees to participate and to hold approximately 10 per cent of the issued equity capital.

In place of the original scheme, the directors are placing before members proposals for the creation of £600,000 in workers' shares of 10s. each, to be converted when fully paid into stock The consent of the Capital Issues Committee is being applied for. The right of transfer of these shares will be restricted.

GENERAL REVIEW OF 1954

The success which we have achieved during 1954 is the result of long-term planning helped by a year of relatively stable conditions. All divisions of the company contributed to the increased turnover, and our export business reached a new high level of £13 million. Orders received during the year from customers other than the British Government also showed an increase on any previous year

The demand for our aero engines by both military and civil customers has continued, and is, undoubtedly, based on the satisfactory performance of many hundreds of engines which are in service throughout the world.

The Motor Car Division has produced more cars than in any other year since the war, and there is no doubt that our adoption of the automatic gearbox has been fully endorsed by the growing number of users.

The manufacturing resources of the Oil Engine Division have been steadily expanded, and the wide variety of uses to which this range of engines can be put has resulted in an increased turnover and a satisfactory level of inquiries.

Our Canadian company have successfully carried out their manufacturing programme, and have, in addition, prepared themselves for the increased responsibility which will accompany the introduction of the Viscount aircraft into air line operation in Canada and America.

In Australia the equipment of our repair and service depot was satisfactorily completed in time for the introduction of the Viscount aircraft by Trans-Australia Airlines towards the end of the year.

AERO ENGINE DIVISION

In his review of the Aero Engine Division, the Chairman said: The output of the Derby Group of factories has been well maintained throughout the year and there has been increased output from our Scottish Factories now that they are in full production. The main production of engines for the Royal Air Force has continued to be various marks of Avon, which is used in the Canberra, the Valiant four-engined bomber and the Hunter and Swift fighters.

Apart from production, we have delivered prototype engines for fitting to substantial numbers of Royal Air Force, Naval, and prototype aircraft in America, France, Sweden, Holland and Italy.

Our long-term policy of cultivating the civil market is now seen in the Dart, which is the only propeller turbine in civil air line operation in the world. In the Viscount aircraft, which has already been ordered by many air lines, by foreign governments and for executive use, the Dart has accumulated over 300,000 engine-hours flown in scheduled service, and this figure is increasing at the rate of over 20,000 hours a month. It has been possible to follow up last year's sale of Viscounts to Canada with a sale to America.

The development of the Dart engine continues to match further developments of the Viscount. We have been very happy to support Vickers-Armstrongs Limited to establish British aircraft in the international markets and to have contributed to the competitive position of British European Airways.

In Holland, the Fokker "Friendship" is powered by two Darts. This medium range aircraft is a replacement for the DC3.

Our experience of propeller turbine engines convinced us that this type of engine would probably play the biggest role in civil aviation for some years ahead. Our new engine, designated RB109, has now started its programme of development running. We are confident that it will be a worthy successor to the Dart.

The research and development required to produce the engines of the future and to investigate the alternative sources of power in line with future military requirements, entail the support of substantial development facilities. These projects range from the Conway, among the most powerful jet engines now under development, to the Soar, a small engine with a remarkable power-weight ratio which was demonstrated in a Meteor aircraft at the Farnborough display. In addition, we are continuing our work on vertical lift.

Among the many problems which confront the engine builder today is the particular problem of testing engines under the conditions to be expected at very high altitudes. Your Directors consider that it is of such great importance that the company should have its own facilities, even though these represent a very substantial expenditure. Contracts of the order of £2 million are already placed or under discussion.

MOTOR CAR DIVISION

Throughout the year work continued on the design and development of new models. This culminated in the new Rolls-Royce "Silver Cloud" and the "S" Series Bentley. These cars are completely new and embody all that is best in current automobile practice They have been received with great approval both at home and abroad. We are taking steps to expand our output to cope with the demand.

The production of "B" range of petrol engines for military and commercial purposes has proceeded to programme. We have continued to develop and improve these engines.

OIL ENGINE DIVISION

This division has continued to expand its markets throughout the world, and its products are now operating in more than 25 countries. Reports from the larger users indicate that the product is establishing a reputation in keeping with the name it carries.

We look forward to the resumption of production of the Vickers VR 180 tractor, and also to a growing demand for our engines springing from their association with the hydraulic transmissions which will be developed by our Motor Car Division. This association makes possible many applications, including rail cars which feature extensively in the development plans of British and foreign railways.

After reviewing the overseas activities and the progress of the Associated Companies, the statement concluded:

Your company can only maintain its unique position in the world today by the skill and enthusiasm of the workers and the staff. There are many ways in which they prove their loyalty to the firm. For this, we must all be exceedingly grateful.

The report and accounts were adopted and the other formal business duly transacted

At a subsequent extraordinary general meeting the Board's proposals in regard to Workers' Shares were approved.

THE TUNNEL PORTLAND CEMENT COMPANY LIMITED

TOTAL DELIVERIES AGAIN BREAK ALL RECORDS

HOME SALES SUBSTANTIALLY INCREASED

STRIKES AFFECT EXPORT MARKETS

MR N. M. JENSEN'S REVIEW

The Forty-fourth Annual General Meeting of The Tunnel Portland Cement Company Limited will be held on July 27th at 105 Piccadilly, London, W.1.

The following is the review by the Chairman and Managing Director, Mr N. M. Jensen, which has been circulated with the report and accounts:

Total deliveries from our works have again broken all records. Whilst our sales in the home market have increased substantially, there has been a recession in exports and, since the latter carry the greater profit margin, our total Trading Profit is slightly reduced. Several factors have contributed to the reduction in export; first of all, some of the countries to which we previously exported have established or extended their own industry; there is also increased competition from countries like East Germany, Greece, Palestine and Egypt. These factors have also tended to reduce prices in various markets. Another matter, however, which gives rise to concern is the adverse effect of the dock strike last Autumn. Not only were substantial orders cancelled, but we have found in some markets an unwillingness to rely in future on buying British cement exclusively. This situation has worsened with the more recent strikes, and I greatly fear that unless some arrangement can be arrived at with the respective Trade Unions to avoid such frequent and unnecessary stoppages we are in danger of losing some of our export markets permanently.

Our total deliveries in the home market were increased substantially, notwithstanding a slowing down of deliveries on account of the severe weather experienced during the winter months when we built up substantial stocks; these stocks are now rapidly diminishing.

Our Investment Income has increased considerably. It amounts to £440,939 compared with £347,348 for the previous year. There were modest increases in most of the dividends we received, but the improvement was mainly due to the National Portland Cement Company having paid some of the arrears of dividend on its preference shares.

TAXATION

As regards Taxation, we now have the benefit of the lower standard rate and the abolition of the Excess Profits Levy. We were also able to transfer £57,000 from Income Tax Equalisation Reserve. This reserve was established in 1950 and, as explained then, we adjust it each year in respect of differences between the depreciation charged in the accounts and the wear and tear and capital allowances taken up in the income tax computation, as well as for any change in the standard rate of tax. The charge for taxation in the year's accounts is therefore only £849,912 compared with £1,016,175 for the previous year.

We have continued the policy of providing for the higher cost which the replacement of the existing assets will no doubt entail by transferring a further £200,000 to Reserve for Replacement of Fixed Assets.

This leaves a balance of profit of £868,332, which, together with the amount brought forward from the previous year of £670,548, makes an available balance of £1,538,880. Out of this, the sum of £410,171 has been transferred to General Reserve, making this £2 million in total. The dividends on the preference shares, together with the interim dividend of 2½ per cent on the ordinary shares and stock, absorb £101,386.

The Directors propose to pay a final dividend of 10 per cent, less income tax, making a total of 12½ per cent, less income tax, for the year. This final dividend will absorb £281,021 leaving £746,302 to be carried forward

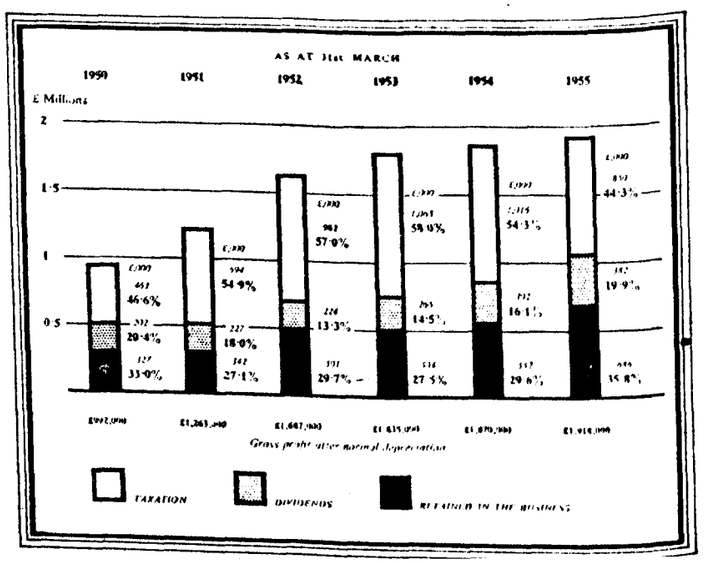
If you refer to the graph shown below, you will notice that the major part of the saving in taxation has been used to increase the substantial amounts retained in the business. This follows the policy which the Chancellor urged companies to adopt.

Referring to the Balance Sheet, I would remind you that the Reserve for Replacement of Fixed Assets, which last year stood at £1,400,000, together with the Share Premium Account of £946,503 and £97,157 from General Reserve, was capitalised on the issue of bonus shares in November, 1954, thereby permanently retaining the amount in the business.

The net additions to Fixed Assets amount to £1,013,044. The largest item is the installation of a third kiln at our Pitstone works which came into operation in November, 1954. We have continued the modernisation of the West Thurrock works where also new plant is being installed for the manufacture of Masonry Cement, and substantial renewals and additions to our fleet of lorries have been effected.

USA INVESTMENT

There have been considerable changes in our investments, even more than is apparent from the accounts. The amount invested in Subsidiary Companies has gone up by £174,512, but this is only to a limited extent new capital. As you know, we have for many years had an interest in the National Portland Cement Company in the USA. This company has now at last come into its own During the year ended December 31st last it made a net profit of $667,732 after payment of US taxes amounting to $531,958.



The cement industry in the United States suffered a severe setback during the depression and in the years 1933-35 production amounted to less than 30 per cent. of the total capacity or somewhere in the region of 13 million tons per annum. The demand has since increased gradually and during 1954 production reached a total of nearly 45 million tons.

Cement manufacturers in the USA are convinced that the demand will increase still further during the coming years and therefore the National Portland Cement Company has decided to increase the capacity of its works by an additional unit.

During a recent visit to the USA I was able to negotiate on favourable terms the acquisition of a substantial block of ordinary shares of the National Portland Cement Company, which means that your Company now owns approximately two-thirds of the ordinary capital. The company has therefore become a subsidiary and the amount invested in it has been transferred from Trade Investments to Subsidiary Companies.

During 1954 the company made a further redemption of preference shares and the proceeds in respect of our holding were invested in USA Government securities. On this transaction we have a profit on exchange of about £100,000 which has been transferred to Investment Reserve.

Trade Investments include further shares taken up in The Cyprus Cement Company and new shares in The East African Portland Cement Company, as well as The Nigerian Cement Company. I shall refer later to these companies.

Our subsidiary, Tunnel Asbestos Cement Company has had another successful year and redeemed the balance of its preference shares on September 30th last.

DEVELOPMENTS AT HOME

At our Pitstone works, the extension is proceeding. The new kiln was started some months ago, but as it was necessary to carry out extensive repairs to the first kiln, installed nearly 20 years ago, we are only now beginning to reap the full benefit of the increased production.

At the West Thurrock works, we have decided to install a new cement mill as the existing grinding capacity is no longer adequate to deal with our clinker production, and the increased capacity will also enable us to reduce our costs by diminishing the power consumption during peak hours.

At our Padeswood works, the new paper-sack factory began production early this year. The sacks, which are of a new type, have proved satisfactory and more economical to make.

The demand for our Sulphate-resisting Cement, manufactured at our Pitstone works, to which I referred last year, has fully come up to our expectations, and the market seems to be steadily increasing.

We are hoping to double our output of Masonry Cement at the West Thurrock works. This type of cement has also found a ready market. It is principally used for mortar and for rendering, and it shows considerable advantages over other materials owing to its strength and workability.

OVERSEAS INTERESTS

I am glad to tell you once again that nearly all the overseas companies in which we hold an interest have done well, and our further developments are proceeding.

In Eire, Cement Ltd., with the extension of its two works, is now able to export small quantities of cement and clinker.

Helwan Portland Cement Co., Egypt, has also had a most successful year. The fifth kiln has just begun operation, but the demand for cement in that country is so great that the installation of a further unit is contemplated. The company will be able to finance the cost of this out of its own resources.

The Sudan Portland Cement Co. has improved its position in spite of uncertainties in the Sudan. Given reasonably stable conditions, it should continue to do better than in the past.

The Caribbean Cement Co., Jamaica, has had another successful year. It has already succeeded in paying off much of its Loan Capital, and it has also taken the first steps in its plans for a progressive expansion of its productive capacity.

Last year I mentioned that the Government of Burma had decided to nationalise the Burma Cement Company in which we have a small interest. The Government has taken over the works, but negotiations to settle compensation to be paid have not progressed as quickly as we had hoped.

The new cement works in Cyprus, in which our friends William Baird & Company and your Company each hold 50 per cent of the share capital, is expected to commence production this year.

Progress is also being made with work on the new factory in Kenya which is being built for The East African Portland Cement Company. This company is controlled jointly by The Associated Portland Cement Manufacturers Limited and ourselves. The arrangements for finance and the acquisition of land for the new works and quarry were completed some time ago. The plant has been ordered and preliminary work started on the site. Mr R. J. Hillard resigned from our Board on December 31st last in order to take up his appointment as Chairman and Managing Director of The East African Portland Cement Company.

In Nigeria there is a developing market for cement. We were therefore happy to come to an agreement with the Nigerian Government for the establishment of a cement works near Enugu in the Eastern Region. The greater part of the funds for this is being found by the Government of the Federation of Nigeria, the Government of the Eastern Region of Nigeria and the Eastern Region Development Corporation, but we have agreed to act as Managing Agents for The Nigerian Cement Company and have subscribed for a share of the equity. In this way, we are contributing to the establishment of an industry regarded as important to the development of Nigeria.

We are still intending to proceed with our plans for building a cement works near Westport in New Zealand. Unfortunately owing to the work involved in connection with all the other developments in hand, we have been unable to tackle the New Zealand project, but we hope to do so shortly.

I would like to record once again our appreciation of the loyal co-operation received from the management, staff and operators in our various companies. I am sure you will be glad, therefore, that your Board has introduced substantial improvements in the Staff Pension Fund and Life Assurance Scheme. The cost of these improvements is borne by the Company.

THOMAS BROWN & SONS

The fifty-eighth annual general meeting of Thomas Brown & Sons, Limited, was held on July 4th in London, Mr John M. Lawrence (the chairman) presiding.

The following is an extract from his circulated statement:

The turnover for the year under review showed a further increase and despite increased costs and overheads, the financial results show a Net Profit after Taxation of £83,271 compared with £78,202 in 1954. To this can be added surplus on Taxation Account of £17,324 (£20,560, 1954).

Our new Branches at Mackay and Cairns are fully established and we have every confidence that they will prove useful additions to our business. These Branches together with our other Branches long established in Queensland and also at Darwin have all played their part in our successful trading.

We are proposing a final dividend of 1s. 6d. per Ordinary and "A" Ordinary Stock Unit, making a total of 2s. 6d. per Stock Unit for the year. In addition, we are recommending the issue of a further 27,000 "A" Ordinary Shares by way of capitalisation of reserves on the basis of one new free "A" Ordinary Share for every £10 of Ordinary or "A" Ordinary Stock held.

Notwithstanding the increase in costs and keen competition, the imposition of further import restrictions and the possible credit restrictions that may be re-imposed, your Board is confident of the Company's ability to maintain its position.

The report was adopted and the Board's capitalisation and scrip issue proposals were sanctioned.

HIGHAMS LIMITED

INCREASED TURNOVER DESPITE SEVERE COMPETITION

The forty-seventh ordinary general meeting was held on July 6th in London, Mr Alec E. Higham, OBE, JP (deputy chairman), presiding. The following is an extract from the chairman's circulated statement:

Though the profits are lower than last year, they are not unsatisfactory in view of the state of trade generally, and your Board feels justified in recommending that last year's dividend be maintained.

Imports of cloth from abroad of the type we manufacture have contributed to the diminution of this year's trading profits. It is hoped that the pressure brought to bear on the Government in respect of controlling these imports will ultimately lead to positive action being taken. In face of severe competition, your Company's turnover has increased, though at a slightly lower margin of profit. Steps are being taken to counter this keener competition.

At the time of my writing this report there is much speculation about the future of the Cotton Trade. I would like to take this opportunity of stressing once more that your Company is wholly concerned in the production of essential Household Goods, mainly for the Home Trade, manufactured and processed entirely at your various Branches. During the past few years a great deal of money has been spent on the modernisation of plant, and all machinery and buildings have been maintained in first-class condition. Taking all these factors into consideration I have sufficient confidence in our strength to be optimistic about the future.

The report was adopted.

GEORGE WIMPEY AND COMPANY, LIMITED

OVERSEAS DEVELOPMENT CONTINUED

LARGE VOLUME OF WORK IN HAND

The thirty-sixth annual general meeting of George Wimpey and Company, Limited was held on July 4th at the Grosvenor Hotel, London, S.W.

Sir Godfrey Mitchell (Chairman of the Company), who presided, said:

It is first my pleasure to report to you that Mr R. H. Gane has been appointed a Director of your Company. Mr Gane joined Wimpeys twenty-one years ago, and has served us for many years as one of our principal executives. His practical knowledge and experience will be of great benefit to the Board.

As required by our articles of association, I shall later propose to you his re-election.

DIRECTORS' REPORT AND ACCOUNTS

May I assume that, as usual, you will take the Directors' report and accounts as read? (Agreed.)

I expect you would rather not be reminded of the appalling weather conditions we experienced in this country during 1954, but I am afraid I must tell you that working conditions on some of our sites have been terrible, and our work has been very considerably affected by the persistent rainfall, and the exceptionally bad winter. Nevertheless, completion dates had to be met and, despite all the difficulties, we succeeded in carrying out forty five million pounds' worth of building, civil and mechanical engineering work in the United Kingdom alone. In this we were greatly helped by our policy of regionalisation, and your Directors are taking action to develop and extend our provincial organisations.

OVERSEAS

As you know, for many years we have put a great deal of effort into the promotion of your Company's interests overseas, and we have carried out extensive works in many parts of the world. The past year has seen an intensification of that effort with Wimpey representatives constantly travelling the globe to seek fresh opportunities. The name of Wimpey is now internationally known and respected, and although I will not weary you with a catalogue of the many places where we are working overseas, I know you will want to hear of the progress of some of our major projects.

The highlight of the year was the triumphant completion of the great oil refinery and harbour at Aden for the British Petroleum Company, Limited. On July 17, 1954, the *British Gratitude* arrived with the first cargo of crude oil, and on July 29th the refinery came on stream. Thus after 21 months of intensive work, during which a stretch of bare sand was transformed into a large modern refinery and port, the £45-million project came into operation four months ahead of schedule—an achievement described by the Chairman of the oil company as "a remarkable feat of successful planning and organisation." The refinery was built by a consortium of our American friends, Middle East Bechtel Corporation, and ourselves, and the formidable task of building the oil harbour, probably the largest of its type in the world, was our responsibility. This work included quarrying and transporting over 2½ million tons of stone and heavy rock armouring, and forming a main breakwater and coastal bunds enclosing a reclamation area of some 200 acres. Three jetties and nine mooring dolphins were also constructed within the harbour area. These extensive marine structures of steel and reinforced concrete accommodate tankers of 32,000 tons.

The completion of the refinery and port has not meant our withdrawal from Aden, since we are now working on an intensive programme of housing and other development work for the oil company and the Government of Aden.

In Turkey, the £12-million contract for the Hirfanli Hydro-Electric Scheme, in which we are associated with the English Electric Company, is still in its initial stages, but we have completed the 14 miles of access road and have made good progress on the construction of a camp to house some 1,500 Turkish and British staff. A start has also been made on the river diversion and power tunnels. In April last some 15,000 people gathered on site to see the inaugural ceremony performed by the Turkish Prime Minister, Mr Menderes, supported by his Cabinet and Members of Parliament. The British Ambassador and an Iraki delegation to Turkey were also present

Work on the Wemmershoek Dam for the Cape Town City Council has continued satisfactorily, despite the setback we experienced when the site was completely flooded following the severest storms ever recorded in the district.

In Australia, our important contract for the winning of uranium ore at Rum Jungle is now getting well into its stride. The work has not been so badly hampered by the wet season as we had anticipated, and all preliminary works have been completed and the production of ore is in full swing.

Our opencast coal contract at Ben Bullen is now finished, but we have opened an office in Sydney to cover general contracting work in Australia, and have already secured a number of contracts in this area.

On September 14, 1954, the Prime Minister of Pakistan formally opened the new Naval Dry Dock and Fitting-out Berth at Karachi, thus setting the seal on a contract which has been acknowledged to be a fine technical achievement. The Pasir Panjang Power Station at Singapore was also completed during the year, and is now fully operational.

We are still working in Borneo, where we have built over 2,000 houses in addition to carrying out a great variety of other building and civil engineering work. Two more marine oil drilling platforms were also assembled and positioned off shore in the China Sea.

Wimpey erectors had an interesting problem in building the first of a unique type of marine oil drilling platform in the Persian Gulf off Qatar. Speed was the main consideration in an area without any constructional facilities and where sudden storms and severe climatic conditions added to the difficulties.

In Iraq we continued to carry out road construction work and asphalt surfacing of both roads and airfields. One task of a spectacular nature was the resurfacing of the main runway at Baghdad Airport in 21 days. This was successfully accomplished in time for the heavy traffic associated with the Baghdad Trade Fair, in the preparation of which we were also actively concerned.

On the Gold Coast we satisfactorily completed various sections of the Tema Harbour preliminary works. Our contract included 20 miles of railway, six miles of road, 45 miles of pipeline, and bridges, culverts and reservoirs. At Takoradi another technical institute was completed to schedule, and we have begun a trade school and staff housing at Kpindu.

In Nyasaland, an area new to your Company, we have been awarded an interesting contract for the construction of 70 miles of stabilised soil road, which connects the township of Lilongwe with the railhead at Salima and work is now well under way.

Our Canadian Office has now been established in the city of Toronto and a subsidiary company has been formed to carry out speculative house building, for which purpose land has already been acquired.

Finally in this very broad review of our overseas activities, I must mention the part we are to play in the maintenance of the Suez Canal Base. As this is a matter of the greatest national interest, our full co-operation was offered and a company has been formed to undertake the building and civil engineering maintenance work for which we shall be the sponsoring contractors in association with John Laing and Sons Limited and Holloway Brothers (London) Limited.

HOUSING AND OTHER BUILDING

At home, we handed over during the year some 19,500 permanent dwellings, most of them built by the Wimpey "No-Fines" technique, which continues to make a wide appeal to those wanting speed combined with a high standard of construction.

The general acceptance and utilisation of "No-Fines" construction by Development Corporations throughout Great Britain is a matter of some pride to your Company, as is the fact that we have made a substantial contribution either in "No-Fines" or by traditional methods, to the steady growth of no fewer than 12 of these new towns.

Multi-storey construction in "No-Fines" concrete has continued apace, and flats and maisonettes up to 12 storeys are in demand in many parts of the country. Although the slum clearance programme is not yet fully in its stride, we have already completed redevelopment schemes in Birmingham and Gosport, and the fact that multi-storey contracts are under way in such vital industrial centres as Birmingham, Bradford, Coventry and Liverpool would seem to confirm our belief that the "No-Fines" technique will have an important contribution to make in this field.

A careful start has been made on speculative house building, and we have acquired land for this purpose in various parts of the country. This development will, of course, require a very considerable amount of financing from our own resources.

We are building business and residential premises in the City and West End of London, and our work on Haymarket House, in particular, has been the subject of much favourable comment, while the multi-storey flats which are under construction at Golden Lane constitute the highest residential building in the City.

Contracts for factory construction for the Distillers' Company Limited, and offices and a laboratory for Imperial Chemical Industries are going along well, and we have built numbers of other factories and industrial buildings, especially in the new townships. Various contracts are in progress involving camp and hangar erection for the Air Ministry.

We have been able to acquire the freehold of our Hammersmith yard, from which the Wimpey business has operated since 1880, and are proceeding with the erection of a new office block. On its completion, our London Headquarters staff, numbering 1,500, will at long last be brought together at Hammersmith, and this centralisation, plus the advantage of working in fine modern buildings, will bring about increased efficiency.

CIVIL ENGINEERING

We have once again carried out a tremendously varied programme of civil engineering contracts. Most of the foundation work for the 300,000 kilowatt Power Station at Ferrybridge has been completed, and work is proceeding on the superstructure; in Scotland the Luichart Hydo-electric works have been commissioned, and further North in Sutherland the Loch Shin project is being pressed forward despite one of the worst winters ever experienced in that area. Throughout the country we are doing civil engineering work for the National Coal Board in connection with the development of drift mines, and tunnelling operations in the deep mines, together with a considerable amount of civil engineering and building work at the pit heads. We are glad to be back again at London Airport working on apron extensions and access subways, since you will remember we were associated for many years with its development.

Our Surfacing Department has had its share of the limited amount of roadwork at present available.

We have all the mechanical resources and experience necessary to enable us to play our part in the Government's forthcoming road programme, and in the railway modernisation scheme.

OPENCAST COAL

Our output of opencast coal for the year reached 1½ million tons, and shows a reduction on the previous year's of 400,000 tons. This reduced output was largely due to the non-availability of sites, and if opencast sites were made available to us, we have the men and equipment capable of increasing our present output by 1 million tons per annum.

MECHANICAL AND ELECTRICAL ENGINEERING

Although we have, in the main, completed our work at the Isle of Grain Refinery and the Chemical Works at Ellesmere Port, our mechanical and electrical engineering sections are steadily expanding and have on hand contracts for new coal handling plant for the National Coal Board and for modifications and additions to a number of factories in the Midlands and the North.

LABORATORY

We have again had to build additional accommodation for our Central Laboratory, which year by year plays an increasingly important part in our activities, both at home and overseas. It is good to know that the high standard of its work on all scientific aspects of Building and Civil Engineering is acknowledged throughout the world, and that its services are in demand both by Government and Local Authorities and by leading engineers and industrialists.

PLANT AND TRANSPORT

The advance of mechanisation in the highly competitive industry in which we work demands more than ever before the most efficient plant and transport available, and during 1954 we spent a record sum in renewing and adding to our mechanical equipment. As always, our workshops and depots have done a fine job in keeping our plant and transport at the peak of operational efficiency, despite the dreadful conditions under which our machines have had sometimes to work.

STAFF AND WORKPEOPLE

I know you will wish to join with me in paying tribute to the zeal and efficiency of our staff and workpeople. It was a trying year in many respects and the results I am able to present to you reflect the greatest credit on their efforts

ACCOUNTS

If you will now please look at the Accounts you will see that our profit after taxation amounted to £1,244,249 as compared with £736,855 for the previous year. Net Profit before providing for tax was less in 1954 than in 1953 and the increase in the net profit after taxation is entirely attributable to the reduction in the amount of the charge for taxation which has been made in respect of 1954 as compared with the previous year.

It is proposed to pay a dividend of 15 per cent less income tax on the Ordinary Shares and to make a distribution to Ordinary shareholders of 50,000 5 per cent Redeemable Second Cumulative Preference Shares of £1 each on the basis of one Redeemable Preference Share for every 20 Ordinary Shares held. If approved, Allotment Letters in this connection will be posted to shareholders today. After payment of the Preference Dividends and the transfer to General Reserve of £1 million there is left £329,810 to be carried forward to next year.

If you look at the item of Current Assets on the Balance Sheet you will observe that the Company's liquid resources are substantial. I have already referred to the demands which speculative housebuilding will make on finance and to the developments of multi-storey flats which are in increasing demand and which also require substantial finance. I have mentioned the contract with the Turkish Government for the construction of a Dam and Power station at Hirfanli, payment for which will be made by Turkish Government Promissory Notes maturing at half-yearly intervals to July, 1963, although the work will be completed about 1959. The Turkish contract is an example of the advantage of being able to provide extended credit to secure large works abroad and preliminary negotiations have commenced for several more contracts for work abroad involving special financial arrangements. In recent years the Company's requirements of finance have been comparatively small, but the indications are that those conditions are changing and that the available resources of the Company will be fully utilised within the next few years.

This year got off to a very bad start indeed, with disastrous weather during the early months followed by the recent strikes and industrial troubles, but we have a larger volume of work on hand than a year ago and we shall do our best to carry it out with success.

The report was adopted.

HAZELL SUN LIMITED

(Controlling Hazell Watson & Viney Ltd., Sun Printers Ltd., &c.)

INCREASED COSTS CAUSING CONCERN

The Seventy-first Annual General Meeting will be held on July 28th at 52, Long Acre, London, W.C.

The following is an extract from the statement of the Chairman, Colonel O. V. Viney, which has been circulated with the accounts to March 31, 1955.

The printing trade has generally continued to experience full employment and our own works were no exception, customers' requirements being heavy and at times difficult to meet. Costs also followed the course of the last few years and were higher. Our policy was to carry a part of these expenses *and not pass on the whole to our customers.* The heavy reconstruction work in progress at several works also added to the costs of production. As a result although our turnover reached a record figure our trading profit was lower, but the removal of the excess profits levy and other adjustments reduced our total tax charges so that group profit after taxation was £410,529 as compared with £321,935 in 1954.

The directors recommend a final dividend of 11½ per cent (1954, 10 per cent) making with the interim of 2½ per cent a total of 14 per cent (1954, 12½ per cent).

The demand for books continues at a level greater than our productive capacity, whilst the monthly magazines we produce have increased both in size and circulation.

PROFIT-SHARING SCHEME

There has been much discussion recently about profit-sharing in industry. I may remind shareholders that we have had a form of profit-sharing for more than 60 years by means of employees' shares. The total Ordinary capital of the company is £652,000, of which £80,000 are special employees' shares held by workers in the group. Shares are bought by applicants at par and so yield at the present rate of dividend 14 per cent to the holders. There are 987 shareholders amongst the staff (including pensioners and widows) who receive about one-seventh of the total amount distributed as Ordinary dividend.

The continued increase in the costs of printing is causing us concern in common with all members of the trade. The agreement of 1950 made with a majority of the printing unions stabilised wages until November, 1955. Discussions regarding a new agreement will shortly be starting between the Federation and the unions and we hope that a satisfactory settlement will be reached.

Our group capital commitments at March were £1,140,000. We are confident that the capital expenditure already authorised and the further large sums which will be needed are not only essential to maintain our position as leaders in our particular fields but will ensure the continued successful operation of the business in an increasingly competitive industry and will yield a satisfactory return. We shall be able to provide a substantial proportion from profits and depreciation, but it is clear that before long the business will require some additional permanent capital. The directors are giving consideration to this matter.

Providing labour and other costs do not rise to a point that makes magazine and book publishing uneconomic we may expect a satisfactory result next March.

ALBERT E. REED & COMPANY, LIMITED

INCREASED PRODUCTION AND TURNOVER

LORD CORNWALLIS REVIEWS THE REED PAPER GROUP'S EXPANSION AND DEVELOPMENT

The Fifty-second Annual General Meeting of Albert E. Reed & Company, Limited, paper manufacturers and converters, was held in London on July 4th, the Right Honourable Lord Cornwallis of Linton, KBE, MC, the Chairman, presiding.

The following is his statement which had been circulated with the Report and Accounts for the year ended March 31, 1955:

I am very pleased to be able to report that the year ended March 31, 1955, was another year of success and growth for your Company; production and turnover of all our major products were substantially higher than in the preceding year. We have, of course, shared in the prosperity of the paper industry as a whole, and I would emphasise that this prosperity is not artificial and inflated as has been suggested in press reports from time to time. Indeed, total production of paper and board in this country has been prevented by restrictions on the import of woodpulp from expanding by more than about 20 per cent since 1939, despite the very many new uses for paper products which have arisen in the meanwhile. Nor, I would stress, are profits excessive. The cost of maintaining and replacing the vast plant required for modern paper-making is enormous; for example, the replacement cost of fixed assets alone employed in the Reed Group is in the neighbourhood of £50 million and in relation to this figure, which excludes working capital, the profits can only be described as fair and reasonable.

The prices of woodpulp have continued to rise throughout the year, but there are indications of a moderation in our suppliers' outlook and a determination to keep prices within bounds and thus avoid the spiral of inflation which occurred in 1951.

Unfortunately, as an industry, we are still subject to certain controls, the most onerous of which is the limitation of currency for the purchase of woodpulp. It is to be hoped that these controls will soon come to an end because, if we are to respond to the exhortations we receive for still further production, we must have the currency to enable us to purchase additional woodpulp supplies and without that currency our rate of growth must be impeded.

PROFITS

The consolidated profit of the Reed Group for the year ended March 31, 1955, after charging depreciation, but before providing for taxation, amounted to £6,174,244, compared with just over £4,250,000 in the preceding year. A large proportion of this increase has, of course, been contributed by the companies acquired by the Group in the early part of the year, whose results have been brought in for the first time. The balance of the increase in profit, which is quite considerable, is due to greater efficiency and additional turnover. Taxation on the Group's profit for the year amounts, despite the recent reduction in the standard rate of income tax, to the very heavy sum of £3,058,017, leaving £3,116,227 available for dividend distribution and transfers to reserves.

DIVIDENDS

Shareholders were informed by letter dated November 29, 1954, that, provided unforeseen circumstances did not arise, the Directors intended to recommend a final dividend on the Ordinary and "A" Ordinary Share Capital in respect of the year ended March 31, 1955, of not less than 10 per cent, less income tax. Having regard to the results, the Board now feel justified in recommending the payment of a final dividend of 12½ per cent, less income tax.

RESERVES

From the balance of available profits £1,750,000 has been transferred to the General Reserve and £500,000 to the Pensions Reserve. The latter now stands at £2 million and it is satisfactory to be able to report that membership of the Group superannuation fund now includes all employees of The Thompson & Norris Manufacturing Company Limited, The Sun Paper Mill Company Limited and Paper Converters Limited. After these transfers, £315,243 remains to be carried forward, compared with £199,026 last year.

ASSETS

The Balance Sheet discloses an increase in fixed assets during the year of over £3 million including over £900,000 in trade investments. The latter represents the one-third share in Cellucotton Products Limited and the substantial holding in Colthrop Board & Paper Mills Limited of which shareholders were informed in November last. It may be of interest to recall that between April 1, 1952, and the present time nearly £10 million has been expended on new developments by the Group.

Net current assets are up by £2 million, which is mainly accounted for by increases in the volume and cost of stocks. Total net assets of the Group at balance sheet values now amount to £21,800,000, a figure which, in view of my earlier remarks, can be considered very well covered by the real value of the assets employed.

CAPITAL

The increase in the Issued Share Capital is due partly to the issue of shares to the stockholders of The Thompson & Norris Manufacturing Company Limited and to the shareholders of The Sun Paper Mill Company Limited and partly to the capitalisation of reserves made in December last year. At the same time the opportunity was taken to increase the Authorised Share Capital to £12 million.

NEW INVESTMENTS

As I have already indicated, we have every reason to be satisfied with the investments, to which reference was made at this time a year ago, in The Thompson & Norris Manufacturing Company Limited, The Sun Paper Mill Company Limited and Paper Converters Limited.

I feel I should refer briefly to the other trade investments which we have made during the year.

CELLUCOTTON PRODUCTS LIMITED

We are very proud to be associated with the Kimberly-Clark Corporation of Neenah, USA, and the International Cellucotton Products Company of Chicago, in this Anglo-American enterprise to establish and develop the many uses of cellulose creped wadding in Great Britain and elsewhere. Kleenex, Kotex, Delsey and the names of all the other associated products are household words in the United States and, indeed, are rapidly becoming so in this country and there is not the slightest doubt that this company has a great future before it. Cellucotton Products Limited is already building a large new factory on the Aylesford site to house the converting operation and plans are already in hand for the installation of a new up-to-date high-speed creped wadding machine.

COLTHROP BOARD AND PAPER MILLS LIMITED

Your Company has for many years held a leading position in the packaging industry of this country, but its activities have been mostly in corrugated paper and board, and multi-wall sacks. Our association with Colthrop Board & Paper Mills Limited takes us into the solid board markets and is a natural corollary to our investment in Paper Convertors Limited, a company producing folding boxes and cartons. We believe that this new association will prove beneficial to the Group in every way.

TASMAN PULP AND PAPER COMPANY LIMITED

Although the investment your Company has arranged to make in Tasman Pulp & Paper Company Limited was not, in fact, made until after March 31, 1955, nevertheless I think shareholders will be interested to know how the matter stands.

This great new company in New Zealand is expending some £17,500,000 to exploit the Kaingaroa State Forest, which can supply timber for a very large production of newsprint. Your Company, as you have already been informed, has agreed to subscribe £1,500,000 for one quarter of the Ordinary Share Capital of the Tasman Company. The Commonwealth Development Finance Company Limited, a private enterprise organisation, has also agreed to subscribe £500,000 in ordinary shares and £2,500,000 by way of debenture. Thus your Company and the Commonwealth Development Finance Company Limited will together be subscribing £4,500,000, a substantial contribution from the United Kingdom towards the development of this enterprise with which we are so proud to be associated.

It has been agreed that the Tasman Company's Director of Operations for the next seven years shall be nominated by your Company, and Mr Leslie S. Dougal, who has had many years' experience in the Reed Group, has already gone out from this country to take up this appointment on our behalf.

We look forward with complete confidence, in conjunction with our good friends in New Zealand, to a very fine future for the Tasman Company. We are satisfied that the natural resources are there, that the plant and equipment is well designed and that markets for the Tasman Company's products are more than sufficient to absorb its production. Following agreement for our participation in the Tasman Company, the Prime Minister of New Zealand, Mr Sidney Holland, honoured us on his recent visit to this country by coming to see our Aylesford Mill and expressed his satisfaction at our alliance with the New Zealand interests concerned.

THE GROUP'S ACTIVITIES

This year we have included with the Accounts an analysis showing that the Group's turnover during the year was divided as to:

Wrapping Papers	35 per cent
Corrugated Cases and Corrugated Paper	25 per cent
Printing Papers (including wallpaper base but excluding newsprint)	16 per cent
Newsprint	9 per cent
Multi-wall Sacks	8 per cent
Miscellaneous	7 per cent

The Board thought it would interest shareholders to see the wide diversification of the Group's activities. It may indeed be surprising to some people to see that, although the Group is proud to be the second largest producer of newsprint in this country, this particular product represents only 9 per cent of its turnover.

A survey of the Group's expansion and development was published July 5, 1955, in a special supplement to The Times, which is being sent to each shareholder and is available on application to the Secretary, Albert E. Reed & Company, Limited, 105, Piccadilly, London, W.1.

TRIBUTE TO MANAGEMENT AND STAFF

I am sure you will wish to join me in expressing to the management and the executive officers my admiration of the way they have handled many difficult problems during the year.

In the Reed Group we are fully conscious of the loyalty, hard work and team spirit of all employees that enable us to produce results such as are shown in the attached accounts. I am sure you will be glad to know that, because we do realise this, we have introduced a bonus scheme whereby all employees are enabled to participate in the prosperity of the Group. Provision has been made in the accounts for the cost of this scheme.

PROSPECTS

In the foregoing survey I have indicated the broad base upon which your Company operates. The activities of the Group are well spread within the paper and board industry; great technical ability is available at all levels and these factors backed by a strong financial position, enable your Board to view the future with every confidence.

AB. GÖTAVERKEN

GOTHENBURG, SWEDEN

(Ship Builders, Ship Repairers, Engineers)

The Annual General Meeting of AB. GÖTAVERKEN was held in Gothenburg on May 11th, and the following are details of the Company's progress during 1954:

The year was marked by further expansion of the Company's business. Output rose and orders in hand ensured full utilisation of capacity.

PRODUCTION

AB. GÖTAVERKEN was the first Swedish shipyard to exceed the 200,000 ton mark during the year by building 12 ships with a combined tonnage of 212,230 tons. They comprised:

7 tankers of 17,500 tons dw each;
1 tanker of 28,820 tons dw;
2 combined tankers and iron ore carriers of 21,700 and 21,750 tons dw respectively;
2 freighters of 10,430 and 7,050 tons dw respectively.

Marine engines delivered totalled 150,400 horse-power. One of the most important events of the year was the inauguration of the new floating dock which can accommodate vessels up to 45,000 tons.

MARKET

Seven new contracts were signed: four with Swedish shipowners and three with foreign shipping lines.

Orders in hand totalled 553,330 tons of new shipping, as well as repairs, diesel engines, turbo-compressors, high-pressure boilers and furnaces. The market showed signs of weakness during the first six months, with raw material prices falling, and there was little demand for shipping space until the second half of the year. Then a rising demand for freight capacity was accompanied by an increase in raw material prices. Although there was no real shortage of steel, delivery dates lengthened owing to the improvement in business. The average number of people employed by the Company fell from 6,103 during 1953 to 5,911 last year. Wages and salaries totalled Kr 74 million against Kr 73 million in the preceding year.

SUBSIDIARIES

The Company owns the following subsidiaries:

Öresundsvarvet AG,
AB Göteborgs Skeppsdockor,
Götaverkens Dockaktiebolag,
Götaverkens Fönster AB,
AB Zenit.

Group profits for 1954 totalled Kr 6,454,957.89, of which it is proposed to transfer Kr 1,212,050 to the reserves.

Total Company-owned capital amounts to Kr 50 million.

PROFITS

The Company's profits for 1954 amounted to Kr 5,517,505.96 which, added to the balance of Kr 1,923,706.56 brought forward from the preceding year, makes a total of Kr 7,441,212.52 available for distribution. It is proposed to allocate this amount as follows:

	Kr
Reserves	800,000
Dividend of Kr 8 per share	2,646,000
Balance carried forward	4,001,212.52
Total:	Kr 7,441,212.52

The report and the accounts were adopted.

ASSOCIATED BRITISH PICTURE CORPORATION

STOCKHOLDERS AND STAFF SHARE IN GREATER PROSPERITY

The twenty-eighth Annual General Meeting of Associated British Picture Corporation Limited will be held on July 27th at Grosvenor House, Park Lane, London.

The following is an extract from the Statement by the Chairman, Sir Philip Warter, which has been circulated with the Report and Accounts for the year ended March 31, 1955:

In view of my optimistic forecast last year, I am pleased to be able to report that the Corporation has had a successful year's trading.

The Group's trading profits and sundry interests, etc., amount to £3,014,687, compared with £2,265,390 last year. After providing £1,423,951 for Taxation, the net profit of the Group is £460,115 higher at £1,025,399.

The Directors recommend a total distribution on the Ordinary Stock of 30 per cent (20 per cent last year) and have provided £70,000 for a Staff Bonus.

Consolidated Balance Sheet: Current Assets show a substantial rise of £679,484 to £3,455,092 and include £1 million British Government Treasury Bills, in addition to £914,028 Cash at Bank, on Deposit and in Hand. The excess of Current Assets over Current Liabilities now amounts to £760,712, as against £745,006 last year.

After meeting the total expenditure to date on the installation of wide screens, lenses, etc., amounting to £464,528, the balance of the Development Reserve carried forward is £485,472. Thus the whole cost estimated at £950,000 has been provided out of Revenue.

Taken together, our film Production and Distribution business has been able to make a substantial contribution to the Group's profits for the past three years during which the Levy has been in operation.

The reduction in the rate of Entertainments Duty made it possible for us to reinstate the severe cut in cinema maintenance which we instituted in 1953. It also helped to meet increased wages and other rising costs. Nevertheless, Entertainments Duty at approximately 34½ per cent of our box-office receipts is more than double the prewar rate.

During last year the Board commenced to plan large scale modernisation of many of the cinemas, basing its policy mainly on improving existing properties rather than on new construction or acquisition, except in those areas where we are inadequately represented, or where shifting population will result in greatly increased audiences.

CONFIDENCE IN THE FUTURE

Despite the rapid spread of Television, the cinema is maintaining its popularity with the public, who realise that it still offers the best value for money in the entertainment world.

With twenty-four million seats being sold every week and increasing interest being shown by the Press and the BBC in the new films and with the vastly improved techniques now available to the Industry, I feel that we can look ahead with confidence.

I am glad to be able to recommend, on behalf of the Board, that on this occasion a sum of £70,000 should be provided for a Staff Bonus so as to mark the outstanding results achieved.

THE AMALGAMATED PRESS, LIMITED

THE HONOURABLE MICHAEL BERRY'S STATEMENT

The following are extracts from the Statement of the Chairman, The Honourable Michael Berry MBE, circulated with the Report and Accounts for the year ended February 28, 1955, to be submitted to the annual meeting on July 28th:

Once again the Amalgamated Press Group has broken its own record. The gross profits for the year passed the 5 million mark for the first time. After charging debenture interest they amounted to £5,327,000.

In spite of this increase the bill for Taxation, owing to the abolition of Excess Profits Levy and the lower rate of Income Tax, is only £20,000 up at £2,594,000. Group net profit, after deducting that part belonging to outside shareholders of subsidiary companies, works out at £2,505,000, as compared with £2,005,000 in the previous year.

Although in terms of sales and advertising revenue our publications have continued to make progress, the higher profits are chiefly attributable to The Imperial Paper Mills Limited, which has enjoyed exceptionally favourable trading conditions. For that reason, and because we intend expensive additions to our paper-making machinery, we have left £894,000, against £586,000, in the accounts of subsidiaries. The net profit of the parent company thus works out at £1,611,000, compared with £1,418,000.

During the year we capitalised £1,200,000 of the general reserve by the issue of "A" Ordinary Shares, in the proportion of one for every two Ordinary Shares. Last year's dividend of 27½ per cent was equivalent to 18¼ per cent on the present capital. This year we recommend a final dividend on the Ordinary and "A" Ordinary Shares of 15 per cent, which will bring the total distribution up to 22 per cent.

We further recommend putting £1 million to General Reserve, which in effect is the same as last year, since at that time £750,000 was reserved and £250,000 was written off Goodwill to reduce that figure to a round sum. This leaves £395,000 carried forward, compared with £329,000 last year.

In the Balance Sheet of the Amalgamated Press you will see that our liquid position has further improved. Current Assets exceed Current Liabilities by £5,125,000, an increase of £691,000.

In the Consolidated Balance Sheet Current Assets are up by £1,831,000, while Current Liabilities have risen only by £138,000.

TRADING OF THE YEAR

In spite of keener competition we have more than held our position as the largest publishing business in the country. Meanwhile, costs, even more than I predicted last year, have risen in every department. The price of paper has gone up, wages and salaries have advanced, and we have had to pay more for printing, engraving and distribution. In terms of percentages our paper and printing charge was 19 per cent higher than that for the previous twelve months, carriage was up by the same proportion, and editorial costs rose by 16 per cent.

Although competition in our industry is stimulating, it can be excessively costly. Circulation races once started have a way of getting out of hand. In some fields sales can only be raised by a very large expenditure on publicity. As soon as the costs are pared down in order that the benefit of a higher distribution may be reaped, sales have a habit of falling back again. In the attempt to avoid such wasteful and abortive expenditure, we have had to make a close study of the economics of sales promotion and have been greatly helped thereby in making our plans for action in this competitive war. Over the year our outlay on publicity and promotion rose by 11 per cent, but we believe that we got good value for our money. Circulations have been kept up and sales revenue created a new record

RECORD ADVERTISEMENT REVENUE

Equally, income from advertisements expanded and I am pleased to report that the total figure showed a substantial increase, establishing a new high record in the history of the Company. This achievement is ample proof of the advertiser's recognition that the great Amalgamated Press group of magazines and periodicals provides him with a promotion and selling campaign which caters for every section of the community. Advertising agents and their clients realise that almost all our journals go into the home, are assured of a long life there, and are read from cover to cover.

PRINTING WORKS

Once again the heavy amount of advertising carried in our publications has contributed towards maintaining, at a very high level, the turnover in our printing factories where in the parent company alone we employ over 3,000 people. As I said earlier, the cost of printing has risen substantially during the year due almost entirely to the acute shortage of labour in all sections of the trade and the consequent extra overtime expenditure. Notwithstanding heavy overtime, there has been a constant struggle to keep production to time. The agreements between the printing trade employers and the trade unions, which have been running since 1951, are due to expire in November next, and it is hoped that both parties to the new agreements will give priority towards increasing the labour force of the trade in order to ease this most serious problem.

KELLY'S DIRECTORIES LIMITED

The trading profit of Kelly's Directories Limited and its Subsidiaries was the highest in the history of the Company. After deduction of Debenture Interest and all charges except tax, it amounted to £1,469,000, an increase of £75,000 on the year. After tax there is a balance of £774,000, compared with £679,000. After allowing for amounts attributable to outside shareholders of subsidiaries there remains a sum of £761,000, against £668,000, out of which £354,000 against £336,000 has been retained in Subsidiaries. The dividend on the Ordinary Stock has again been increased, this time from 22½ per cent to 25 per cent. Revenue Reserve takes £200,000 instead of £175,000; £50,000 has been written off the book cost of investments to compensate for a fall in the market value of Government Stocks; £40,000 has been written off Goodwill to bring that figure to a round sum, and the Carry Forward is raised by £10,000 to £193,000.

Among Skinner's publications I referred last year to the growth in circulation of the *Stock Exchange Gazette*. It operates, of course, in a specialised field where sales are necessarily small in comparison with the general interest periodicals of the Amalgamated Press. This year I can record further spectacular progress. The circulation of the *Stock Exchange Gazette* now exceeds 20,000 copies weekly.

The Directories have had their usual successful year.

THE ASSOCIATED ILIFFE PRESS LTD.

That The Associated Iliffe Press has more than fully shared in the prosperity of the industries for which it caters is shown by the increase in its advertising income. Total revenue from this source was £4,250,000, an increase of over 20 per cent. The rise in profits, however, lagged very much behind this rate owing to the continued upward tendency in production costs

THE FUTURE

While the level of business has been maintained during the first three months of our new year, we have had to face further expansion in competition and a fresh advance in wage rates involving appreciably higher charges for printing. As yet there are no signs of any abatement in these aspects of our trade, and there is still much uncertainty in the labour outlook. In addition we have the imminent arrival of commercial television, the new competitive medium for advertising.

With these facts before us it would be incautious of me to attempt to predict the prospects ahead, but I do feel this is an opportune moment to voice a warning concerning the unceasing increase in the cost of producing our publications. If wages continue to rise steeply as they are doing now, some of our papers, though successful by ordinary criteria, will be unable to meet the bill and will have to stop. Possibly we can increase the selling price of some publications and put up advertisers' rates to offset these higher costs. There is, however, always danger attached to such a course, and the time may have arrived when that would have the same unpleasant result because it would produce a fall in circulations and also in the demand for advertisement space. The profit motive in our business, as in any business, is necessary for the sake of all those connected with it, and the greater the profit the more secure the livelihood of each of the Company's employees. Apart from this, profits must be made to keep our plant up to date and to enable us to be competitive, but if prices are forced higher and higher by ever-increasing wage demands without a corresponding increase in production, then these profits will be quickly dissipated and the security for which everyone is striving will be in jeopardy. Sometimes this established truth is overlooked. It is true, of course, that we have increased the ordinary dividend in respect of last year, but as I said in my opening remarks, the source of the increase lies chiefly in the high profits of the Imperial Paper Mills.

In these few concluding remarks I have tried to give you a realistic picture of the difficulties we shall have to tackle during the coming months. We have had plenty of worries to cope with in previous years, and I can assure you that we shall meet the problems in front of us with confidence and resolution.

Finally, on behalf of my colleagues and myself, it gives me the greatest of pleasure to extend to our executives and employees throughout the Group a warm word of praise and gratitude for the loyal service they have given to The Amalgamated Press and Subsidiaries during the past year.

THE CLAN LINE STEAMERS, LIMITED

INJURIOUS EFFECT OF PRESENT LABOUR UNREST

LORD ROTHERWICK ON INDUSTRY'S PROBLEMS

The sixty-fifth annual general meeting of The Clan Line Steamers, Limited, was held on June 29th at 2 St. Mary Axe, London, E.C., The Right Honourable Lord Rotherwick (the Chairman) presiding.

The notice calling the meeting and the Auditors' Report having been read Lord Rotherwick after paying tribute to the loyal co-operation the Company received from the Staff afloat and ashore and thanking Shippers for their continued support said:

Examination of the Balance Sheet shows a considerable improvement in the position of Current Assets in relation to Current Liabilities and Provisions. It arises partly from the sale of The Scottish Lion Ship Repairing and Engineering Company Limited to The Greenock Dockyard Company Limited and from the fact that certain Provisions are no longer required but, mainly, owing to a reduction in the amount expended during the year on new tonnage. Unfortunately, this is only a temporary lull and as I mentioned to you when last we met, the amount which we set aside for depreciation and the amount which we are able to transfer out of taxed income, are inadequate in relation to a replacement programme which should run at the rate of about two-and-a-half to three ships per annum.

We can but hope that when our major problem of replacement arises during the years 1960 to 1970, the Investment Allowance will have been increased and that we shall be earning sufficient profits to take advantage of it. In this connection it is most disappointing to find that, when attempting to negotiate freight agreements, there is so little realisation of the true position. It is useless to look at the total profit earned without taking into account the fact that, in present conditions, depreciation based on historical cost will not provide sufficient funds to enable the Fleet to be maintained.

Our duty as Shipowners is to provide a first class service in the trades in which we are interested. To achieve this in present circumstances we require reasonable rates of freight, a quicker turn round in ports and, having earned a profit, a reduction in the present crushing burden of taxation.

LABOUR UNREST SUGGESTED MEANS OF IMPROVEMENT

It is most regrettable that at this time we should be troubled by a wave of strikes. As many of these are associated with the docks and transport generally, they are of particular concern to us. The strike weapon is recognised in this democratic country but it must not be abused or it will destroy its effectiveness, particularly where it is used in a fight not between employer and employee but, rather, between the employees' own representatives.

There is no simple remedy for such unrest but I do support the view that the position could be improved if major strikes affecting the well-being of the Nation took place only after a secret ballot. We all appreciate loyalty to a person or cause but, too often, decisions are taken by a militant minority which, out of loyalty, are supported by those who would have preferred to get on with their work. In time we shall find a solution to our difficulties and it will not surprise me if, in the years to come, a main function of the Trades Unions is to suggest methods whereby production can be speeded up so that their members can receive a greater reward for their efforts. There is no doubt that the introduction of additional mechanised aids in the loading and discharging of cargo would speed the turn round of ships for the benefit of all concerned. Such a suggestion made by an employer is suspect but, in these times, when every ounce of productive effort is required, it is surely not beyond the wit of man to create a working agreement which will provide the necessary safeguards for the employee. In the handling of cargo there are two savings available to the shipowner. Firstly, to reduce the handling cost per ton, and, secondly, to increase the amount of cargo carried in each ship each year. If we cannot reduce immediately the cost of handling, let us at least make the fullest possible use of our valuable assets by keeping them at sea for as long as possible and this can be achieved only by a quicker turn round in port.

That peace in industry is possible is well illustrated by the relationship which exists, with few exceptions, between employer and employee in shipping and also in the steel industry. In our own case I am pleased to report on the conduct of the negotiations which led to the recent increases awarded to seafaring personnel, and, in the steel industry, I would draw attention to the fact that, notwithstanding nationalisation and denationalisation, events which in themselves might have resulted in a feeling of unrest, the production of steel in the country during 1954 was an all-time record.

GREAT POTENTIAL SOCIAL EVIL

When dealing with difficulties I should like to make some comment on certain matters which I believe are having a marked influence on this country at the present time and which could have serious repercussions in the future. In particular, I should like to refer to the present tendency to pay very substantial wages and salaries to youths of sixteen. In my view this can result in a great social evil, for it results in power without responsibility. I have no objection to anyone earning as much as he can if he is prepared to work, but it cannot be good for any young man, accustomed to pocket money, suddenly to find that he has four or five pounds of spending money, even after making a contribution towards the upkeep of his home. The fact must be faced that he may never again in his life be so well off, for, when he accepts the responsibility of married life and the whole upkeep of a home, he will find his spending money considerably reduced. I appreciate that it is exceedingly difficult to put back the clock, but I should like to commend to all employers in consultation with the Government the study of a scheme which would provide for at least part of the earnings being channelled off (free of tax if necessary) in such a manner that when the youth has reached the years of discretion, a lump sum will be available to enable him (or her) to play his part in the future development of the Nation. That such a scheme is practicable is evident from the fact that gratuities are paid to members of HM Forces on the completion of a relatively short period of service.

AIR TRANSPORT INDUSTRY

You will have noticed the reference in your newspapers to the formation of a Middle East Air Servicing Company in which Hunting-Clan will participate. In our view the Middle East offers considerable opportunity for the development of civil air transport and we are happy to be associated with BOAC in this venture.

This new spirit of co-operation has found expression also in the arrangements which we have been able to make regarding our UK/Africa "All Freight" Service and I trust that it will continue, for, if we can establish a policy of co-existence, with real freedom to negotiate, it will be very much easier for all concerned.

With the delivery of our three Viscounts, which we have undertaken to charter to the Middle East Company for a period of two years, we should enter a new era in the progress of the Air Transport Company, in that the revenue produced should enable us to proceed with our plans for the future development of the Company.

At this point I should like to pay tribute to our Partners, the Huntings, for their foresight in placing an order for Viscount Aircraft.

In referring to the creation of an Air Development Reserve of £300,000 Lord Rotherwick stressed the fact that Air Transport is a relatively new industry and the risks which must be taken are considerable, but, he added, if we direct our main efforts to building up services parallel to our existing shipping routes and control the amount of expenditure on such development, we shall, I feel, be rewarded ultimately for our efforts.

FUTURE PROSPECTS

This year I find it particularly difficult to make any forecast regarding future prospects. As a Company we are dependent on a steady flow of goods through the ports, and strikes which I have mentioned already can so easily disturb this balance. It is a tragedy to see good ships sailing with partly filled holds while congestion interferes with the smooth working of the ports. It means in simple language that the profit is left on the quay. Nevertheless, if we can get over our immediate difficulties and if the export trade is maintained at its previous level, the results should not be unsatisfactory.

In conclusion I should like to refer to the maintenance of the dividend and the capitalisation of reserves.

This is a continuing business and the amount paid out by way of dividend must be assessed in relation to the requirements of the Company. In my view, it is essential that sufficient funds are available to enable us to accept opportunities as they arise, for it is only in this way that the future can be assured. In all the circumstances, we have come to the conclusion that the maintenance of the dividend is justified.

The Report and Accounts were adopted and the retiring Directors re-elected.

At the Extraordinary General Meeting held immediately after the Annual General Meeting the resolutions authorising the Bonus Issue were duly approved.

THE MERCANTILE AND GENERAL REINSURANCE COMPANY

ANOTHER PROFITABLE YEAR

SUBSTANTIAL LIFE PROGRESS AT HOME AND ABROAD

MR H. K. GOSCHEN'S STATEMENT

The Annual General Meeting of The Mercantile and General Reinsurance Company, Limited, will be held on July 26th at the company's chief office at Moorfields House, Tenter Street, Moorgate, London, E.C.

The following is a statement by the Chairman, Mr H. K. Goschen, which has been circulated with the report and accounts for the year ended December 31, 1954:

Before reviewing the results for the year, I would like to refer to the changes in the capital structure of the Company which were approved at the extraordinary general meeting on December 31, 1954. It was then agreed that the sum of £200,000, part of the contingency reserve, should be capitalised. This amount was used as to £172,000 in paying up in full 172,000 "A" shares of £1 each, and as to £28,000 by paying up a further 2s. 8d. on the partly paid shares, which are therefore now paid up as to 6s. 8d. per £1 share. The total paid up capital is now £500,000.

I am pleased to be able to report once more a profitable year. The underwriting results in the fire and miscellaneous accounts have been on the whole satisfactory. There has also been a gratifying increase in the amounts received by way of interest, dividends and rents. As a result, it has been possible to transfer £100,000 to the contingency reserve, thereby replacing half of the amount which was capitalised as reported above.

It will be remembered that last year I sounded a note of warning and suggested that we should not again, at the end of 1954, be able to report an expansion of business at the rate which must have come to be regarded almost as a matter of course after the continuous rapid expansion during the postwar period. This has indeed proved to be the case, but the figures which you have before you, showing a reduction of premiums in the fire and miscellaneous account of £883,000, are somewhat misleading, owing to the impact of some important revisions in our retrocession arrangements. I am pleased to report that the business itself has been well maintained, as is evidenced by the fact that gross premium income has increased during the year, as also the number of our connections.

The results of the fire account were satisfactory.

ACCIDENT DEPARTMENT

In the accident department the results have again failed to show any marked improvement during the current year, mainly due to adverse results in the liability sections where fairly heavy losses were sustained in motor and public liability. Workmen's compensation from overseas also showed a deficit. These classes are mainly reinsured by this company on an excess of loss basis and one of the biggest problems which confronts us is the delay that frequently occurs in the notifying of accidents which would involve us in liability. The utmost care is used to provide against such unexpected contingencies as may arise.

The underwriting results of the other sections of our accident business show modest underwriting profits and we have been fortunate in avoiding any major catastrophe during the present year. A growing tendency on the part of many of our ceding friends to reduce rates in order to meet competition for certain classes was again apparent during the year under review.

MARINE DEPARTMENT

In the marine department I can report a modest expansion. This is satisfactory since it has been achieved at a time when rates are falling. The loss experience also has been satisfactory, but the future outlook must still be regarded with some uncertainty. In view of our increasing commitments, we are making no transfer from the account this year and the fund is thus further strengthened and now stands at 157.7 per cent of the net premium income in this account.

LIFE DEPARTMENT

The life department created another new business record by the completion of £16,017,893 net sums assured as compared with £12,599,651 in 1953. The premium income increased by over 30 per cent. Substantial progress was made at home and abroad in the development of our life business. Our underwriting facilities, including the pooling arrangements for sub-standard lives, continue to be appreciated by our ceding offices.

It is generally acknowledged that we are specialists in reassurance on the risk premium basis and a large proportion of our life business is so transacted. Approximately two-thirds of the net new sums assured arise from risk premium cases—in fact, the ratio has increased from 64.5 per cent in 1953 to 68.4 per cent in 1954. It does not, however, follow that the bulk of our premium income relates to our risk premium business. In 1954 approximately 25 per cent of our net premium income related to our risk premium business and 75 per cent to reassurance on original terms. Our "ordinary" premium income now exceeds £1 million. If our business were entirely restricted to risk premium reinsurance, the life assurance fund would remain at a level commensurate with our premium income, but it is because the business transacted on original terms has increased during recent years that the life assurance fund has progressed fairly rapidly during this period.

ACTUARIAL VALUATION

The year 1954 closed the quinquennium and the actuarial valuation shows a satisfactory result. Whereas the OM(5) Table was used in the previous quinquennial valuation, the A24/29 Table has been used in this valuation for business transacted at European rates. The change of basis would have released £285,000, but this sum has been reserved in the valuation to provide for contingencies, including foreign exchange. The valuation reveals a surplus of £179,723 15s. 6d., of which £112,500 is being transferred to provision for investment fluctuations and £12,500 to profit and loss account. The balance of £54,723 15s. 6d. is carried forward. The continued increase in the business of this department and satisfactory result of the quinquennial valuation is a great tribute to the skill and hard work of our actuary and his colleagues.

The capital redemption assurance account is small and the amount of the fund as at December 31, 1954, was £10,237. The quinquennial valuation of this account was made as at December 31, 1954, and a surplus of £533 was revealed.

The total investments and loans of the company once again show an increase, being approximately £1,336,000 more than the sum invested at December 31, 1953. During the year we increased our holdings of Debenture and Ordinary stocks and I am pleased to report that the total market value of the company's securities at the end of the year was substantially greater than the value at which they appear in the balance sheet. Although the price level of industrial equities is now considerably higher than at the close of the year, there has been a marked recession in the gilt-edged market, following the rise in the Bank Rate early this year and we have therefore decided to strengthen our reserves by making further transfers to the provisions for investment and exchange fluctuations.

CANADIAN COMPANY

The Mercantile and General Reinsurance Company of Canada, Limited, continues to make good progress under the excellent leadership to which I referred in my statement last year. The satisfactory expansion in the premium income reflects a steady advance in the number of treaty connections and proves the usefulness of our organisation in that country. Experience was rather heavy in motor and liability classes, but, thanks to profits deriving from other underwriting sources and from investments, the result shows an increase of surplus.

APPRECIATION OF STAFF

It is a sincere pleasure and no mere formality that I again record our appreciation of the good work of the officials and staff of the company. Without their loyalty and co-operation very little would be achieved, and to our general manager, Mr Calburn, we owe a special word of thanks for his enthusiasm and inspiring leadership. During the year our officials have travelled far and wide and it is to them that we should also be especially grateful. I sometimes think that this old and highly evolved British market has in the past tended to think of reinsurance as a market practice rather than as a motive of enterprise worth pursuing for its own merits. Such enterprise has, however, long been a prosperous and familiar element in insurance industry abroad and in no country has it been more prominent during the present century than in the United States. I believe that reinsurance enterprise, backed by British traditions and experience, finds a useful field of endeavour in the Commonwealth and elsewhere overseas, including the prosperous and progressing dollar area, where it should reward in the long term the heavy financial stakes that local laws and conditions often impose.

HOUSE OF FRASER LIMITED

CONSOLIDATION POLICY CONTINUED

COMPREHENSIVE EXPENDITURE PROGRAMME

MR HUGH FRASER ON CURRENT YEAR'S ENCOURAGING START

The fourteenth annual general meeting of House of Fraser Limited was held on June 30th in Glasgow, Mr Hugh Fraser, DL, JP (chairman and managing director) presiding.

The following is an extract from his circulated statement:

In contrast with recent years, the Statement of Accounts and Directors' Report now issued, cover a period which may be regarded as comparatively uneventful. My policy of consolidation has been continued, and considerable progress has been achieved in carrying out a comprehensive programme of expenditure designed to re-equip and maintain our Stores up to the highest modern standards. The Trading Profit from Stores, as shown in the Consolidated Profit and Loss Account, is stated after charging all necessary expenses incurred in this connection.

In this Account, credit is taken for a full year's earnings from all Stores, the charge for Interest is substantially reduced and in consequence the Profit accruing to the Group for the year before Taxation is increased to £1,482,609 (£1,226,775). The provisions required for Taxation amount to £837,906 (£702,503), and the Net Profit remaining is £644,703 (£524,272).

The Directors now recommend a transfer to General Reserve of £50,000 and payment of a Final Ordinary Dividend for the year, at the rate of 40 per cent actual. After the appropriations recommended, the amount carried forward as shown in the Consolidated Balance Sheet stands at £510,132 (£341,777).

CONSOLIDATED BALANCE SHEET

From the Consolidated Balance Sheet you will observe that the total of Issued Share Capital and Group Reserves has increased during the year to £5,060,182 (£4,791,111). With regard to the Current Assets and Liabilities, the principal variation requiring comment is reflected in the total amount of Bonds and Debentures secured over Heritable Properties, which includes the Loan of £1,250,000 referred to in the Directors' Report. The new financing arrangements were completed at a favourable rate of interest, and fixed for a term of years. The additional resources thereby provided have enabled the Parent Company to repay its Bank Overdraft and will facilitate the future development of the Group.

The Book Value of Heritable Properties has also increased, mainly in consequence of expenditure incurred by our Subsidiary Company, Binns Limited, on the construction of a large departmental store at Middlesbrough. The site of this project has been out of use following fire loss in 1942. It is one of the most valuable in the area and its redevelopment will enable Binns Limited to modify and in some respects terminate the existing arrangements under which the Middlesbrough business is carried on in several adjacent properties. The new Store has been planned in accordance with the most up to date principles of building construction and it is expected that it will be ready for occupation towards the end of 1956.

HIRE PURCHASE TRADING

The remaining Assets and Liabilities taken separately do not appear to require detailed comment but it is perhaps worthy of notice that the amounts due to the Group in respect of credit trading have been extremely well controlled. The amounts due by customers on normal credit terms are practically unchanged, and in view of the general expansion in Hire Purchase trading, the amount outstanding for Hire instalments is satisfactory. The restrictions recently ordered affecting Hire Purchase trading, are fully in accordance with the policy which I have always recommended in relation to the facilities offered by our Stores, and as a result, the Hire Purchase business obtained throughout the group is first class in every respect.

The Net Surplus of Current Assets over Current Liabilities, taking into account the market value of Investments, exceeds £4 million, and I trust Members will regard the Accounts on the whole as satisfactory.

TRIBUTE TO STAFF

The success of the year would of course be quite impossible without the co-operation of the staffs of every Store. It is indeed a pleasure for me at this time to pay tribute to all employees and to acknowledge the loyalty and enthusiasm which they always display in dealing successfully with an ever increasing volume of trade.

CAPITALISATION AND FUTURE DIVIDEND PAYMENTS

At the Annual General Meeting, Ordinary Stockholders will be asked to approve a Special Resolution authorising a 2 per cent Stock Bonus arising from a further capitalisation of the sum of £23,030 out of Capital Reserve Account. The new stock will not rank for payment of the Final Dividend for the year to January 31, 1955, but in terms of the Special Resolution, will otherwise be identical in all respects with the existing Ordinary Stock.

On the question generally of Dividends on the Ordinary Stock of the Company, I think some modification of the existing arrangements for payment would be desirable. The Directors have under consideration proposals whereby Ordinary Dividend payments would be made at more frequent intervals, for example, by quarterly payments in January, April, July and October in each year. An announcement on this matter will be made in due course after further consideration.

EXCELLENT PROSPECTS

The volume of Sales in the first four months of the current year has shown a marked improvement, and the results to date have been very encouraging.

For the immediate future, I consider the prospects for the Company to be excellent. Under present circumstances, one cannot reasonably express a long-term opinion, as our future depends entirely on the prosperity of the nation through success in world markets. I am not without confidence, however, that the country will surmount its present difficulties, and I am satisfied in the present state of affairs of the Group that further progress will be achieved.

The report and accounts were adopted and the capitalisation proposal approved.

THE BRITISH EMPIRE TRUST COMPANY, LIMITED

(Trustees, Registrars, Secretaries, Transfer Agents, Industrial Financing)

ANOTHER SATISFACTORY YEAR

The Fifty-third Annual General Meeting of The British Empire Trust Company, Limited, was held on July 4th in London.

Mr E. Ronald Crammond, the chairman, in the course of his speech, said:

It is with pleasure that I report upon another year of satisfactory results under conditions that have been favourable for investment both at home and in the dollar area, in which we are substantially interested. The accounts for the year ended April 30, 1955, record progress both in assets and in profits.

The value of investments shows an appreciation of £933,194 over book value, equal to approximately 60 per cent. This compares with a corresponding appreciation figure of £541,345 last year. The group's reserves and surplus at £827,756 are nearing the total amount of the issued capital, namely £845,438. The position of your company is, therefore, one of considerable strength.

The group's profit, after taxation, was nearly £10,000 higher at £67,979. The directors have recommended dividends on the Preferred Ordinary Stock of 12 per cent and on the Deferred Ordinary Stock of 19 per cent, against 10 per cent and 15.075 per cent respectively in 1954.

CANADA AND USA

The geographical spread of investments based on values at April 30, 1955, was approximately Commonwealth (excepting Canada) 40 per cent, Canada 50 per cent, United States 10 per cent. The increase made in the proportion invested in Ordinary stocks and shares during the financial year, namely, from 67 per cent to 82 per cent, was timely, especially in view of market trend following the general election.

Our Canadian subsidiary, Betrust Investment Corporation Limited, contributed a useful addition to our revenue and its portfolio is already showing substantial appreciation.

In the United Kingdom our subsidiary company, General Securities Register, Limited, is being increasingly used as a "recognised marking name" for registration of Canadian and American certificates. The company is well equipped to carry out this specialised work.

Our new offices at 3 Lombard Street provide much needed increased space and better facilities generally for the expansion of our business.

The chairman concluded by referring to recent industrial disputes and stressed the need for co-operation on the part of employers and employed to reduce this threat to our overseas trade, and said that in the absence of unforeseen circumstances the company might look forward to another satisfactory year.

The report and accounts were unanimously adopted.

[Copies of the annual report and full speech may be had on application to the Secretary, 3 Lombard Street, London, E.C.3, who will be pleased to receive inquiries from companies requiring the above services.]

BRITISH GLUES & CHEMICALS, LIMITED

ANOTHER SUCCESSFUL YEAR

The Directors' Report and Accounts for the year ended March 31st were issued to the Stockholders on July 4th and the following is the Review by the Chairman, Sir Roger Duncalfe :

The satisfactory trading we experienced in the opening months of this financial year, and which I referred to in my last Review, continued throughout the year and is reflected in the improved results now reported.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Consolidated Profit for the year is £860,126 (last year £676,896), after all charges other than United Kingdom tax, which amounts to £406,000, leaving a net profit of £454,126 (last year £317,896). After deducting £40,370 profit retained by our subsidiary companies, the profit dealt with in the accounts of British Glues & Chemicals, Limited is £413,756 (last year £333,183). To this is added £63,668 balance of profit brought forward from the previous year, making £477,424 available for appropriation (last year £489,433, which, however, included £100,000 transferred from taxation provisions).

APPROPRIATIONS

Our appropriations are £165,000 to General Reserve, £50,000 to Replacement Reserve, £13,266 to write down Loose Plant, Tools and Equipment to the nominal figure of £1, and £55,800 Contribution to Pension Scheme to clear Back Service Liability.

DIVIDENDS

The Directors recommend on the Preference Stock a half-yearly dividend of 4 per cent making 8 per cent for the year, and on the Ordinary Stock a final dividend of 15 per cent making 20 per cent for the year (last year 20 per cent on smaller capital).

Following the above appropriations and dividends we carry forward £74,183 in the Balance Sheet against £63,668 brought in.

CONSOLIDATED BALANCE SHEET

There is little change in Fixed Assets at £998,332, Capital Expenditure having been covered by depreciation. Loose Plant, Tools and Equipment, maintained out of revenue, are subject to constant change and we have written them down to £1. At March 31, 1955, orders placed by the Group on Capital Account amounted to £35,000. Additional expenditure involved by schemes authorised at that date amounted to £65,000, but the seven-year plan I referred to last year is going forward and we expect it to cost the £500,000 then indicated. Current Assets exceed Current Liabilities by about £2,200,000 compared with £1,850,000 last year.

The issued capital of British Glues & Chemicals, Limited, increased by last summer's capitalisation issue of £290,000 Ordinary Stock, now stands at £1,365,000. Capital Reserves at £544,142 are increased by the £50,000 appropriation to Replacement Reserve

General Reserve, last year £725,000 but reduced to £435,000 by the capitalisation mentioned above, is now brought to £600,000 by this year's appropriation of £165,000.

Contingency Reserve remains at £100,000, and carry forward at £74,183 is £10,515 up on last year, while surplus of subsidiary companies is increased by £39,266.

PRODUCTION AND SALE

We produced more and we sold more, so that in spite of some reduction in product prices our turnover again increased. Our total exports increased both in tonnage and in value, as did our exports to dollar countries.

Home raw material supplies have been more plentiful. Higher production, together with mechanisation, process development and fuel economy at our works, enabled us last year to hold down our costs, in spite of the increased charges we have had to face by reason of higher wage scales, fuel price increases and higher freights. Nevertheless, the continuing growth in charges which British industry is having to meet from events outside its control must be regarded with concern, especially when viewed against the background of ever growing world competition.

RESEARCH AND TECHNICAL

Our programme of research and development has widened and has had our full attention Between the first idea—the new invention—and its commercial success, there is a period which demands from the team inventive genius and intense application, and from the company courage to pursue a programme of development often very expensive both in time and money But all this is well worth the effort Apart from our own profitable use of new processes and patents is their licensed use by others. The Chayen Continuous Cold Extraction Process is licensed in the USA, on the Continent of Europe and in this country; useful royalties are now being received.

CANADA AND USA

Our companies in Canada and the USA have operated profitably and North America has continued to take a substantial proportion of our exports.

PERSONNEL

Morale throughout the Group is at a high level and the results now before you owe much to the continued effort and co-operation of all employees. Stockholders will, I am sure, wish to express warm thanks to them for their services.

The outstanding leadership of our Managing Director, Mr Harold J. Cotes, and the personal relationship which exists between him and our people have this year, as always, made a contribution which it is impossible to over-emphasize. Our Annual Staff Party ast December, when the directors and employees presented Mr Cotes with his portrait in oils to mark the fiftieth anniversary of his service to the Group, provided a happy occasion for all present to pay their tribute of affection and admiration to our Managing Director, and to offer him congratulations and good wishes in which Stockholders will wish to join.

The contribution of £55,800 to the Pension Scheme clears the balance of the Company's back service liability, otherwise payable by thirteen annual instalments of £5,300. I am satisfied that this settlement is an advantageous one, and I feel sure Stockholders will approve it.

THE FUTURE

Trade at the moment is satisfactory. We are well-equipped to keep abreast of all modern improvements in our industry. Our financial position is sound. Whilst our affairs must, of course be largely influenced by conditions of trade at home and abroad, I feel that present circumstances justify my expectation of a year's reasonably satisfactory trading.

AMALGAMATED DENTAL COMPANY

STEADILY INCREASING DEMAND

The fiftieth annual general meeting of The Amalgamated Dental Company, Limited, was held on July 1st, in London. Mr Aiken Watson, QC (chairman), presiding.

The following is his statement circulated with the report and accounts: The results of the year under review present a satisfactory climax to a year of pressing effort. The increase in the demand for the Company's products which characterised the last quarter of 1953 has been maintained and steadily increased. This satisfactory feature continues.

The measures taken to increase efficiency and economy throughout the Group are now bearing fruit. Despite rising costs of materials and increase of wages, our end prices during the year under review have substantially been maintained. Current increases seriously threaten this stability.

EXPORT TRADE

It is vital therefore not only to maintain but to expand our export trade. Our problem here is, while maintaining scheduled production, so to gear our resources as to meet promptly exceptional buying from institutions abroad. This problem has become particularly acute in the case of expendable dental products For well over 100 years your Company and its predecessors have manufactured these products at Kentish Town in premises which negative the full application of modern methods Happily the Company possesses a valuable freehold site at Chertsey. Work has now been started here on a factory of modern design to replace Kentish Town at a cost well within the Company's own cash resources. Not only should this, when completed, enable more efficient production to meet the needs of the Group, but by concentration of all our home manufacturing resources in contiguous areas lead to a sensible economy in storage and distribution costs.

In all processes of manufacture your Company is diligently pursuing its programme of research for new and better products. Recent developments in the equipment field sponsored by your Company have met with professional approval. Further developments, as yet still in the experimental stage, are in prospect.

Your Company is inevitably affected by any change of emphasis in the administration of the Health Service at home, and by any sudden emergence of import restrictions abroad. These apart, so far as can be foreseen at this time, the prospects for the current year may be said to be good.

Not formally, but very sincerely, I offer in your name to our managements and staffs at home and abroad your thanks for a year in which their loyalty and devotion have again so markedly supported the Company's enterprise

The Class and Extraordinary General Meetings approved the Scheme of Arrangement which was sent to stockholders on June 8th. Application will now have to be made to the Court for the necessary approval.

The report and accounts were unanimously

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

MR S. G. MENELL ON BOARD'S POLICY

The twenty-second Annual General Meeting of Middle Witwatersrand (Western Areas) Limited was held in Anglovaal House, Johannesburg, on Tuesday, June 28, 1955. In moving the adoption of the Report and Accounts for the year ended December 31, 1954, Mr S. G. Menell said:

In welcoming you to this the twenty-second Annual General Meeting of your Company I would like to supplement with a few remarks my previously circulated Statement in which I drew attention to the favourable progress which is being achieved by those mining companies in the promotion of which we were largely concerned and in which we retain considerable shareholdings.

INVESTMENTS

At December 31, 1954, the book value of your Company's quoted investments taken at cost was £1,644,110 and the market value at that date was £3,598,650. Since the close of the financial year your Company has exercised its rights to subscribe for additional shares in Hartebeestfontein Gold Mining Company Limited at 16s. per share. After taking into account the further realisation of shareholdings in certain other concerns the book value of your Company's quoted investments now stands at £1,882,337, the market value of which at the close of business last night, amounted to £4,336,594.

At the Hartebeestfontein Gold Mining Company Limited, in which Company we were able to offer valuable subscription rights to our shareholders at the price of 16s. per share, trial crushing of development rock commenced early in May, 1955. Stoping operations are proceeding satisfactorily and are providing increasing tonnages of ore to the mill. The tests and trial milling operations carried out to date are considered to be satisfactory and it is anticipated that regular monthly declarations will commence with the month of July, 1955.

Shareholders will by now have seen the first press announcements regarding the formation, under the aegis of the New Consolidated Gold Fields Group, of the Free State Saaiplaas Gold Mining Company Limited with an authorised capital of £6,500,000. It is my pleasure to announce that your Board have decided to make available to our shareholders the right to subscribe at par for 2,147,865 Free State Saaiplaas shares in the ratio of three such shares for every ten shares held in your Company. Circulars giving full details of the offer will be posted to shareholders in a few days' time.

Although the accounts which are now being submitted reveal a profit of over £480,000, this profit was derived from the disposal of certain investments in order to augment our cash resources. This enabled us to continue the policy of developing new mining areas as well as to provide additional working capital for mining companies in which we are interested. In view of these facts, which are in accordance with the Board's policy as mentioned to shareholders at the Annual Meeting held in June, 1953, no dividend was declared in respect of the year under review.

TAXATION

In terms of the Income Tax Act 1955, which was promulgated last Friday, your Company will now be called upon to pay approximately £40,000 in Undistributed Profits Tax on the profits earned during the twelve months ended December 31, 1954. Unsuccessful representations were made to the authorities to exempt mining exploratory companies such as yours from the incidence of the new tax, or, if that could not be done, to give your Company until December 31, 1955, in which to consider the implications of the tax in so far as the year under review is concerned. As the development of new mining areas cannot result in anything but gain to the country's economic position, it is to be hoped that by next year the Treasury officials may see their way clear to afford some form of relief to your Company.

With reference to the Agreement between Middle Wits and Geoffries covering the van den Heeversrust area, discussions between the Consulting Engineers of Anglovaal and General Mining on the possible establishment of a mine under the control of Anglovaal have now reached the stage where a specific recommendation can be made to the Boards of Geoffries and Middle Wits. It is the intention that, as soon as agreement has been reached in respect of the financial arrangements for the proposed lease company, an application for a mining lease will be made to the Mining Leases Board.

IMPORTANT DISCUSSIONS

Discussions are now taking place with the Anglo American Corporation and the Vaal Reefs Company on the formation of a mining company to take transfer of the mineral rights of a compact block of ground consisting of the eastern portion of the Klerksdorp Townlands, held by your Company, and portions of the farms Zandpan 43 and Palmietfontein 29 held by the Vaal Reefs Company. This new company would be administered and controlled by Anglovaal and your Company would have a substantial interest in the vendor and subscription rights after allowing for the approximate 30 per cent participation held by Strathmore Exploration Limited in the Klerksdorp Townlands. It is contemplated that the new mining company would in due course apply for a mining lease over an area of some 5,000 claims underlain by the Vaal Reef and adjoining the Stilfontein and Hartebeestfontein properties to the west and the Vaal Reefs and Western Reefs properties to the north.

In reply to a shareholder who criticised the Company's policy of not having paid a dividend the Chairman stated that the policy of the Board was the same as it had been when this question was raised in 1953. That policy was to further the development of new mines, retain substantial shareholdings therein and where possible offer subscription rights in such new mines to shareholders.

The motion for the adoption of the Report and Accounts was seconded by Mr C. F. Todd and carried unanimously.

BRITISH BORNEO TIMBER

The annual general meeting of The British Borneo Timber Company, Limited, will be held on July 28th in London.

The following is an extract from the circulated address of the chairman, Mr H. W. Horner:

The re-organisation, which the company had to face at the termination in 1952 of the former concession, has been so far encouraging in that for the year 1954 the log production has increased by almost 25 per cent. This increase was obtained in spite of repeated hindrances to extraction by breakdowns of the mechanical logging equipment. The use of heavy mechanical equipment for jungle logging operations is new to Borneo, where the climate and the nature of the terrain impose severe strains on such machinery.

Log sales for 1954 remained at about the same level, both as regards quantity and price, as for the previous year; the cost of production per cubic foot was reduced by about 6 per cent. The greater part of the increased log production was converted into sawn at the sawmills.

As to the future outlook, our Agents in Borneo expect good progress on the production side in the second half of this year, but much will depend upon the efficient maintenance of the tractors for which we are promised improved service from the suppliers' local agents.

After crediting the sum estimated at £271,500 due from the Government under their guarantee of profits, the accounts show a profit for the year of £137,538 before charging taxation. The Board have transferred £30,000 to General Reserve. They recommend a dividend of 8 per cent, which, after deducting tax, will absorb £13,800, and leave £52,069 to be carried forward.

THE ZAMBESIA EXPLORING COMPANY

CHAIRMAN'S REVIEW

The Annual General Meeting of The Zambesia Exploring Company, Limited, was held on July 5th, at The Chartered Insurance Institute, E.C.2. Captain, the Right Honourable, Charles Waterhouse, PC, MC, DL, MP (Chairman) presided.

The Chairman's Review, circulated with the Report and Accounts, stated that the profit before taxation for the 15 months ended March 31, 1955, was £195,444 for the parent Company and £112,827 for its wholly-owned subsidiary, The Zambesia Investment Company, Limited, making a total of £308,271 After providing for current taxation, allowing for adjustment of taxation of previous years, and bringing into account the balance brought forward from 1952, a balance of £152,612 remained available for appropriation in the Parent Company. Two interim dividends of 4 per cent less tax had been paid, and provision made for a final dividend of 14 per cent, less tax, making a total of 22 per cent for the period, equivalent to 17.6 per cent for twelve months. The profit of the subsidiary Company after taxation which amounted to £59,207, had not been distributed but had been added to the balance carried forward, which had been increased thereby to £162,782. The total reserves of the parent and subsidiary companies taken together had increased from £526,843 to £557,661.

£43,266 of the unissued share capital has been offered to stockholders at par in the proportion of one new share for every complete £20 of Ordinary Stock held at May 6, 1955.

The Report was adopted.

CIE GÉNÉRALE DE TÉLÉGRAPHIE SANS FIL

(Paris)

TURNOVER FURTHER INCREASED

LEADING POSITION MAINTAINED

The annual general meeting of the Compagnie Générale de *Télégraphie Sans* Fil was held on June 11th in Paris, Monsieur Robert Tabouis presiding.

The following is a summary of the report presented by the Board:

Turnover in 1953 showed a further increase, and returns from participations were on the whole satisfactory. The leading position held by the Company within the international electronic industry was emphasised, and it was stated that new development orders were being undertaken at the request of important foreign firms.

FULL ORDER BOOK

With regard to results for the current year, the order book ensured complete utilisation of plant capacity as well as full employment of the labour force, even beyond the end of the year. Production during the first four months rose by approximately 10 per cent compared with the corresponding period in 1953.

PROFITS AND DIVIDEND

Gross trading profits rose from Frs. 675,742,058 to Frs. 922,095,959. Including income from securities and miscellaneous receipts, the total profit amounted to Frs. 1,005,947,418. The net profit shown in the profit and loss account amounted to Frs. 337,739,538, after deduction of general expenses and financial charges, and allowing for an appropriation of Frs. 299,488,692 for amortisation and other provisions, as well as for extraordinary expenditure totalling Frs 32,647,000. This figure compared with Frs. 290,332,259 for the year 1952.

A dividend of Frs. 471,029 gross (Frs. 400 net), was recommended, payable as from July 5th.

The report and the resolutions proposed by the Board were adopted.

GREEN, HEARN & COMPANY, LIMITED

(Manufacturers of "Lyndale" Coats and Suits)

STEADY PROGRESS

The seventeenth annual general meeting of Green, Hearn & Company, Limited was held on July 1st in London, Mr Isadore Green presiding.

The following is an extract from the circulated statement of Mr Michael Marks, Joint Managing Director: The results for the past year show that the steady progress of former years has been maintained.

Trading inclined to revert to what might *properly* be called normal competitive conditions. Your Company has no fear of healthy competition; the "LYNDALE" reputation itself is sufficient to keep the demand for our products well in the minds of our customers, whose continued support we do our utmost to merit.

Our Consolidated Net Profit on Trading for the year rose by some £5,600 to £140,784. Taxation charges required some £2,700 less than last year, so that our Net Profit available for appropriation rose by just on £7,000 to the figure of £53,207.

Your Directors confidently recommend a Final Dividend of 20 per cent (actual), less Income Tax, as before, which would leave £25,677 to be carried forward to augment the total of unappropriated profits to date the sum of £100,628.

Your Directors propose that a scrip issue of 200,000 fully-paid 2s. Ordinary Shares be made in the proportion of one such new share for six existing shares to all Ordinary Shareholders registered in the Company's books at the close of business on July 1, 1955.

It is also proposed that our Authorised Nominal Capital be forthwith increased by £100,000, as to 1 million Ordinary Shares of 2s. each.

The report was adopted and the Board's capitalisation, scrip issue and increase of capital proposals were approved. Mr Harry Marks was elected an additional Director.

BANQUE DE PARIS ET DES PAYS-BAS

(Paris)

The annual general meeting of the Banque de Paris et des Pays-Bas was held in Paris on May 12th, with Monsieur Emmanuel Monick in the Chair. The following is a summary of the report presented by the Board of Directors:

FURTHER PROGRESS

The world economy in 1954 was marked by the contrast between a slight decline in the United States and vigorous expansion in Europe. In the last few months of the year, however, a definite recovery took place in the United States. Belgium, the Netherlands and Switzerland shared in the advance of the European economy. In France, too, the situation improved, although the economy of the country had not yet entirely regained its balance.

In its second part, the report goes on to analyse the Bank's activities during the last financial year. It lists the large number of capital increases and loans issues which the Bank had arranged or supported; it underlines the development of the Bank's work in the fields of both banking itself and of business; it summarises the progress made by its main subsidiaries and indicates the Bank's new investments both in France and the French Union, including Société Technicolor, Société Centrale des Usines à Papier et Papeteries J. B. Weibel (*Cenpa*), and Compagnie Française d'Epargne et de Crédit. It also mentions the support given by the Bank in the building of a steel works at Paz-del-Rio, Colombia.

THE ACCOUNTS

The balance sheet at December 31, 1954, totalled Frs. 118,250,751,973, as against Frs. 88,602,667,296 in the preceding year.

Net profits for the year amounted to Frs. 783,709,256 as against Frs. 582,747,003 for the previous year, with a balance of Frs. 663,125,222 available for distribution. The dividend proposed for the year was Frs. 530 net per share of Frs. 5,000 nominal.

The report and the proposals put forward by the Board were adopted.

THE ALEXANDRIA WATER COMPANY, LIMITED

R.C.A. 48

PAYMENT OF DIVIDEND

At the Annual General Meeting of the Company held on June 24, 1955, the dividend of Twelve Shillings and Three Pence per £5 share proposed by the Directors was duly declared in respect of the year ended December 31, 1954, but it was decided that Ten Shillings only of this amount should be paid as from July 5, 1955, leaving payment of the balance in suspense.

In accordance with this decision Notice is hereby given that a dividend of Ten Shillings per £5 share on Coupon No. 128, less Egyptian Government and Alexandria Municipal Taxes amounting to s. 1/10.44d., will be paid on and after July 5, 1955, at the National Bank of Egypt in Alexandria at Rue Toussoun, or in London at 6 King William Street, E.C.4.

By Order of the Board,
ALEX. L. BENACHI *Chairman and Adm. Délégué.*

Alexandria, June 24, 1955.

NEW ZEALAND MARKET

A well-established, keen and experienced importing firm with first-class trade credentials and offices in Auckland, Wellington and Christchurch desires to expand *its activities. We seek exclusive agencies from manufacturers. Can we discuss the* sale of your product in New Zealand? References Bank of New South Wales, London. Write direct to Mair and Co. (Importers), Ltd., P.O. Box 1477, Christ*church, N.Z.*

BEFORE YOU BUY those shares, see what the *Investors' Chronicle* has to say. It is the best-informed and widest-read financial weekly. Two issues free of charge from 40 Grocers' Hall Court, London, E.C.2.

ENTERPRISING AND QUALIFIED MEN required for responsible posts in Management. Show initiative by working now for a professional qualification, by means of a Pitman Home Study Course.—Write for details to 41 Pitman House, Godalming, Surrey.

THE CHARTERED INSTITUTE OF SECRETARIES.—Directors requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute, 14 New Bridge Street, E.C.4.

"HUMAN RELATIONS IN INDUSTRY." Residential Summer Course, Roffey Park Institute, Horsham, Sussex, five days beginning August 29, 1955. Inclusive charge 10 guineas. All single rooms, good food, beautiful surroundings. Early application to Education Officer.

THE Economists' Bookshop, 11-12 Clement's Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Services, you may wish to sell (*periodicals excluded*).

NEW ZEALAND wholesale distributing firm with warehouses Auckland and Christchurch handling principally textiles but wishing to diversify, seeks contacts or sole agencies from firms wishing to extend their activities to N.Z. Principal now in England has had extensive merchandising experience England, Australia, New Zealand. Well versed broader aspects finance and commerce. Any proposition considered. Apply Box 129.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited, Dept. 99, Lenham, Maidstone, Kent. Harrietsham 381.

STORAGE SPACE IN NORTH-WEST

350,000 SQ. FT. TO BE LET IN ONE LOT ALL ON GROUND FLOOR. Immediately adjacent to main road within reasonable distance of docks. All services available, including heating if required.—Box 106.

STERLING FIXED OR FLEXIBLE? Far-reaching decisions about the form that convertibility should take have now been made in government and inter-governmental circles. They are aired *for the first time in public in a major article in the* JULY issue of THE BANKER. This carefully weighs the arguments for a fixed or flexible exchange rate from the standpoint of the implications for both the international and for the domestic economy. *An article not to be missed.*

REFORMING THE TAX SYSTEM: another important article in the JULY issue of THE BANKER presents a detailed outline and careful assessment of the major proposals of the Tax Commission. Other articles include What Challenge from Germany? Norway's New Economic Policy, Lombard Street Takes the Strain, and India's New State Bank. Also the usual editorial coverage of the highlights of the month's economic and financial news. *Price 2s. 6d. or 30s. a year post free. Obtain*able from bookstalls or 72 Coleman St., E.C.2.

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The appointment will be mainly concerned with the development of The Institution and will include Education, Training, Membership, Research, Library and Technical Information, and matters concerned with public relations. Applicants must be Corporate Members of the Institution, personable, and have administrative ability, initiative, and energy.

Applications will be treated in the strictest confidence and should be in the hands of the Secretary by September 15th, marked "Personal—Asst. Secretary appointment."

CLERK OF THE LONDON COUNTY COUNCIL

Applications are invited for appointment from January, 1956, as CLERK OF THE LONDON COUNTY COUNCIL at a salary of £5,000 a year. The Clerk of the Council is the chief administrative official of the Council; and candidates should have had wide administrative experience in positions of responsibility. Application forms, giving full particulars, are obtainable from the Clerk of the Council (CL/G), County Hall, Westminster Bridge, S.E.1, and must be *returned* by *Saturday*, August 20, 1955. Canvassing disqualifies. (1009).

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Letters of application, giving full details of age, experience and education should be addressed to the Employment Officer.

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QUALIFIED ACCOUNTANT required by British Group with world-wide interests. Must be at present single, mobile and with aptitude for foreign languages. Initial service would be at London Head Office, after which applicant should be available for tours of inspection or management positions in overseas subsidiaries. Applications will be treated strictly confidentially.—Box 124.

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THE Paris office of an international firm of accountants invites applications from newly qualified accountants and from accountants experienced in accounting and business machine installations. Interviews will be held in London.—Box 126.

STOCKBROKERS require an Investment Statistician to manage and develop their new Statistical Department. Please write, stating age, experience and salary required.—Box 121.

THE UNIVERSITY OF MANCHESTER

Applications are invited for posts as ASSISTANT AGRICULTURAL ECONOMIST *in the Department of Agricultural Economics. Candidates* should possess a degree in Economics or Agriculture with Economics. Appointment will be for one year in the first instance. Salary scales: Men £460 x £25—£560 x £30—£760 per annum; women: scale is under review. Initial salary according to qualifications and experience. Applications should be sent, not later than July 25, 1955, to the Registrar, the University, Manchester 13, from whom further particulars and *forms of application* may be obtained.

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Applications are invited for the post of ASSISTANT LECTURER IN ECONOMIC STATISTICS. *Salary scale £550—£650 per annum*, with membership of the FSSU and Children's Allowance Scheme. Applications should be sent not later than August 6, 1955, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN SOCIAL ANTHROPOLOGY. Salary on a scale £650 to £1,350 per annum with membership of FSSU and Children's Allowance Scheme. Initial salary according to qualifications and experience.—Applications should be sent, not later than July 30, 1955, to the Registrar, the *University, Manchester 13, from whom further particulars* and forms of application may be obtained.

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MARKETING RESEARCH. A well-known industrial Company invites applications to fill an appointment involving responsibility for that part of the marketing research, function concerned with consumer and retailer research. A good honours degree in Economics with statistics is an essential qualification. Candidates must *have extensive knowledge* and experience of the techniques of sampling and the organisation and control of consumer surveys. This is a senior post giving ample scope for experimentation in new methods and the imaginative development of existing techniques. An attractive starting salary will be paid and in certain circumstances housing assistance may be available.—Box 101.

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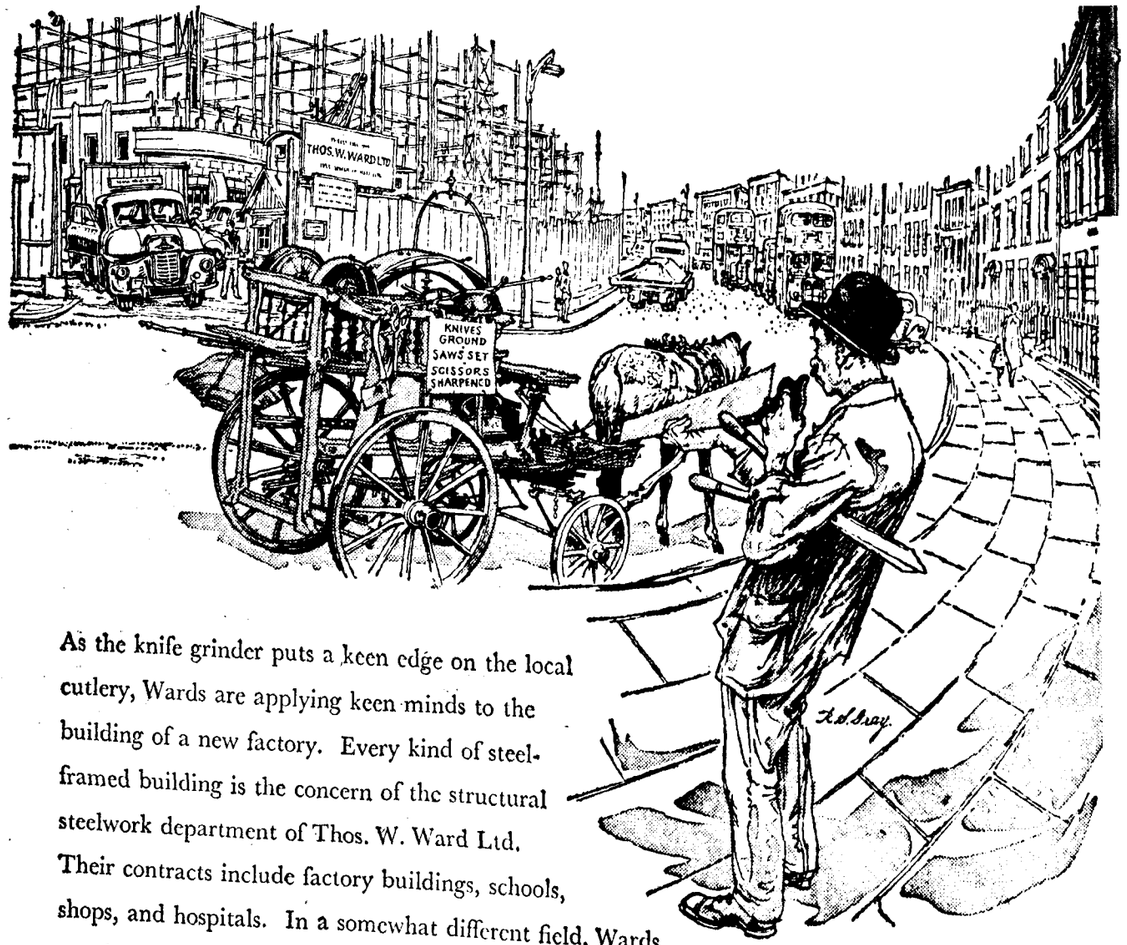

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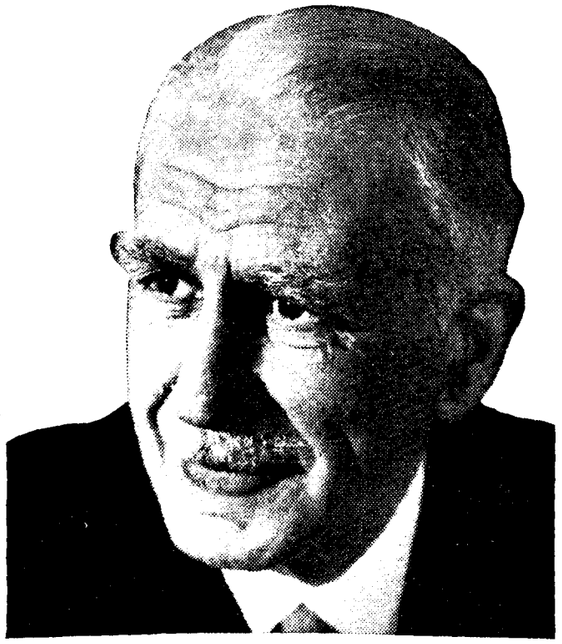
The nine lives of Major Guy Peverille-Peake



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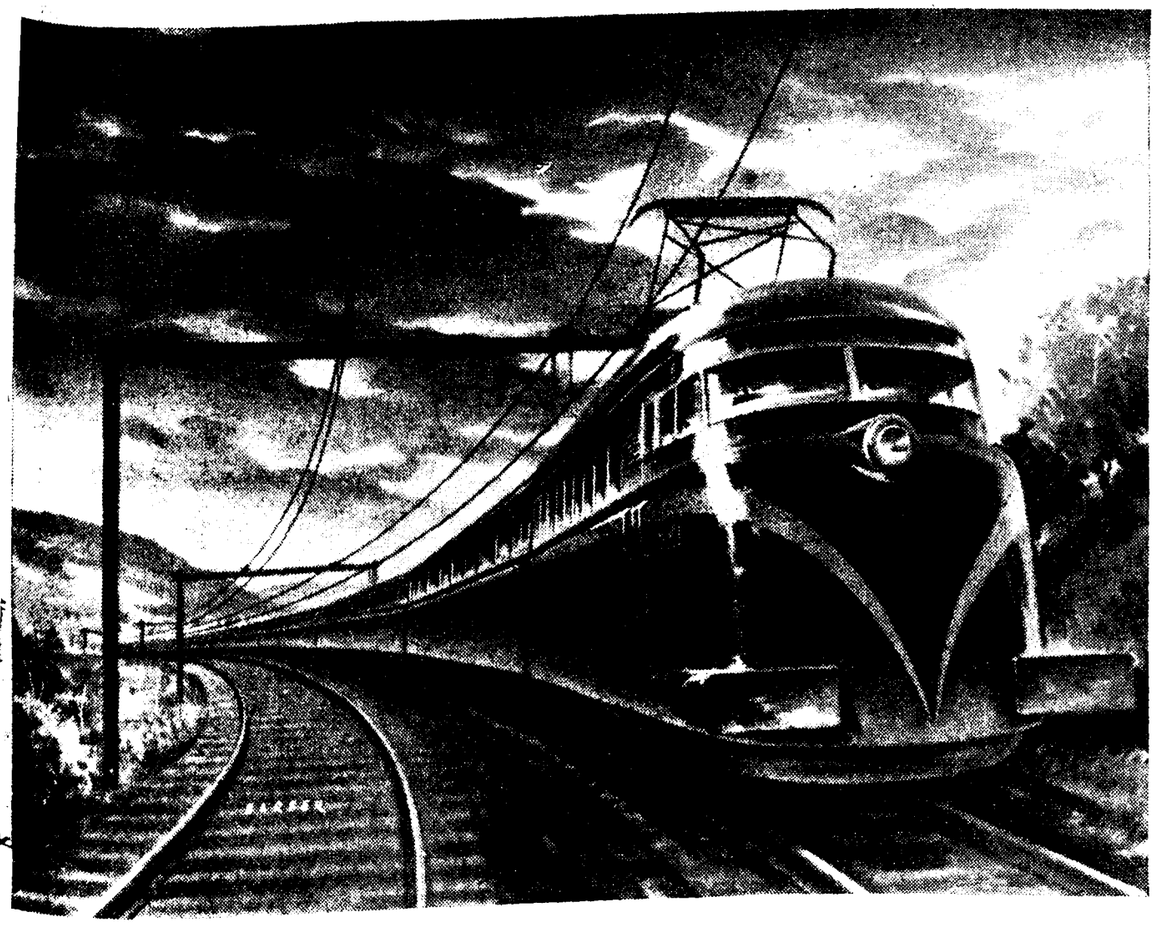

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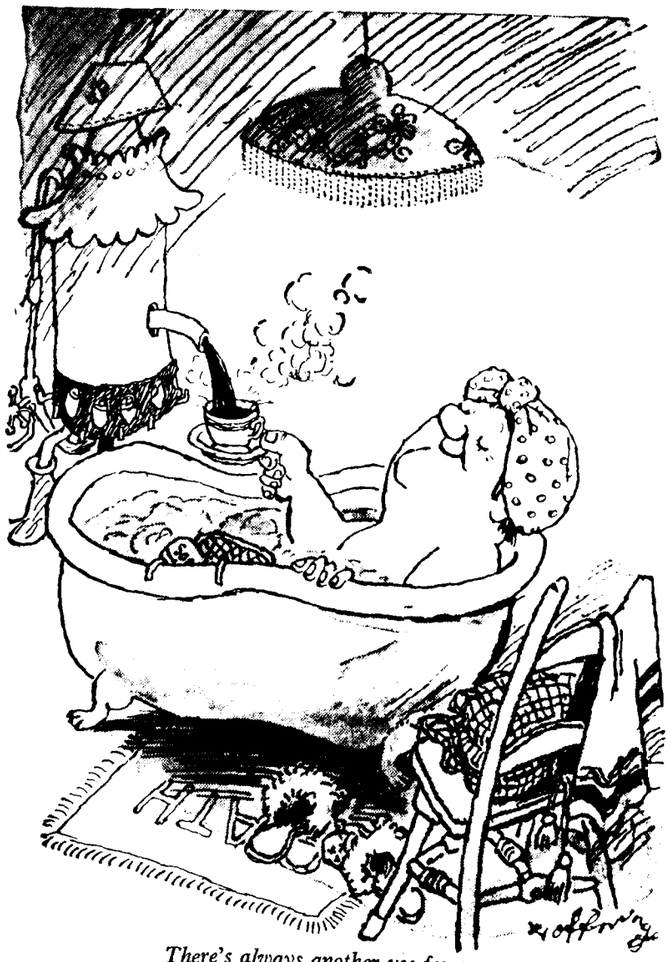

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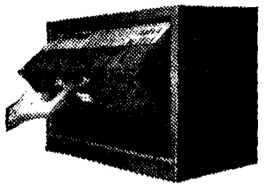

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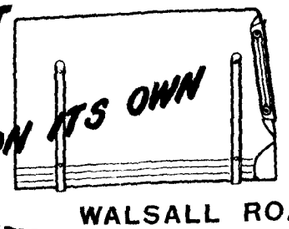

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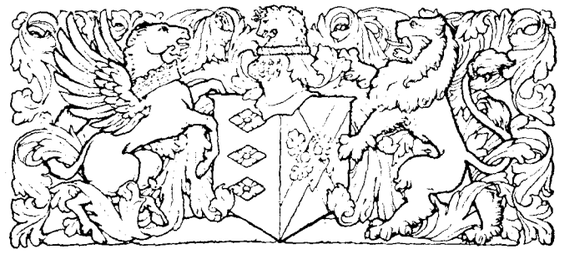

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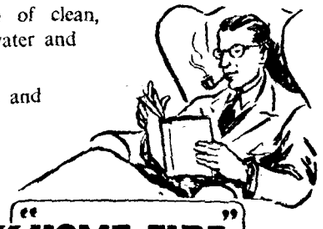

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The Economist

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JULY 16, 1955

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Table Mountain

THE cartoonists, who have been the happiest of men since the fresh image of the "summit" came to enliven their drawing boards, have conventionalised it as a spiky peak, with room only for one small table on top. This perhaps reflects the common tendency to look upon next week's Geneva meeting as a point from which the nations must either mount heavenwards on a happy-ever-after rainbow or descend into a new slough of despond. Those who remain sceptical about the rainbow's weight-carrying properties are accused, not only by *Pravda* and by neutrals wishful for peace, but also by co-optimists in the West, of seeking the failure of the conference. But these critics are barking up the wrong mountain. The "summit" is not that shape at all. The idea of a choice between stepping blithely into the blue and tumbling downhill is dangerously false. And to reveal the "summit" for what it is is a very different thing from dubbing it a disaster.

The fact that four heads of government and their foreign ministers are getting together round a table on Monday is less important than the circumstances in which they are meeting. There is real hope in those circumstances. The position of equality which the West so long sought as an essential basis for negotiation has been achieved in more than one respect. For the first time in a decade, western representatives can sit down without the nagging knowledge that time is wholly on the Soviet side. The ratification of the Paris agreements, under which Western Germany is to contribute to western defence, means that the Russians no longer have an overwhelming motive for stalling on terms that they know to be unacceptable. True, the Soviet and satellite armies, including the East German forces, still tilt the military scales in Europe, and the West German army is still a thing of the future, a thing which the Russians still hope to block. But even the bluff Mr Khrushchev cannot disguise the strain now imposed on the whole cumbrous Soviet system by the ever more costly burden of arms, by China's demands for aid and by the Russian people's own newly articulate desire for a less bleak life. The Russians' "tough" postwar policy, which forced the West to make painful choices between guns and butter five or six years ago, has rebounded on their own heads, presenting similar but more painful dilemmas.

Moscow is by no means in retreat. The Soviet rulers still hope to break up the free alliance that Stalin created, by judiciously blending friendly approaches to individual nations and general bonhomie with dark hints of alternative doom. But the very pace of their diplomatic activity reveals that they can no longer sit back impassively at the conference table and wait for concessions to emerge from western anxiety and public impatience. At last, it seems, they need a settlement at least as much as the West does. And therein lies a basis for fair negotiation.

In this new phase, much progress can indeed be made towards a true peace. But it will not be made unless there is a shedding of illusions about quick results at the "summit." In the months and years ahead

the essential western policy of patience, unity and vigilance may well yield results at increasing speed—but only on the condition that it is not abandoned. The danger is that the governments of the West may shy at shadows, altering course in the belief that public opinion is frantic for quick results. To do so might placate a few self-styled exponents of opinion, but it would betray the public at large, which has far more confidence in the western governments than in their critics.

Many conference tables lie ahead, many snags as yet hidden to the eye, and many moments of doubt. The real significance of the "summit" is that the slope is no longer against the free nations. As they reach this crest, they will see, if their eyes are clear, that they need not choose between clutching at rainbows and plunging again to the depths. Before them lies a level tableland. If they press on boldly across it, they will find the going easier than it was on the way up. But this comparative ease should not lull them into loitering purposelessly near the point they have now reached; for that is the only point where they risk slipping back down the slope.

By Hard Money Alone

MR BUTLER'S system of economic management is entering a period of trial. It is therefore important that Mr Butler himself should not enter a period of error. The nature of the trial can only be studied in a mass of figures, but its essence is fairly simple. In April of this year the Chancellor launched a bold economic experiment: he reduced taxation at a time of inflationary pressure, and decided to rely upon Bank rate as his sole weapon of control over internal spending. Everything that he wants to do—every step towards greater economic freedom at home and abroad—will depend upon this control being successful. It is far too early to say that it will not be successful; the most important phase of the policy—the phase in which it should start to cut back spending through the medium of a credit squeeze—is only just beginning. But, on the face of the figures, the burden that monetary policy will have to bear in the next few months looks both stern and daunting.

The difficulty does not lie on the side of supply, for production has been much less severely impeded by the recent bout of strikes than even the most optimistic forecasters had expected. In the first half of this year the increase in industrial production was of the same order as its increase in 1954, when more than £600 million was added to the real national income. Unfortunately, however, while production has kept up remarkably well, demand has kept up too; even if available supplies rise by a full £600 million this year, consumption and fixed investment look like rising sufficiently to absorb them. In the first quarter of this year, real consumption was running at an annual rate some £400 million higher than in the first quarter of 1954; the increase in fixed investment seems to have been even more startling, for orders for new machine tools and the area of new factories started in the early months of this year were both two-thirds higher than in the equivalent period of 1954. In the last few months the increase in interest rates and the controls on hire purchase may have done something to curb these demands; but the curb is unlikely to be very imposing so long as the stock exchange continues to boom and new industrial issues there look so enticing.

If demand is to be kept within the limits set by available supplies, therefore, there will almost certainly have to be a cut in one of the principal fields where a high Bank rate is supposed to operate: namely in purchases of imported materials for stock. Unfortunately, there are several reasons why it is going to be extraordinarily difficult to keep down the bill for imported materials this year. In the first place, imports in 1954 rose by only 2 per cent while industrial production rose by 6½ per cent, which suggests that some backlog of purchases has to be made good. Secondly, America has been recovering from its minor recession of 1954 and this should normally be expected to turn import prices and the terms of trade sharply against Britain. The terms of trade are now better than they were before Bank rate was raised in February (they are 2 per cent worse than the 1954 average, instead of 4 per cent worse); but the gap must be expected to widen if the recovery of American demand continues to gather pace. Finally, the recent dock and railway strikes may have an unfortunate effect upon British stock-holding habits. Some factories clearly had to run their stocks of raw materials down near to vanishing point during these strikes; and, with the possibility of a renewal of trouble at the docks later in the year, many industries are no doubt inclined to start scrambling for new supplies now.

All this adds up to a very heavy burden for monetary policy to bear. It is not necessarily an impossible burden. The threat of an autumn crisis, of the sort that was so drearily familiar between 1945 and 1951, is shadowy as yet—so shadowy that it is far too early to start pleading that the Government should do something new to exorcise it now. But it is not too early to be quite specific about the things that the Government should not do, even if the waters roughen. There is room for doubt about the trial; but for none about the errors.

There are three "remedies" that the Government should not adopt, however much the situation deteriorates. The first and principal mistake would be to try

to re-impose physical controls on imports of basic raw materials. It is usual to say that a refusal to re-impose general import controls should be a matter of principle, and it would certainly be hideously difficult in practice; but, after the country's experience during the dock and rail strikes, this should be a matter of hard economic sense as well. For the most heartening feature of the past few months is that the Chancellor's assumption of a 5 or 6 per cent increase in production in 1955 has so far been justified by events; and the Government must know that under a controlled economy a seven-week dock strike and a three-week railway strike would quite certainly have shot that assumption to ribbons.

This proved staying power of production in a free economy is so much the most important lesson of the last nine months that there need be no apology for constantly drawing attention to it. Under controls, the amount of raw materials and other resources that each factory was allowed to hold was the amount that some planner thought it could use—which meant in practice that each had a quota based on the amount that it had used before. The result was that industries that were increasing production most rapidly were always knocking against the limit of the resources allowed to them; and whenever there was a temporary hold-up of supplies—a lightning strike or a snap of cold weather—production in these industries immediately slowed down. The great and glad lesson of the dock and railway strikes of 1954 and 1955 is that a free economy can solve this problem. With stocks no higher in relation to total national output than they were in some of the earlier postwar years, the distribution of resources under the whip of monetary discipline has been efficient enough to allow production to go on increasing even while the docks and railways have been partially throttled. It should now be a principle of bi-partisan economics that Britain is too vulnerable ever to be able to afford to maintain a controlled system of basic imports and to have prosperity, too.

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The second thing that the Government must not do if monetary policy fails to keep the balance-of-payments in check is to try to "strengthen" orthodox monetary restraints by unorthodox ones. The arguments that have so far been put forward in favour of "direct controls" on bank advances—that is to say, for new Government orders or requests that banks should discriminate in lending to their customers—are thoroughly unrespectable. The original argument was that "direct controls" on advances might work more expeditiously and smoothly than Bank rate; as direct controls were tried in profusion up to and after 1951, without ever having any noticeably beneficial effect, this argument lacked any historical justification. Since the high Bank rate began to have its effect upon bank liquidity, however, the argument for direct controls has been stood on its muddled head. There are some among the bankers themselves who even now seem to hanker after direct controls, at least in the form of new "Chancellor's requests," because they would then be able to tell their customers that they were refusing to extend advances on grounds of public policy; they apparently believe that this would be better public relations than laying bare the real reason, which is that they cannot lend any more money because they have not got it. Mr Butler's diplomatic rebuttal of Labour MPs' pressure for a policy of this kind in the House this week was a welcome sign that he, at any rate, has learned some of the facts of economic life since his own action in the crisis of 1951.

The third trap that the Government will need to avoid during the next few months may seem to sit a little oddly beside the other two. Many of the people who are prophesying that monetary policy will not work are prophesying in the same breath that it will work too well; they are saying that business spending will be cut back so harshly by the credit squeeze that neither business men nor politicians will be able to tolerate it. The Government must have its answer ready to this complaint. The objective of policy now must be to cut back demand so far as, although not necessarily much further than, is needed to keep Britain's external payments in balance. Nobody knows at this juncture whether the cut-back will have to be painful; that will depend upon how feverish the economy is and not upon the nature of the cure that is attempted. But nothing would be sillier than to launch upon this bold experiment of trying to cure economic overstrain by monetary policy alone, and then to hold back because the overstrain proves to be very big and the cure to be very effective.

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If the economic conjuncture of Britain is viewed in this light, it is not really very alarming. The situation can be summed up in a single paragraph. Mr Butler is attempting to keep spending in check by monetary policy alone. He happens to have chosen a year when the test set to this policy will be particularly severe. If the test is successful, then Mr Butler should be able to continue in this Parliament the happy series of tax reductions that he was able to start in the last one; if the trial goes wrong, then the sentence that will have to be passed on the British economy is a sentence of bigger budget surpluses—which almost inevitably means of higher taxes—in years of boom. The sentence that should not be passed, whether matters go well or ill, is one of reversion to controls; for, if the last few months have shown anything at all, it is that controls could not make things better at once, and that they would certainly make things worse later on. Provided the Government remembers this, Britain should be able to face its anxious short-term problem with a fair degree of long-term confidence.

Glimpse of a French Commonwealth?

BY the thundering majority of 538 votes to 44, the French Assembly last week agreed to home rule for Tunisia. Lions and lambs, reds and blues, Communists and Gaullists incontinently jostled on their way into a single lobby—a sight the more astonishing because it is only five months since the same voters, by a majority of 319 votes to 273, threw out M. Mendès-France's government for pursuing the very policy that they now endorse. What has happened to change their view?

First, a change of helmsman. Tribute should never be denied to M. Mendès-France, for it was his imaginative gesture, made by flying to Tunis on the very morrow of defeat in Indo-China, that kept alive North African confidence in France's capacity to show more understanding than in Indo-China of the need for meeting the ambitions of the Asians and Africans it has educated. Unfortunately, this gift of his was more than offset by his seeming disdain for the drawbacks of making personal enemies; without M. Faure's smoother parliamentary technique, and without the anxiety of the right wing to keep him in power, there might have been no crowning of a policy that both men have long had in common.

But two other factors contributed to the landslide. One was the steady flow of bad news from Algeria, now borne home by a multi-party report, prepared by five deputies on behalf of the Ministry of National Defence, the gist of which is that rebellion there is too nation-wide and too deep-rooted in unsatisfied grievances to be curable merely by repression. The other was the shock administered to home opinion by the murder in Morocco, by Frenchmen, of a leading liberal advocate of change, M. Lemaigre Dubreuil, and the consequent proof beyond doubt that a minority of French diehards in Africa is capable of disgracing France's name for liberalism and for a capacity to move with the times.

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Tunisia is not a member of the French Union; though intended by Paris to be so, it never joined the club consisting of "France at home and overseas" that was evolved in 1946 and defined in the postwar French constitution. Together with Ho Chi Minh and the ex-Sultan of Morocco, it disliked from the outset the whole notion of a "*présence française*" dominating a string of poor relations, and so held aloof from the project. But though it remained outside the formal framework, it maintained a desire (far stronger than that of some of the people inside it) to preserve a utilitarian link with France. By African standards, Tunisia's present leaders are mature in outlook; they have seen the snags of the fragmentation that usually goes with immature nationalism. Perhaps the most immediately important aspect of the new relationship now being forged is that it preserves the Afro-European link outside the Union, and on a basis that may well be more durable, if less shapely, than one evolved solely by Frenchmen. It may be, therefore, that though the Tunisians never joined the club, they will turn out to be chief agents in getting its rules altered.

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For revision of those rules is in the air. Though so praiseworthy on paper, they have not worked well in practice; they have proved particularly meaningless in Indo-China. Their shortcomings have become so apparent that in May, the Assembly of the Union—that is, its Franco-Afro-Asian parliament—prescribed revision of the section of the French Constitution in which they are laid down. Simultaneously, a spreading volume of public discussion has laid bare their weaknesses. These, which were briefly outlined in *The Economist* of December 5, 1954, are analysed in considerable detail in a number of recent French periodicals.* No doubt these reflective publications also helped to influence the vote last week and to produce the parliamentary admission—implicit in it—that other patterns of association than that devised in 1946 are admissible and may even be desirable.

Naturally there are snags to altering any existing political pattern, and as soon as they arise, the conservative and the timorous advance them as proof that the wrong step was taken and that the *status quo ante* would have been less dangerous than any attempt at reform. Before casting his vote for change in Tunisia last week, more than one deputy audibly prepared for a future wringing of hands by mentioning that on no account could a move in the same direction be made in Algeria.

With some reason, all Frenchmen regard the very notion of change in Algeria as much more unthinkable than change elsewhere in Africa. For instance, extension of the new Tunisian pattern of home rule to Morocco, though difficult enough to bring about quickly on account of that territory's greater immaturity, does not strike French minds as impossible; for Morocco is, like Tunisia, a protectorate and it is reckoned "logical" to keep two protectorates in step, even if one behind the other. But in French eyes Algeria has always been "different" because it is "part of France." Hitherto, therefore, its Frenchness has been sacrosanct, and sanctified by the presence of nearly a million inhabitants of European birth. But today this outlook meets a cross

* *See La Nef: "Où Va l'Union Française? Du Colonialisme à l'Association,"* June 1955; and *Politique Etrangère; Numéro Spécial: "La République Française et les Problèmes d'Outre Mer."* October 1954.

current of conflicting opinion; more and more Algerian Moslems are beginning to sense their African-ness, and therefore to equate their plight and fortunes with those of their African neighbours. Algeria, then, may well be the touchstone of France's future relationship with Africa.

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Yet it is an awkward one, for it is the point of major clash between the two conflicting principles that the present French Union has tried and failed to reconcile—that is, between the target of total political assimilation with France, and the target of organising a high degree of local African autonomy. Seven years of effort to practise both these courses at once have led to results unforeseen at first, and awkward now. On the one hand, they have led Frenchmen to realise that if some eight million indigent Algerians (let alone all other indigent French Africans) are to be totally assimilated as Frenchmen, metropolitan France will first be ruined in the costly process of providing them with the welfare and other services it offers the home taxpayer, and later be swamped, even in decisions affecting the home country, by an electorate of non-European voters that is breeding far faster than are those of metropolitan France.

On the other hand, France's attempts to promote autonomy have caused much unfavourable comment in Moslem Algerian circles—comment which the rapidly rising volume of French education seems to increase rather than allay. The system which provides Algeria with its own elected assembly as well as with deputies to the French parliament also endows it with a system of first and second class voters. Why, the Moslems ask, should they wish to be French if most of them are rated only second class Frenchmen? Why should they lie down under electoral practices that weight the scales in favour of the French landlord class? Why should they be fobbed off with palliatives such as a reduction in the price of semolina, when their real need is for reforms—political as well as economic—that were promised them when they got their Statute in 1947 and that are attainable only if they can expect genuine changes such as land reform and an end to a stacked Assembly? The rebellion which a minute faction of them started in November, 1954, has proved impossible to quell, not because of rebel numbers, but because of the sympathy evinced for the rebel cause by whole sections of a population that has begun to despair.

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Temporarily, Tunisia is the only bright spot on the North African horizon. Admittedly its change of status has not altered the magnitude of its problems, but it has shifted them on to African shoulders, and so given the fillip to African spirits that is a major step towards evolving workable remedies. Can the same quickening of morale be attained next door, or must Algeria and Morocco slump beneath the weight of the old argument that "order must be restored" before anything can be done? Morocco has a new resident general, and has given him a welcome in the hope that he brings new proposals. The affairs of Algeria are due to be debated in the Assembly before the end of July. Either then or at some imminent date, proof of drastic intention to amend both its economic plight and its political status are required, for nothing else will rally its flagging enthusiasm for France. Perhaps some deputy or party is hatching a new and imaginative proposition for its future; if not, the only constructive plan for quickening its spirits is the notion of association through federation, which is now being freely discussed in Africa, though only timidly in France.

Borrowed Plumes

IT is a fair guess that three-quarters of the men who wore morning dress at Ascot this week were not wearing their own clothes. It would perhaps smack of republicanism to make any similar estimate about the guests at the Buckingham Palace garden party on Thursday; but at the Eton and Harrow match last week a high proportion—even, it must be said, of the old Etonians—will have packed their clothes up into a neat parcel for return to a West End hiring establishment on Monday morning. At even the most fashionable wedding one can never be sure—or rather, in the case of most of the younger men, such as the bridegroom, one can be practically certain. A gossip columnist recently wrote that the bridegroom wore his morning dress "as only a man who has not hired it can," and was almost sued by the owners of that elegant outfit. The bride, admittedly, is more likely to be wearing her own gown. But even she, from her headdress to her shoes, even her bridesmaids, her page and her mother, may all have been fitted out by the fashion-lending library.

The business of clothes hire, although not new, has expanded enormously since the war. The best known firm in the business started lending clothes to men some time at the end of the last century. Nearly all the prewar trade, however, was in morning dress. It is only since then that evening dress has come to play an equally important part. This is a very convenient development because the trade in evening dress now takes over just at the time of year when the peak season for functions that require morning dress—weddings, garden parties, Ascot, and so on—has come to an end. Women's dress hire, which has developed only since the war,

shows the same seasonal pattern—bridal gowns, especially for Easter, June and September weddings, and evening gowns during the winter.

It is easy to see why this business has flourished in recent years. The war did much to make it respectable. Until then a man who had hired his suit kept quiet about it. When clothes were rationed, he almost proclaimed it, lest he should be thought to have bought coupons in the black market. Now he does not much care whether people know or not. And, at the same time that it has become socially respectable to hire clothes, it has become economically necessary. There is no need to labour the plight of the old middle classes struggling to maintain their standards on reduced real incomes, or the prosperity that has brought many thousands into the class that likes to wear evening dress now and again. Indeed, if evening dress occasions were as frequent as they used to be—but not so frequent that every man would think it worth while to possess his own—the clothes-hire people would be deeper in the clover. They are among the foremost critics of the lax modern habit of not dressing for the theatre—though, happily, there is always Glyndebourne to set a good example on Victoria Station at four o'clock in the afternoon.

It is perhaps surprising that such a flourishing trade should be in the hands of so few firms. In London, there are only three or four widely known firms dealing in men's clothes, and for women there are only two or three. There is none of any size in the provinces, but the largest London firm, like its chief competitor, uses provincial tailors as agents, to measure and fit the customer. Size is obviously a great advantage in this trade, since the larger the stock of suits the better the client can be fitted, and this makes it difficult for newcomers to compete with the old-established firms.

Three firms do not make a price ring, but charges for men's clothes are fairly standard : usually two guineas for a morning suit, dinner jacket or tail suit, eight shillings or so for a top hat, and so on. For Ascot a man could clothe himself from topper to toe for £3 8s. At these rates a dozen loans would cover the cost of the suit to its owners, and most suits—at least in the average sizes—are hired out at least five times as often. There are risks, of course, of damage and loss. The customer has to leave a deposit, which is apt to be larger for evening than for morning dress, as the former is more likely to be thought worth keeping. The clothes hire people have their ways of checking the *bona fides* of people who do not strike them as honest, and only a few customers manage to get themselves new suits in this economical way. The hire firms have not been so successful in minimising their losses through damage ; while, in theory, the customer is responsible for any harm done, in practice it is worth while to keep his goodwill by not penalising him too readily. Evening dress is clearly exposed to greater hazards than the clothes worn at weddings and palace garden parties ; and one dress-hire tycoon would dearly like to meet the man who invented pancake make-up. Every garment is said to be cleaned and pressed, fumigated, according to one firm, and sprayed with disinfectant, according to another, before it is hired again. But dry cleaning is avoided whenever possible because it damages the fabric.

This damage to the fabric is one of the difficulties about dress hire for women. A bridal dress is worn for only a few hours, mainly in a cool and sober atmosphere, and may be returned spotless. But evening dresses for hire have to stand up to constant dry cleaning, and so are usually designed within the clothes-hire houses. Another difficulty about women's clothes is the fit. With a sufficient range of matching coats and trousers, the strangest male shape can be fairly adequately fitted. But some alteration is almost invariably necessary to make a ready-made dress fit a woman, and a staff of girls spend their time turning up hems and taking in waists. Hiring fees thus have to cover some heavy costs. In the ladies' department of the well-known brothers, an evening gown can be hired for between two and eight guineas, a bridal gown for between three and twelve guineas. The price varies, not only according to the model, but also with the number of times that it has been worn. At the house that specialises in women's clothes, to hire a new bridal gown with the usual accessories may cost as much as twenty guineas, a fee that must be as much as a third of what it would cost to buy. Three or four hundred brides a week are adorned by this firm, but success is not automatic. A competitor catering mainly for brides recently went out of business. Artificial jewellery can be hired, too, and so can furs. For ten guineas and £100 deposit a woman can spend one glorious evening in silver-blue mink. It is the modern version of the Cinderella story.

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The trade is still finding new fields in which to expand. Ski-ing clothes are a new line and a popular one. Not everyone wants to buy the expensive outfit for an odd winter sports holiday, and those who decide to make a practice of it thereafter can buy the clothes they have hired. But can the trade go on expanding ? Can it even retain the position it has won ? It is true that many more women may come to prefer a hired gown in which they can make a fresh impression to one they have worn at every dress occasion for the last five years. It is true that so long as women want to dress up for evening functions or white weddings their reluctant husbands or fiancés will hire the clothes necessary to accompany them. But the present period marks a transition from one kind of society to another. Making all allowances for British snobbery and latent love of pageantry, it is difficult to believe in the permanence of a social convention that requires people to wear clothes that hardly anyone nowadays even pretends to own. It looks as if the dress-hire trade had better make a lot of hay while the sun shines. It certainly seems to be doing so at the moment.

Deadline in Vietnam

ON the third day of their deliberations "at the summit," the thoughts of the four heads of government will tend to stray towards Indo-China. For not later than next Wednesday, July 20th, if the provisions of last year's Geneva agreement are observed, representatives of northern and southern Vietnam are due to meet, to discuss the formalities of the general elections which are supposed to take place throughout the country not later than July next year. The prominence of these matters at the present Geneva conference will be partly determined by the degree to which Marshal Bulganin desires to embarrass the western negotiators. But it will in any case be hard to avoid the subject of Indo-China if the representatives of north and south fail to meet at the appointed time ; and Mr Diem, the southern prime minister, seems likely to keep everyone guessing until the last moment.

Those who drew attention six months ago or more to the dilemma which is now immediate were criticised for airing issues best left to moulder in their pigeon holes. But the dangers of a situation are not lessened by refraining from discussing it in public. The Geneva agreement followed a catastrophic military defeat ; it was regarded by the Chinese and Vietnamese Communists as an unavoidable device to save French face, and they took it for granted that it merely entailed a delay of two years before the Viet Minh would take over the other half of the country, thus gathering the full harvest of their military victory. There were, however, and still are, two foreign bodies in this Communist ointment: the Diem government, which not only did not sign the Geneva agreement but has consistently denounced it ; and the American government, which also did not sign the agreement, but merely undertook not to use "force or the threat of force" to prevent its implementation. The position of the two principal western signatories, Britain and France, on the other hand, was — and still is — that the provisions of the Geneva agreement must be strictly observed by both sides. The inconsistencies on the western side are heightened by the fact that the French have shouldered the responsibility of seeing that the Geneva agreement is observed by southern Vietnam, although they concede the independence of Vietnam and are one of the thirty-nine states that recognise the Diem administration as its legitimate government.

But it is at least broadly agreed on the western side that it would be undesirable for southern Vietnam to fall into Communist hands (although the French, disillusioned by Mr Diem's hostility and still hoping to do business with Ho Chi Minh through the Sainteny mission, evidently have reservations on this point, unless an alternative to Mr Diem can be found). However, there is also complete unanimity on the view that force will not be used to prevent the Viet Minh from taking the south, even by military means, if they are provoked into action because the south infringes a major provision of the Geneva agreement (although an unprovoked aggression would clearly be a different matter). Neither Communist propaganda nor the activities of individual Americans should mislead anyone into believing that the United States is prepared to intervene militarily on Mr Diem's behalf. Any thought of building up the nationalist army to a size that would make defence against full-scale Viet Minh aggression feasible was abandoned last February ; and the Americans, who did not intervene at the time of Dien Bien Phu, are much less likely to risk another Korea in the foreseeable future and in circumstances that would profoundly divide western public opinion.

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Another factor, perhaps the most vital of all, is the French expeditionary corps in Indo-China. Apart from the Vietnamese national army, whose morale, loyalty and efficiency have admittedly emerged enhanced from the recent civil disturbances in the south, the expeditionary corps, now reduced to some eighty thousand men, is the only force standing between the Viet Minh army and the domination of all Vietnam. And even the expeditionary corps and the national army combined are no match for the formidable Viet Minh army, by far the strongest military force in South-East Asia. Yet the continued presence of the expeditionary corps is far from assured. Mr Diem's emissary to Paris and London, Mr Chau, has just returned to Saigon, having failed, as might have been expected, to get the French to agree to place the corps under the orders of the Vietnamese command ; the French merely repeated the offer made under the Mendès-France government to withdraw the corps if requested by the Vietnamese government. It is possible that Mr Diem, faced with the suicidal consequences of his policies, may refrain from requesting a complete French withdrawal, but it is now by no means certain that the French will not withdraw of their own accord and sooner than might be desirable in the wider interests of the southern régime. Certainly they have compelling reasons for so doing, connected not only with the disorders in North Africa but also with the desire to gain more flexibility of policy in Europe.

Until recently, not all French political groups favoured the withdrawal of the expeditionary corps ; but now that General de Gaulle has withdrawn his previous opposition, unanimity can be said to be virtually complete. It is quite possible that the French will indeed withdraw, saying in effect to the Americans "The baby is yours" ; and the Americans, while ready to contest French paternity, are not themselves prepared to receive the affiliation order. It is an ironic commentary on western disunity that the Viet Minh should now be appealing to the French to leave their

expeditionary corps in Vietnam, to ensure observance of the Geneva agreement.

In the circumstances, no western representative can possibly advise Mr Diem to refuse to confer with the Viet Minh. To do so would be to invite either Communist-inspired civil disturbances in the South, or, eventually, a military attack which the nationalists would face without allies in the field. Yet to say this is not to deny the validity of some of the arguments against country-wide elections put forward by south Vietnam spokesmen and newspapers. The Viet Minh have indeed, as the nationalists allege, violated several provisions of the Geneva agreement. It is highly improbable that the elections would be genuinely free in the north; and any non-Communist must feel misgivings at the prospect of handing over the weak and divided south to the mercies of the totalitarian north, and particularly of abandoning the 800,000 refugees from Tongking to the reprisals of the Viet Minh. British, French and Americans alike share a measure of responsibility for the future of these unfortunates.

This does not mean that the north-south consultations should not take place but rather that the southern delegates should refuse anything less than complete electoral freedom in the north, including stringent guarantees of security not only for the candidates themselves, but also for their families. The danger that the Viet Minh may offer spurious guarantees must be faced; but the western nations should, conversely, be prepared to back Mr Diem's delegates if they are not satisfied with the conditions offered.

If, on the other hand, the Diem government still refuses even to send representatives to meet the Viet Minh, then the western heads of government can very fairly point out that this southern "violation" of the Geneva agreement has been more than matched on the Viet Minh side. The third interim report of the three-nation supervisory commission made it clear that the Communists had violated the agreement's provisions for free movement of populations between the two zones. There is also evidence that the Viet Minh have greatly increased the strength of their army, both in numbers and in material; while Viet Minh support of the latest Communist attacks in Sam Neua, one of the two contested provinces of Laos, constitutes a further clear infringement.

In view of these infringements, and if the international supervisory commission in Vietnam decides next year that conditions for free elections do not exist in the north (or for that matter in the south) the western nations may be justified in proposing an indefinite postponement of the elections. It seems, in any case, highly improbable that free and fair elections ever will take place; and it is better that this improbability be recognised on both sides than that the situation should be allowed to drift into another war.

Notes of the Week

Bolder Than They Think

THE Monopolies Bill that the Government intends to introduce in the autumn looks like being a much bolder measure than most MPs—and most of the press—realised after Mr Thorneycroft's statement on Wednesday. The essence of the scheme is that an independent tribunal will be empowered to "call up" restrictive practices, one by one, for what is to be called registration but will in fact be a system of banning subject to appeal; the onus of proving that any particular industry should be allowed to continue to operate a practice on the "registered list" will be placed fairly and squarely on the shoulders of each trade association concerned. It is quite wrong to call this a compromise scheme. If it is really pushed through, it will carry the struggle against monopolies slightly further and faster than outright adoption of the majority report could have done.

It will carry the struggle further because the list of practices that the tribunal will be able to call up will be larger than the list that the Monopolies Commission recently had under review; it is already known that the practice of "level tendering" will be included for call-up among or immediately after the practices mentioned in the commission's report, and apparently the Board of Trade will have the power to add to the list by Ministerial order. (This last point raises a dilemma of democratic politics that will merit some debate.) The advance should be carried on faster than the Monopolies Commission envisaged because under the system proposed in the commission's majority report no general prohibition could have come into effect until all appeals had been heard; under this system each trade association will have to drop any condemned practice immediately its own case has been heard and rejected. This time advantage—between an individual ban immediately after an unsuccessful appeal is heard, and a general ban that would operate only after all appeals had been heard—could be important, because the tribunal will presumably call up what look like the worst cases first.

There are two possible drawbacks to the main scheme.

One is the possibility that it may take longer to hear each trade association's case than it would have done to hear each appeal under the system that the majority report recommended. There is no reason, however, why this should happen, and certainly the Government should be quite ruthless about the time element; its aim should be to raise the standards of expedition of the tribunal to the standards that courts of inquiry into wage disputes usually achieve now. The other possible drawback, paradoxically, arises from what many people will consider to be one of the scheme's most desirable features: namely, Mr Thorneycroft's evident desire to make the whole scheme as judicial as possible and to establish a body of case law to guide the tribunal. The trouble about case law is that it lasts for such a long time. In the early stages of this experiment, because public opinion is so unprepared, there will probably be more exemptions than there should be in a healthy and changing economy; the Government therefore agrees that all exemptions should be reviewed after a time. But the idea that a decision should change if the climate of opinion changes, even though other things remain the same, is not an idea that will be easily digestible by trained legal minds. It will not be wise to allow this experiment to come too closely under the control of the lawyers.

The Political Pitfalls

HOW has Mr Thorneycroft managed to get this excellent scheme—or perhaps it should still be called excellent embryo scheme—this far through the Conservative Party? Part of the explanation is that some Conservatives, some business men and perhaps even some commissioners had regarded the commission's majority proposals as more extreme and expeditious than they were; Mr Thorneycroft has therefore been able to win plaudits from the right, and incur odium from the left, for a compromise that he has not in fact effected. Another part of the explanation lies in two concessions he has made. One of these is harmless, and even useful. Enforcement of his system will rely on civil processes and not on the creation of new criminal offences; the monopolists are told that they may be parasites but are not quite Crippens.

The other—and regrettable—concession is that the law is apparently to be changed to allow individual resale price maintenance to be enforced through the law of contract. This is due to the Government's belief that the public still wants individual resale price maintenance (a belief which is right but regrettable), and to its fear that the practice could no longer be enforced if the weapons which enforce collective price maintenance are banned (a fear which is probably exaggerated). Individual resale price maintenance will probably have to be tolerated for some time yet, but this change in the law will make it look more respectable than it is.

The other reason why the Tory back benches kept so quiet during this week's debate is that the principal enemies of reform have never worried about the debate. Their eyes are fixed on the Bill, and when that gets into committee they may launch a counter-attack with crippling amendments. It is probably true that Mr Thorneycroft's scheme could be more easily and subtly crippled by innocent-looking amendments than could the commission's scheme, which could only have been crippled by a sledge hammer. The committee stage will therefore be Mr Thorneycroft's testing time. But it will also be the testing time for the Opposition. The Opposition's best tactic this week would have been to concentrate its fire upon the proposals for abetting individual resale price maintenance, and to leave the rest of Mr Thorneycroft's proposals for maturer consideration. Instead, Mr Wilson has pinned his flag to the argument that the Government has decisively rejected the majority report of the commission. This, presumably, sets the stage for the sham party battle ahead. Under no system, and certainly not under that envisaged by the majority report, could the whole network of restrictive practices be swiftly swept away. But under Mr Thorneycroft's scheme—possibly more than under any other—there is a chance that a visible advance against the worst practices will be made between about 1957 and the end of this Parliament. It is now up to the Tory Party to decide, by amendments and pressure behind the scenes, whether to make Mr Thorneycroft or Mr Wilson look silly.

Lord Russell's H-Line

"WE cannot be intimidated by fables that in the event of a new world war civilisation will perish." This blunt rejection in advance of the warning issued last week by Lord (Bertrand) Russell and eight other scientists was uttered by Marshal Voroshilov, the president of the Soviet Union, on March 26th, and drew prolonged applause from all members of the supreme soviet of the Russian republic. The marshal was not, however, saying anything new. Apart from a momentary deviation by Mr Malenkov during his premiership, it has been consistently maintained by the Soviet leaders that a world war fought with nuclear weapons would destroy only "capitalism," leaving Communist civilisation battered but in being. The possibility, elaborated by Lord Russell, that a hydrogen-bomb war might extinguish the human race itself, does not exist in Moscow.

Lord Russell himself is evidently and fully aware of this, perhaps the most dangerous dogma Marx-Leninism has ever spawned. He revealed last week that one aspect of his appeal to fellow scientists for joint sponsorship of his warning was an attempt to bridge the gulf between the Communist and the free world. It was a praiseworthy attempt, which deserved a better reception than it got on the Communist side; neither the Russian nor the Chinese scientist whom he approached joined his small band, although one bold Pole was ready to state his conviction. But the desire to bridge the gulf seems to have inhibited Lord Russell to an unusual degree. The statement does not do justice to the incisive and often brilliantly original thought for which he is known. The warning that war may destroy mankind if mankind does not first destroy war is already almost a banality in the free world; and the scientists' statement peters out in the familiar and feeble anti-climax of yet another appeal to political leaders to find peaceful means of settling their differences. Perhaps the aptest commentary on its deficiency in this respect was the prompt endorsement it received from an Egyptian government which had just earned notoriety through the reckless shelling of a British ship on innocent passage.

Curious Peacemongers

THE oddest feature of the scientists' warning against war was the position adopted by Professor Joliot-Curie. He signed the statement, but insisted on a reservation: where the other scientists flatly condemned all war, the professor, who has lately been re-elected as chairman of the World Peace Council, held back on this specific point. The episode sheds an uncomfortably bright light on the true aims of the Communist-sponsored peace movement, and it is bad luck for the professor that it should follow so closely on the Helsinki peace congress, at which the Communists made unusual efforts to convince true pacifists that they had all essential matters in common.

It is, however, perfectly logical. Professor Joliot-Curie is a partisan of peace only in the Leninist sense, which is a highly specialised one, as the Russian public was reminded in a recent authorised lecture broadcast from Moscow. The lecturer, whose theme was "Just and Unjust Wars," cited Lenin for the doctrine that "war is the continuation of class policy by different means"—with no apology to Clausewitz. There were, he continued, three types of just war: resistance to invasion or subjugation; civil wars intended to destroy capitalism; and liberating wars in colonies. The Korean war fell into his third category, and the Finnish war of 1939 was conspicuously absent from his first. Understanding of these matters, the lecturer concluded, would "arm the Soviet warriors with a consciousness of their great liberation mission."

Strasbourg Ajar

THE Council of Europe has referred Mr Macmillan's proposals for extending its membership to a committee for study, and will probably debate them again in the autumn. But the issues raised will not remain quiescent as long as that. *Borba*, the official Jugoslav organ, has weighed in this week with a long argument to the effect that the Council must abandon "insistence on ideological exclusiveness," which today is "more harmful than ever," and concentrate on "the linking up of all European countries." The Jugoslavs say that to hold to any one conception of democracy is itself undemocratic—a truly ingenious way of circumventing the Council's constitutional requirement that only democratic states can become members. But at Strasbourg last week lively doubts were expressed, not least by such unimpeachably democratic and pacific members as the Danes, about any adulteration of the Council's principles, which at present are applied firmly enough to exclude Portugal. And, although it seems that Jugoslavia may send observers, it is hard to imagine any country being long content with such secondary status at Strasbourg, for this would connote inferiority in a way that similar relationships with, say, OEEC or the Coal-Steel Community do not.

The Russians want to see more neutrals join the Council, which might thus develop towards a political counterpart of Mr Molotov's "European security system." At present, Sweden and Ireland are the only neutrals at Strasbourg. If Austria and Jugoslavia join, the number of member countries not attached to the western alliance would be large enough to carry weight, and the stage might be set for the satellite states and even the Soviet Union itself, which is now insistent that it is a European power, to demand membership. The Council could eventually become an ideal mouthpiece for the European "third force," separated from the United States, which the Russians seek to create; and in this respect they have considerable support in Western Germany and France as well as in Jugoslavia. Moreover, if Strasbourg flung its doors wide open it would conform to the Communist theory that groupings which are open to all, like the Warsaw alliance, are peaceful, while those, like Nato, a candidate for which can be blackballed, are aggressive.

It is presumably not the British intention that the Strasbourg Assembly should lose its essential character of a gathering of genuine parliamentarians; Mr Macmillan may have in mind only that when countries show that they are really struggling towards democracy, something should be done to encourage them. If, however, it is now to be proposed that unrepentantly authoritarian regimes, whether in Poland or in Spain, should be invited to Strasbourg in the hope that they will there learn better, that case should be argued on its own merits, with full regard to the risks involved, and with a frank admission that it means the end of the Council of Europe as originally conceived. To smuggle new members into Strasbourg in the guise of honest parliamentarians when they are nothing of the sort would be fatal to either purpose.

Through the Looking Glass

THE overdue increase in the price of coal was bound t arouse a political storm, but Labour came out of it surprisingly well. During Monday's *fracas* in the House it was Labour MPs who argued what should have been the Tory case—that coal, far from being too dear, is still too cheap. The most unexpected people appeared in the role of champions of the price system. Admittedly, it was to be a price system modified in favour of old age pensioners and other vocal sections of the electorate; admittedly, Labour's special pleading was largely due to an instinct, whenever a nationalised industry is attacked, to adopt the opposite posture to Tory backbenchers. But the Tory backbenchers, some of whom have become frankly cranky on the subject of the Coal Board and of their own Minister, invited this reaction. Their loudest spokesman, Mr Nabarro, has now resigned from a secretaryship of the Conservative Party Fuel and Power Committee, in order to advertise his dislike of Mr Lloyd and his advocacy of a "national fuel policy" which would apparently relate a marginal cost pricing system to marginal supplies of coal only; this would certainly be a distinctive contribution to economic science. The chief importance of Mr Nabarro's resignation is that it will probably save Mr Lloyd from losing his job in the coming Government reshuffle. Next week's debate on coal will be a critical one for the Minister, but few people want to axe him now that Mr Nabarro might claim that he was the executioner.

Last Monday's reversal of economic roles did not last long. Within a few hours of championing the price mechanism when applied to coal, Labour was just as vehemently opposing it when applied to road haulage. The difference between the two cases was simply that the Tories were now accepting the logic of their own principles. Their avowed objects in denationalising road haulage had been to restore competition and to bring back the small private haulier. Mr Boyd-Carpenter was able to claim that these aims had been achieved; and the operation was not made any the less valuable by the fact that he then had to make it clear that the Government is not going to be able to sell off the trunk services in one piece and therefore will not choose recklessly to unscramble them. This will cause some Tories momentary chagrin, but in the long run it will do them no harm to have acted reasonably. Their undogmatic approach—assuming there is no silly face-saving—will show up all the better if Labour continues, as on Monday, to base its policy on the 1947 Act—and in the sacred name of integration insist that the country should have its transport pattern dictated not by the demands of transport users but by the administrative decisions of a state monopoly.

Mopping-up Mau Mau

THE expiry of the time-limit for the surrender of Mau Mau terrorists is a grim and saddening event. While the amnesty offer was in force it brought the submission of nearly 1,000 savages; it seems unlikely that yet another comparable offer could be made, for it would be open to the chief conspirators to hold their followers with the argument "Hang on and kill some more; and, if things really become impossible, there will still be another government to offer to spare your lives." How many terrorists remain to be hunted down is a matter of conjecture; conjecture ranges from 3,000 to 5,000 or more. It is not a pleasant prospect. The setting up of a semi-permanent man-killing department of the Kenya Government would be a bitter tailpiece to the emergency; it can only be hoped that the Mau Mau terrorists will not long stay on the run. General Lathbury has hazarded the forecast that the Emergency will be over by the autumn. But by this he probably means that it will not be necessary to maintain large regular forces after that time. A running fight between police and isolated banditti is only too likely to continue.

The main object of the terrorists now must be to inculcate the myth of patriotic resistance. It is far too soon to say that they will not succeed. Although there have been remarkable recent recantations of Mau Mau oaths by men, Kikuku womankind remains inscrutable. The government continues to be faced with the costly problem of what to do with the detainees: to return them to their normal avocations in and around Nairobi would probably restart Mau Mau in a new form. Yet the means to employ them usefully elsewhere is still lacking; it is at this point that Britain must continue to help not only with money but with men and expertise. It is urgent that plans for afforestation and other productive projects to employ ex-Mau Mau should go forward, gigantic as the task of dealing with 70,000 prisoners—whether "black," "white" or "grey"—may be. To this problem Mr Blundell, the Minister for Agriculture, must now give as much attention as to leading the European community towards a multi-racial outlook.

Members by Mistake

FIVE of the MPs elected to the new Parliament on May 26th are at present barred from entering the House of Commons. This is an unusually heavy crop of potential disqualifications, but for three of the members banishment should be very temporary. They have found that they hold jobs which might technically be offices of profit under the Crown; and, even if their fears prove justified, they will presumably be quickly covered by the usual Indemnity Act. Their plight has had the welcome consequence of prodding the Government to introduce a modernising Bill on the lines suggested by the Herbert Committee in 1941. The Bill brings up to date the lists of the more obvious disqualifying offices; abolishes the archaic system whereby a disqualified member has hitherto been liable to a penalty of £500 a day, recoverable by common informer action; and proposes that any member who inadvertently disqualifies himself in future may be covered by a simple "excusable" order of the House, instead of having to go through the full procedure of an Indemnity Act.

The other two current absentees are in a very different category. The Sinn Feiners elected for the constituencies of Mid-Ulster and of Fermanagh and South Tyrone are both serving ten-year prison sentences for treason-felony. This disqualifies them without question. In Fermanagh and South Tyrone the defeated Unionist candidate is petitioning for the seat in the High Court. No such move has been made over Mid-Ulster, so steps are being taken at Westminster to declare the seat vacant and arrange for a by-election. Some people have suggested that their case, too, underlines the need for a change in the law. Mrs Braddock asked in the Commons how two men so obviously disqualified from sitting could even be nominated. This suggestion seems reasonable, but it is mistaken. At present the returning officer in each constituency is bound only to see that a candidate is properly sponsored and that he produces his £150 deposit. Any attempt to extend his responsibilities might be dangerous and would certainly be incommodious: it would put another stage into the already complicated election schedule. It seems fair to rely on the good sense of electors; a constituency silly enough to elect a disqualified person—be he felon, lunatic, peer or parson—deserves the inconvenience of being temporarily disfranchised.

Moscow's Opening Position

STUNG by suggestions that it fears a reunited Germany, the Soviet government has restated its German policy on the eve of the Geneva conference. It declares that German reunification is still given first place by the Soviet Union, but the carrying out of the Paris agreements hampers this aim; that all-German free elections are "of a certain importance," but subordinate to the question of security. The Soviet Union opposes the inclusion of Germany in any military group not because of fear but because it would

increase the threat of war. Germany would be hardest hit by war though "not a single country would escape enormous destruction and human sacrifice."

The statement goes on to say that if it is not possible now to reach agreement on reuniting Germany "on peace-loving and democratic foundations," the solution must be found step by step by relaxing tension. This could lead to the setting up of a "collective security system" which the two Germanys could both join until reunited as a "peace-loving and democratic" country. A *rapprochement* between the two is said once more to be essential. The Soviet statement maintains, wrongly, that the western powers insist that united Germany *must* join Nato. It ends by declaring that the questions of Germany, a European "collective security system," the reduction of armaments and the banning of atomic warfare are all directly related to the basic need to establish confidence.

The Soviet stand is therefore exactly what it was at the Berlin conference last year, in spite of threats that ratification of the Paris agreements would render all further negotiations on German reunion impossible. Then, as now, the Russians exaggerate the western demands, which are not that all Germany must join Nato, but only—as Sir Anthony Eden reiterated last week—that it shall be free to do so.

It is still evident that the Soviet leaders do fear that reunited Germany would choose to join the western alliance, and insist that it shall be neutralised in advance. As current comments from the East German side make even plainer than the declaration from Moscow, they hope that the establishment of relations with the Federal Republic will lead gradually to collaboration between the Bonn Germans and the Communists in East Berlin. It would be surprising if they were not planning for the day when Dr Adenauer retires. In the meantime, their statement appeals to the widespread fear in Western Germany that an army means war, and that war means total destruction by atom bombs.

Khrushchev's Congress?

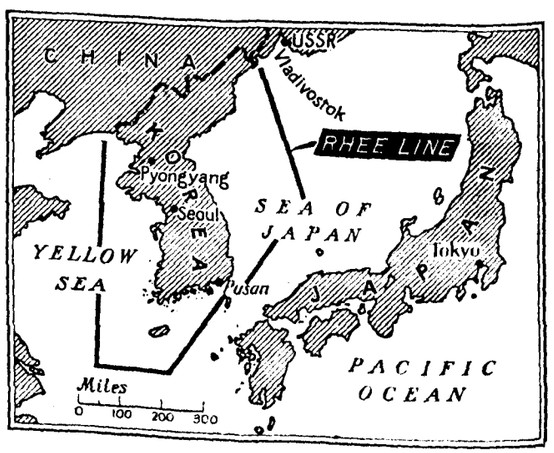
THE twentieth congress of the Soviet Communist Party has been convened for next February. Thus the theoretically supreme organ of the party is to be recalled before the elapse of the prescribed time-limit of four years. The nineteenth congress, the first to be held since 1939, met towards the close of 1952, shortly before the death of Stalin, who, indeed, then made his last public appearance. On that occasion Mr Malenkov was entrusted with the official report and thus emerged as the heir-apparent. This time he will presumably be in the background, but Mr Khrushchev, the party's first secretary, may yet have to share the centre of the stage with others. Many clues about power relationships may be expected, for a party congress is often an occasion for new appointments and reshuffles.

More interesting still should be the mood, the temper of the congress: will some improvisation be allowed or will we once again watch a highly rehearsed performance? In theory, the congress is supreme, the delegates chosen by the rank and file have the last word. In practice, under Stalin, they were carefully hand-picked and the whole show was run, skilfully and without a hitch, from above. This "monolithic" technique may not have survived the tremors of the last two years. The controversies that divide the party may at last find at least a faint echo in the debates, with the army and the younger generation as well as various other factions trying to make their voices heard.

The draft of a Plan for the next five-year period (1956-60) will be presented to the congress, but even here harmony is not guaranteed. The promotion to the party secretariat—announced this week—of Mr Shepilov, editor of *Pravda* and a spearhead of the attack on the "backers of consumer industries," confirms the impression that the shift towards heavy industry and armaments is not going to be abandoned. But the resulting shortages and pressure from below now equally clearly act as a brake, and the discontent may find its cautious spokesmen in February, if not before. Awareness of these pressures is bound to have a certain influence on Marshal Bulganin's conduct at Geneva, while the results of next week's conference, in turn, will affect the proceedings of the congress next spring.

Japan Between Two Koreas

GENERAL NAM IL, the prime minister of North Korea, must please his mentors in Peking by the skill with which he is keeping antagonism between Japan and South Korea on the boil. For some time South Korean propaganda has been hotly criticising Japanese attempts to restore normal relations with the Communist powers, and it has recently become almost choleric at suggestions that Japan was preparing an approach to North Korea. Mr Hatoyama has been accused of "pro-Communist imperialism," and the South Koreans have refused to attend a meeting of the Asian Anti-Communist League, of which they are co-founders, because "sly" Japan had been invited. Now Nam Il has fanned the flames by expressing his



approval, in an interview with two Japanese journalists, of moves to promote Japanese-North Korean trade, and that the North Koreans are eager to arrange a rendezvous with Japanese traders in Peking. The North Korean premier has also promised to speed the repatriation of Japanese nationals in North Korea, and has offered to open negotiations about Koreans in Japan. The South Koreans have reacted by threatening to cut still further their own trade with Japan, which has already been reduced to a trickle, by drawing up a "black list" of Japanese traders who do business with Communists.

It is difficult not to feel some sympathy with the Japanese. They have been very tactless; Mr Hatoyama has been, as usual, equivocal about his intentions towards North Korea, and he would be wise to dissociate his government firmly from the private businessmen's association which plans to send a mission to North Korea in the near future. But it is nonsense for the South Koreans to suggest that Japan has in effect jumped down on the Communist side of the fence, and relations between the two countries are bound to be strained by South Korea's persistent claim to the "Rhee line" and its seizure of Japanese vessels fishing inside these "protected" waters. The Communists are the only ones to gain from this hostility, and they will try to keep it alive as long as they can by recalling Japan's wartime misdeeds in Korea. But it would be a pity if a heritage of mistrust were to disrupt the front of non-Communist nations in the western Pacific. The American Ambassador in Tokyo, who has recently been mediating between the two countries, might make it his first objective to persuade the South Koreans to moderate their language.

The Giant Confers

THE annual conference of the Transport and General Workers' Union, which was held at Blackpool this week, had plenty to discuss, for the union has been in the thick of industrial controversy during the last twelve months. It is still a right-wing force in left-wing politics, but the opposition within its ranks is vocal and well organised. On the one hand the conference rejected proposals to extend nationalisation to various industries not marked down by official Labour party policy, after their new general secretary, Mr Tiffin, who is a member of the Labour party executive, had warned delegates that such sentiments could only further harm Labour's chances. But on the other hand, the delegates passed a motion calling for a shorter working week against Mr Tiffin's advice; and some 10,000 employees of London Transport who are members of the union have petitioned against the rule that no Communist shall hold office in the union, on the ground that it caused disruption. That so many could be found to play the Communist game is alarming evidence of the innocence of trade unionists, for only a minority of those who signed can have been members of the party.

Mr Tiffin appealed to his union "brothers" in the northern ports to return to the fold. But the recalcitrant dockers who prefer the stevedores' union to the TGWU have meanwhile taken great heart from a decision in the High Court last week. The National Union of Public Employees (which owes much of its present strength to steady "poaching" from other unions) had recruited some members from another union, and was told by the TUC disputes committee to return them. But one man chose not to be returned and sought an injunction against NUPE. To the union's great delight, it lost the case; Mr Justice Wynn Parry granted the injunction—on the grounds that the expulsion was not in accordance with the NUPE's particular rules, but with the *obiter dictum* that the man could not be treated "as a chattel." The stevedores are now seeking a similar injunction, to test whether the NASD had an equally useful rule of this kind.

The Ellis Case

THOSE who have to decide whether the royal prerogative of mercy should be applied to condemned murderers have a heart-rending duty to perform; and a newspaper should usually refrain from adding to their distress by commenting upon their decision in any particular case. But there are some cases that raise issues of public policy. The unhappy woman who was hanged at Holloway this week was an alcoholic who had shot a man who had treated her very badly; she had shot him on the public street, with the express intention of going to the gallows. She has now been granted her desire, and has inevitably been built up into a tarnished sort of heroine in the process.

It would be wrong to say that this will encourage women in a similar emotional frenzy to try to emulate her histrionic glory; to say that would be to carry the doctrine of example to the same extremes as the supporters of capital punishment do. But does anybody suppose that this hanging will have done anything to discourage murderesses of this woman's type and in this woman's state of mind? And does anybody deny that the publicity that has surrounded it will encourage other misfits—especially adolescent misfits—to dramatise their emotions in pettier but still undesirable ways? It is strange that this decision, with all the publicity it has entailed, should have come out of a Home Office which has just banned the horror comic.

The abolition of capital punishment will probably have to wait upon the election of the next Labour government. But even if public opinion unfortunately does not yet accept the case for abolishing capital punishment, it probably does accept the fact that there are certain types of case for which it should slide into disuse—not because of its effect on the central characters concerned, but because of its effect on the public. This week's horror was one of them.

Examinations—Bridle or Spur?

SOME ten or more years ago the general consensus of opinion, at least among educationists, was that external examinations in the schools were a bad thing; but there has been quite a strong reaction from that view. This week the Minister of Education has published for discussion his own views on some of the proposals that have been variously urged upon him.

One demand is for courses leading to the General Certificate of Education for bright pupils in the modern schools. More and more of them are in fact taking the GCE; in the

summer of 1954, 5,500 candidates from 357 modern schools were entered for the examination. Sir David Eccles approves this development, although he rightly urges the modern schools not to strain their resources to institute these courses if a better solution would be to transfer the bright children to a grammar school. Another much ventilated proposal is that there should be a new level of the GCE, below the Ordinary level. This, it is argued, would bring an award within reach of virtually all grammar school pupils—40 per cent of whom now leave without even three passes at Ordinary level—and would give the modern schools something to work for, as well as something to show employers. The same arguments are behind an alternative proposal that there should be a special examination for the modern schools. The Minister, however, does not like either idea. He argues that either examination would deter people from taking the GCE, which is causing more and more children to stay at school after they are fifteen. There is more force in this argument than in Sir David's other plea—that examinations cramp the curriculum—which seems to be not quite consistent with his approval of the spread of the GCE. There is no denying the incentive value of an external examination, and if it were so cramping that would be largely the fault of those who set the papers and of those who teach.

Finally, the Minister resists the plea that he should alter the grant regulations to allow children under 16 to take external examinations other than the GCE—for example, those of the Royal Society of Arts. In theory this ruling seems unduly rigid, but in practice it is difficult to see how it could be made flexible. One can certainly share Sir David's view that little girls of fourteen should not spend a large part of their day learning to type.

Ho's Success Story

THE "Democratic Republic of Vietnam" has done extraordinarily well so far out of President Ho Chi Minh's journey to the larger countries of the Communist world, and it may well do even better-before his wanderings are over. The unexpectedly large amount of the Chinese grant he has secured—its nominal value exceeds £115 million—is a measure of the importance the Communist leaders attach to Vietnam. The gesture has been carefully timed: it has come only a few days before the Geneva conference and before the July 20th deadline for north-south consultations about the general elections due next summer.

If, as is assumed in Paris, the Russians make an effort to match Chinese generosity, the Communist north will stand to receive a greater amount of economic aid than the south is receiving from the Americans. Since American aid has long been considered the one asset the south could boast of, the importance of the Sino-Viet Minh agreement should not be underrated. Nor, however, should it be overrated, for it contains striking omissions. It provides textiles, machinery and the services of technicians to help restore war-ravaged communications, but it provides neither food—the greatest deficiency in the north's economy—nor the foreign exchange that would enable the Viet Minh state to build up its own foreign trade. In normal times, the Red River delta, although a rice-bowl, failed by 100,000 tons a year to meet the needs of Tonking. This deficit may well be half as much again after the dislocation of seven years of war. It is one of the harsh facts of Indo-China today that the absence of hunger is perhaps the last electoral asset left to the disunited south.

It was ironic that Ho and his hosts in Peking should have ended their communiqué with accusations that Laos and Cambodia were being dragged into Seato, at a moment when the Laotian Communists were attacking government troops in the contested province of Sam Neua. This attack, however, is only the latest in a series of clashes in Laos which have been going on ever since the Geneva agreement laid down that the Communist troops should be regrouped in Sam Neua and Phong Saly provinces. Repeated attempts to negotiate with the Communists have been frustrated, and although the international supervisory commission has unanimously recognised the Laotian government's authority in the two provinces, it has urged the government to try yet again to reach agreement with the Communists. As a consequence, the government has postponed until December the general elections that were to take place next month. The new and flagrant violation of the Geneva agreement by the Communists can do nothing but damage to their case if the issue is raised at the "summit."

Canada's Gamble

THE Canadian Government is taking a gamble in selling its surplus stocks of grain and butter to the Soviet bloc on terms of deferred payment. It is reported from Ottawa that some ten million bushels of wheat have been sold to Poland on credit, the balance of the money to be paid within twelve months. Further sales to other Communist governments are in the wind. Evidently the Canadians, who are sorely troubled by unsaleable surpluses, are prepared to take the chance of getting their money when the time comes. But the gamble might not come off. The Communist bloc is experiencing growing difficulties in earning the foreign exchange to pay for the goods from the West. Indeed, the fact that it is grain that they are buying is indicative of their dilemma, for normally the Soviet bloc is a net exporter of grain. The Canadian wheat will reach Eastern Europe in the autumn, at the time when the new harvest is being gathered in, which suggests that the Communists are either anticipating a poor crop or that they have eaten dangerously deeply into their reserve stocks. Their manufactured exports, moreover, are not doing well because frequently they do not measure up to internationally acceptable standards of quality and design—a point made in the latest report to Congress under the American Battle Act.

Canada's policy of selling surplus products to Communist countries might also lead to trouble from another quarter. Butter sold recently to Czechoslovakia has been sold at a price below both the domestic retail price and the federal support price paid to farmers. This, as members of the Opposition in Ottawa have pointed out, amounts to subsidising consumption behind the iron curtain. The Americans, who have themselves been the butt of criticism on this score, have recently published new regulations designed to ensure that no surplus products are sold to Communist countries at prices below the prevailing market price.

• ELECTRONIC TUBES AND SEMICONDUCTORS • INCANDESCENT, FLUORESCENT, MERCURY AND SODIUM LAMPS • AMPLIFIERS, MICROPHONES AND LOUDSPEAKERS • RADIO AND TELEVISION RECEIVERS • MEASURING APPARATUS • ELECTRIC DRY SHAVERS • HEARING AIDS • GRAMOPHONE RECORDS • HOUSEHOLD APPLIANCES • RADIO BROADCASTING AND TELEVISION TRANSMITTERS • RADIO-ACTIVE ISOTOPES • VITAMINS AND VITAMIN PREPARATIONS • PHARMACEUTICAL AND CHEMICAL PRODUCTS • WELDING ELECTRODES AND MACHINES • MAGNETIC TAPE RECORDERS • CINEMA EQUIPMENT

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(P.1.7)

Sydney Shows the Way

WHATEVER the rights or wrongs of the newspaper dispute in Sydney—and the evidence suggests that the strikers have a much weaker case than during the analogous set-to a decade ago—it is impossible not to applaud the spirit of the Sydney newspaper proprietors first in coming to each others' aid, and then in getting out a joint newspaper irrespective of prudent calculations of the effects. These have widened, so that not only are the "professional" journalists now out in support of the trade unionists, but post office workers refuse to handle the "black" paper and dockers decline to supply newsprint to the office that is printing it under the united banners of the four Sydney newspapers. The principle of leaving the public to suffer has been triumphantly overridden by the principle that the news must come out, a principle that has also been splendidly vindicated by the decision of the strikers to bring out their own paper. Instead of four opulent capitalist newspapers, Sydney now has two lean but vigorous news sheets, one Capitalist, one Labour. The public is at least getting an emergency service, with all the benefits of competition, and the disputants are paying the bill (unless in fact the papers make a profit, which seems unlikely.)

This situation has many morals. There is everything to be said for strikers and employers fighting it out with newspapers like men instead of taking it out of the public. Nor does it do any harm for journalists and top-executives to show that printing is no great mystery, or for printers and machinists to discover that writing and organising is work; if this paved the way to the curbing of some restrictive practices, the consumer would benefit even more. But the principal moral is surely one for the British Newspaper Proprietors' Association, which is now engaged in lengthy wage negotiations behind closed doors—and still under a threat that the dispute of last April could conceivably recur. The Sydney tradition in the face of trouble is to unite to bring papers out; the London tradition is to unite to close them down. It is quite clear which group of proprietors comes out of this comparison best.

Promotion for Mauritius?

WHEN Lord Munster, then Minister of State for the Colonies, visited Mauritius on a fact-finding tour last year, he declared that although the island had made progress, it was a long way from responsible government. A delegation, led by the Governor, Sir Robert Scott, is now in Britain to discuss just how far away it is, and whether any step forward can be made. Although the views of the delegation are secret, the Mauritius Labour party representatives upon it may be expected to press for a considerable advance; their ultimate objective is adult franchise and ministerial responsibility. Any such orthodox line of advance will be fought to the last by the representatives of the minority parties and races. The Labour party is largely Indian, the party of the Hindu majority on the island, and is at times alleged by the other races to be near-Communist; in any constitution based on single-member constituencies these other races would probably be precluded from "fair representation" in the Legislative Council, and would quickly be brought under Indian rule. At present, on a literacy franchise, they have 5 elected members to the Labour party's 14; and there are 12 nominated members, which enables the Governor to give weight to the minorities—Mauritian French, Indian Moslems, coloured, and Chinese. Although four elected members sit in the Executive Council and are "associated" with certain departments, their function is purely advisory.

Thus Mauritius, though in terms of literacy and wealth very comparable to some of the West Indies, is constitutionally far behind. But it will be difficult to make extensive reforms. For these would undoubtedly put more power into the hands of the "Hindu" party, and racial tensions are considerable. The domestic policy of the Labour party, led by Dr Ramgoolam, does not go much beyond more social services, though it once contained an unreal demand for the nationalisation of the sugar industry; but its sympathies in world affairs are wholly with Mr Nehru. It is, however, the petty oppressions of party political power that the minorities mainly fear; and there is evidence to suggest that the fear may be a justifiable one.

Reform of the Civil Service

And, first, it is admitted on all hands that the Permanent Civil Service of the Crown does need reform if not reorganisation. It is undeniable that many of the employés are incompetent to their duties—or to any duties, and that their want of capacity can only be equalled by their want of diligence. It is undeniable that, as to many more, neither their recommenders nor their nominators ever dreamed of ascertaining whether they were competent or not. It is undeniable, further, that the system of occupation is often such as to crush and benumb capacity, and that the system of promotion is always such as to discourage zeal; that in all the junior and lower grades little is given and little is exacted—the service rendered and the emolument bestowed are fairly enough balanced and are alike insignificant. . . . Very good! But the State should bear in mind two considerations. It should endeavour to utilise or turn to account *all* its sons; and high capacity should meet with high reward. It should be a liberal paymaster as well as a rigid taskmaster. Now a very large proportion of the work which requires to be performed in the public offices is of a nature that needs only very mediocre faculties, which the most moderately endowed will discharge as well as the most able, and which it would be a folly and a cruelty to impose (save as a brief training) upon men of superior capacity. You have work to do demanding only conscientiousness and plodding industry—work quite within the reach of dullness to perform. You have numbers of young men reliable but dull—men who are up to this work, but who would be up to no other; quite fit to copy, to register, to file,—quite unfit for anything beyond. The country abounds in such: is it not wise to use them? . . . Therefore we set it down as indisputable that GOVERNMENT IS RIGHT in employing, appointing, and utilising mediocrity,—that there is a very extensive department of the Civil Service which ought, on principles of true and wide economy, to be filled by slow, honest, methodical dullness.

The Economist

July 14, 1855

Letters to the Editor

What Moscow Wants

SIR—I submit a further warning of "What Moscow Wants" (your leader of July 3rd). While we still negotiate, basically, from "strategic" nuclear strength, the Russians hurry to Geneva to prevent us gaining the "tactical" prizes in Germany, which could redress our tactical inferiority, knowing that these become decisive once the impending strategic stalemate arrives. Simultaneously, they play upon our fears of this stalemate, and tempt us with disarmament.

To counter this, and provide the positive action you demand, I suggest an announcement that we intend to pursue a policy of limiting any war—in weapons, targets, area and time—to the minimum force necessary to deter and repel the aggression; denouncing total war and total victory, which could only mean total defeat for all. Also that we intend establishing distinctions between H and A weapons, and between cities and armed forces; withholding, as a last resort, all use of H weapons, and the use of all mass destruction weapons against cities (except those in the front-line land fighting not proved "open"). Later, we might actually promise not to use weapons thus, unless the aggressor did. The Communists would almost certainly conform, in war at least.

Thus the possibility of using tactical atomic (and chemical) weapons, without destroying civilisation, would help provide the tactical equality essential for negotiations, and reduce our dependence on the fearful strategic stalemate. Our deterrent against the Red Armies would be more credible, without reducing that against total aggression. We would reduce tension and the chances of unintentional war, and nullify Communist accusations of US war-mongery. Communist denouncement of our plan would demonstrate insincerity and desire to exploit our present weaknesses. Its acceptance would provide a more balanced and comparable basis for disarmament. The habit of limiting use of armaments would nourish the trust necessary for limiting their *possession*.

Our present policy of: "We will destroy the world if you attack with anything stronger than our small conventional forces," was *necessary* while we were tactically naked, and *effective* while the US had a strategic monopoly. It is now becoming an "all-or-nothing" gamble of bluff, tempting the Communists to continue their "nibbling," and to "Pearl Harbour" us in a crisis. Of Nato it makes a nonsense militarily—as it will of guaranteeing any German agreement. For negotiations, allied unity, and neutral good-will, it is too threatening. Morally, it is no longer justifiable.

At least, let us agree nothing which will preclude us achieving the tactical equality essential for limiting war and armaments, step by step.—Yours faithfully,

REAR ADMIRAL

Protecting the Consumer

SIR—We should like to explain the nature of the talks that the British Standards Institution have been conducting about the labelling of textiles, to which you referred in last week's issue. Those who are familiar with such things will appreciate that it must take time to secure agreement among all sections of an industry as diverse and complex as that concerned with textiles. A great deal of initial work, for example, in specifying methods of test has been done, and a glossary of terms for fabrics incorporating wool was published some time ago. Since the Fabric Naming Report of the Retail Trading-Standards Association was, in effect, handed over to BSI to nurture, we have discussed this, and other subjects associated with the informative labelling of textiles, with all the Textile Industry Standards Committees of BSI. We must also bear in mind that one of our most important problems is to discover what information shoppers themselves really want, since there would be no point in our producing a scientifically perfect system of descriptions that might only succeed in confusing them. This aspect we are also investigating.

We have gone a long way now towards setting up special machinery for dealing with the whole question of fabric naming and informative labelling, and we shall in the fairly near future be announcing the details of certain special steps that have been taken in this matter.—Yours faithfully,

H. A. R. BINNEY, Director
British Standards Institution, W.1

Free Trade Unionists in Vienna

SIR—As I have been constantly travelling, I have not had the occasion to comment sooner on your article of June 11th. I regret that whoever wrote this article did not have the courtesy to check whether his sources of information were accurate and objective, at least as concerns my own person and the American Federation of Labor. Please permit me to set some facts straight.

1. Irving Brown never stated "that Mr Oldenbroek was 'no guide in a drifting world'." I am enclosing a copy of my actual speech to the ICFTU Congress as taken from the official proceedings.

2. Neither Irving Brown nor any representative of the AFL supported the Cuban resolution on rearmament. The very phrase of the Cuban resolution as cited by you, namely, to "fight in the most active and dynamic fashion to ensure that the victory over Russia brings about the transformation of the world on Socialist bases" was singled out by myself at the Executive Committee meeting as representing an idea that no AFL representative could support. What I did propose was to refer (rather than reject as proposed by another member of the Executive) this resolution to the Economic and Social Committee of the Congress without any recommendation from the Executive Board. I also suggested that the resolution should be modified in order to have a clear-cut commitment by the ICFTU relative to the need for military and economic strength and unity in the free world as the best means of achieving real peace and freedom. This procedure was accepted. The final resolution, as adopted by the Congress, was in the main drafted by our representative and other members of the Congress Committee dealing with economic and social affairs. It was a resolution which established clearly our desire to reach an agreement on the basis of maintaining the strength and unity of the free world.

3. I do not know what you mean by a "New York group." Furthermore, I do not belong to any such group and do not know of its existence. I just wonder whether any of your readers know what you are talking about when you use such a phrase which in the past has had ugly connotations.

Once again let me express my deep regret that *The Economist* has introduced into its columns an article which leaves much to be desired both in objectivity and sense of fair play.—Yours faithfully,

IRVING BROWN
American Federation of Labor

[The *New York Times* of May 24th reported Mr Brown as having used the phrase about Mr Oldenbroek's policies "on the congress floor" on May 23rd. Of the Cuban resolution, our article said that "the vigour of the anti-Russian sentiments met with the approval of Mr Irving Brown," not that the entire original resolution received his support. Our information was derived from a reliable source, which also described the "New York group" as a "ginger group" within the AFL interesting itself in international affairs.—EDITOR.]

Arrests in Singapore

SIR—In your issue of June 18th you speak of the arrest of the six trouble makers "who under the re-enacted Emergency Regulations can be held indefinitely without trial." May I make two comments. First, the Emergency Regulations have continuously been in force since July, 1948. In April this year, eight were repealed. and only one of these, that dealing with the curfew, was re-enacted at the time of the riots arising out of the Hock Lee Dispute. Secondly, it is misleading to say that under the Emergency Regulations a *man can be held indefinitely* without trial. No Order for detention may be made (but without prejudice to the making of a subsequent detention Order) for any period exceeding two years. No one has in fact been confined for longer than one period. Such Orders are made only by the Chief Secretary and any person detained has an absolute right to have his case considered by an advisory committee, presided over by a judge, which sees the evidence and makes recommendations to the Governor whether or not, in its view, objections against the detention are justified.

GEORGE G. THOMSON,
Public Relations Officer
Government of Singapore

The Lawyers' Cushion

SIR—You state that the Government's amendment to the County Courts Bill will weight the scale "further in favour of the man who goes to court and against the man who is dragged to court, by making the latter pay for the former's error (or his legal adviser's error) in taking an exaggerated view of his own injury." But in very many cases solicitors genuinely disagree with their opponents (and with their own counsel) as to the damages which are likely to be recovered; the judge often surprises both sides with his decision and may himself be criticised or reversed on appeal. In these cases there may at each stage of the process be an "error" on the part of a lawyer concerned in a preceding stage but only in the narrow legal sense of the term; no moral blame attaches. A little sophisticated irony about lawyers' cushions is to be expected from *The Economist*, but it is surprising that you should virtually ignore the impossible position in which both lawyers and judges were placed by the Bill as originally drafted. The amendment may not be completely satisfactory but there is a real problem here.

Incidentally cases of personal injuries form a large proportion of those with which the argument is concerned; and in such cases "the man who is dragged to court" is often one of the large insurance companies, skilled in the art of defensive litigation and ready to exploit all the opportunities for injustice afforded by such devices as payment into court. The original Bill added a number of weapons to their armoury.—Yours faithfully,

WEST END SOLICITOR

Orphan Island

SIR—In your issue of July 2nd Mr Court gives a list of the empires of which Cyprus at various times formed part. It is strange that he omits the Byzantine Empire when rulers and ruled spoke Greek and were orthodox.—Yours faithfully,

AUSTEN ST. B. HARRISON
London, S.W.1

Books & Publications

Contrast and Challenge in Sweden

AN ECONOMIC HISTORY OF SWEDEN.
By Eli F. Heckscher.
Harvard University Press (London: Geoffrey Cumberlege). 308 pages. 40s.

PROFESSOR HECKSCHER, *who* died in 1952, is known to English readers for his authoritative study, "The Continental System," and above all for his two volumes on "Mercantilism." But his work on the economic history of his own country, Sweden, has been tantalisingly inaccessible. While he was engaged upon his comprehensive economic history of Sweden, Heckscher published in 1941, a survey in one volume. It is this survey that has now been translated, most of it under Heckscher's own detailed supervision, while *a final chapter on modern Sweden was* added by his son. A valuable memoir on Heckscher's life and thought has been added. This masterly and concise survey, which reads in translation with unusual ease, is an impressive monument to the breadth of Heckscher's interests, to the precision of his scholarship and to the warmth of his humanity. Heckscher was a liberal economist, who as an historian could use the tools of economic theory with skill and restraint. Moreover, his account of Swedish developments is given unusual firmness and solidity because they are based not on the evidence of laws and regulations but on comparative measurements of production, trade, population, transfers of land ownership and even diet measured in calories.

The economic history of Sweden is a fascinating study in contrasts and challenges. For centuries it was predominantly an agricultural country, hampered by techniques so backward that even at the beginning of the nineteenth century "the overwhelming *majority of the* Swedish people lived under conditions which in many respects closely resembled those prevailing as early as the thirteenth century." Crown revenue long consisted largely of payments in kind; and even in the early nineteenth century the salary of a professor in the state university of Lund was paid in grain. It was what Professor Heckscher defines as a storage economy; and the thrifty Gustavus Vasa is shown issuing three-year old butter and four-year old malt, while his soldiers had to be allowed 1,600 quarts of beer a year in order to wash down their heavily salted food. Yet Sweden possessed rich deposits of metal ores and vast reserves of timber. From the later middle ages, when Swedish exports of butter, iron and copper were a preserve of the Hanse, down to the great transformations of the nineteenth century, Swedish economic growth depended largely upon foreign capital. The most dramatic period was the seventeenth century when, as a result of the modernisation of the iron and copper industries by Dutch capital and Dutch technicians, Gustavus Adolphus gained the financial backing to achieve not only a Baltic empire but a drive to the Rhine. The career of the Dutchman Louis de Geer, the leading exporter of copper, the biggest arms manufacturer, a big shipper and shipbuilder, and the greatest lender to the Crown, whose other activities, as Professor Heckscher puts it, "ranged from an attempt to colonise the Gold Coast to the operation of a retail store at Norrköping," vividly illustrates the pace and scale of economic transformation in this period. Yet, as Professor Heckscher remarks, a monopoly of resources is not enough; and the limited demand for iron and copper before the Industrial Revolution helps to explain why the Swedish empire was shortlived. The later history of the iron industry shows Sweden responding to the challenge of a shortage of coal by using new techniques, while the introduction of the steam saw and the demand for wood pulp gave the forests a new importance.

Despite its closely packed contents, and Heckscher's conviction that economic history depends on statistics and the use of rigorous economic analysis, this book is not in the least dry or difficult. Heckscher explains technological changes lucidly, and firmly links economic with political developments. His outlook reflects that of Adam Smith, whom he greatly admired; and he enjoys calling attention to the ways in which government policy hampered economic growth. Indeed Swedish currency experiments reveal astonishing naïveté. Gustavus Adolphus minted copper coins the size of quarto pages; and Gustavus III, when ordering further devaluation, blithely remarked: "I imagine the paper mills of Sweden have not yet burned down." And much of Heckscher's outlook is revealed in his comment on the eighteenth century ironmasters: "they created an environment from which emerged much of what was best in the culture of nineteenth-century Sweden, including the two great Swedish poets, Geijer and Tegnér. When all is said and done, this was perhaps the greatest gain of the Swedish iron monopoly."

One Man Against Misery

ABBE PIERRE AND THE RAG-PICKERS.
By Boris Simon.
Harvill Press. 206 pages. 15s.

IN the winter of 1953-54 Paris, and the whole of France, underwent one of its periodical moral crises. After the revelation that a small baby living in an abandoned bus had died of exposure, the privileged suddenly woke up to the problem of the poor and the homeless. Clothing, blankets, money poured in; shelter was offered by private people or smart hotels; the government promised to speed up an emergency housing programme. The symbol of the nation's reawakened conscience was a bearded, bereted priest, once a deputy in the French assembly, who had become a ragpickers' leader in order to provide roofs for the homeless. Castigating the rich, blaming the government, appealing for help, Abbé Pierre became a well-known figure not only in France, but throughout the world.

M. Simon tells us, skilfully and movingly, something about this modern St Vincent de Paul before he came into the limelight. He shows us how this former monk (he had to leave the monastery because of ill health), wounded soldier, resistance leader and deputy was forced to seek in the dustbins the means for his work of charity. When in 1947 Abbé Pierre, still a parliamentarian, purchased a villa on the outskirts of Paris and called it Emmaus he had no idea that this was the beginning of a housing project. The spare space, he thought, would provide room for international youth gatherings. It was the pressure of misery which changed his plans. There was the family living in a tent; another thrown out of a hotel; outlaws, victims of society knocked for shelter. How could he turn them out? Abbé Pierre turned his outcasts into builders.

His project met the usual obstacles of ill-will and red tape, but the main difficulty was lack of money. So the Abbé went begging in the best Franciscan tradition. He begged in the neighbourhood of the Palais Bourbon, where he had sat not long before, and in the luxurious Champs-Elysées. But compared with the vast need this produced a mere mite. He and his followers took to their onslaught on the dustbins after a professional ragpicker had found his way to Emmaus and shown them the way. The Abbé's education also proved useful when he won money in a radio quiz programme. By now the apostle of the ragpickers was becoming popular. Who better could appeal to the Parisian conscience when it was ripe for its periodic crisis?

Charity, runs a cruel French saying, does more good to the giver than the recipient. By their outburst of generosity wealthy Parisians bought peace of mind for a long time. They do not want to be disturbed for long and Abbé Pierre is no longer fashionable—although there are still families crowded in a single hotel room, children living in tents, *clochards* sleeping in the Metro or under the bridges of the Seine. But Abbé Pierre would have had no illusions that with the rudimentary means at his disposal he could solve France's housing problem. He could only hope to help a few individuals and draw a nation's attention to its shame.

Hermit Kingdom

CHINA AND THE COLD WAR.
By Michael Lindsay.
Melbourne University Press (London: *Cambridge University Press*). 301 pages. 21s

MUCH more than a study of Communist China, this book is also among the most penetrating studies of that new hermit kingdom. Lord Lindsay worked with the Chinese Communists during the war and, although never uncritical of his friends then, shared their loathing of the Kuomintang. Until 1950, he explains, he was ready to give the Communists the benefit of the doubt, although he had noted as early as 1946 that they could be fatally rigid in pursuit of a doctrinaire policy (which might be either too intransigent or too conciliatory) and particularly doglike in acceptance of whatever line Moscow handed out: this attitude he demolishes with one of Mao's own slogans: "If you have not investigated, you have no right to speak."

From 1950 onwards Lord Lindsay found Peking's policy quite incompatible with its professed desire for peace and international goodwill; and he now sets the question whether this means that the Chinese do not really want peace, or that they are acting irrationally. He finds the evidence pointing to the latter answer. Citing the ample evidence that political acts are often irrational, in the West as well as in China, he goes on to show how blind faith in orthodox Communist dogma inevitably leads to mental confusion, and then to what a psychiatrist might term hysterical delusions.

The reader should take courage. Despite the rather pedantic sound of this scientific approach, Lord Lindsay's book is rich in pleasing plums: accounts of his own lively spats with evasive and hypocritical fellow-travellers; a neat demonstration that the definition of aggression adopted by the Communists' own Warsaw congress applied to China's invasion of Korea in 1950; the picture of confusion the Australian Communists presented when they could not decide whether Menotti's opera "The Consul" condemned a Communist or a fascist state; the suggestion that many of the most violently anti-Communist Americans would, if they knew more about Soviet society as it really is, be strongly attracted by its lack of troublesome trade unions, its opportunities for the ruthless to get to the top, its ability to get on with the witch-hunt unhampered by a bill of rights or independent judges. And to those who have concentrated on fighting McCarthyism so intently as to ignore the Communist danger, he addresses a warning Chinese proverb: "Front door out tiger, back door in wolf."

Lord Lindsay does not spare Britain, which, he argues, has been so careful to avoid open disagreement with the United States that it has actually fostered anti-American feeling. Nor does he spare those Americans who hug the legend that a Communist-run State Department "lost China" after the war; or the State Department itself, one of his criticisms being that in 1947 it should have backed the Formosan revolt against Kuomintang brutality and thus helped the islanders to establish an independence that would now be an asset where Chiang is a liability. But he is much more concerned with positive suggestions than with destructive criticism. He concludes that as long as the Chinese Communists maintain the "doublethink" produced by Marxist pre-Freudian psychology, no reliable agreement can be reached with them, and they will go on prating about peace while acting in ways that bring war nearer. A real "peace campaign" should therefore be mounted by the free world, in which every instance of "doublethink" would be systematically assailed by reasoned argument—exaggeration being firmly eschewed, because it strengthens the Communists' faith in their own dogmas. But that is only one out of the many fresh and suggestive ideas with which this book teems.

More on Keynes

JOHN MAYNARD KEYNES: *Economist and Policy Maker.*
By Seymour E. Harris.
New York: *Twentieth Century Library Scribner's.* 248 pages. 15s.

THIS is a disappointing book. The Twentieth Century Library aims to provide for the general reader a series of concise, lively, but authoritative accounts of the life and work of "those thinkers of the last hundred years who have most influenced the intellectual currents of our time." Professor Harris, ranking high among the American interpreters of Keynes, sympathetic alike to his ideas and to his personality, and a distinguished economist in his own right, should have been the ideal biographer and exponent for their purpose.

In fact, his book misses the target by a wide margin. The economist already acquainted with Keynes's work and its sequels can read it with appreciation; yes, the ground is covered, logically, comprehensively, with a just sense of proportion; yes, here are the successive stages of Keynes's thought, firmly set against the background of current events and copiously illustrated by quotation; yes, this is a very reasonable, even if not entirely uncontroversial, account of the present state of the debate. What the general reader will make of it is another story. The theoretical section of the book proceeds, for the most part, by way of what must surely be the least fruitful of all expository methods—economist's shorthand first, translation, itself by no means easy, afterwards.

The biographical chapters fail in another way; Professor Harris has produced not the brief, coherent essay or memoir which his assignment ideally required, but the squashed and lopped fragments of a full-length study. His preface refers significantly to "the painful surgery of cutting an 85,000-word manuscript down to 65,000 words when the publishers reminded me that I had contracted to write a 75,000-word book." No writer who has confronted, with a sinking heart, a desperately over-long first draft, will withhold sympathy; but so old a hand as Professor Harris should have known better, whatever the temptation of enthusiasm, than to get himself and his work into such a fix.

The Intellectual Welfare State

THE PUBLIC LIBRARY: *its origins, purpose, and significance as a social institution.*
By W. J. Murison.
Harrap. 222 pages. 10s. 6d.
COMMERCIAL AND TECHNICAL LIBRARIES.
By J. P. Lamb.
Allen and Unwin. 315 pages. 21s.

"THE public libraries have had very little credit accorded them for [their success] and for their benefits to the community." "The public library . . . has never received national recognition." These quotations illustrate the only point of similarity in these two otherwise unlike books. The first is curiously old-fashioned, and talks of the public library "movement" rather in the style of a suffragette speaking of the position of women, so that one is quite surprised to find that Mr Murison, far from being a contemporary of the Mechanics Institute, is an active go-ahead librarian. His book will interest the social historians and perhaps the existing library-users, but does little to attract that part of the population—75 per cent—who are only potential users. He is at his best in the early chapters describing the strong moral aims of the early library-founders who hoped that citizens would move from the public house to the public library, there to intoxicate themselves with the waters of the Pierian spring instead of alcohol, and he himself seems still to think of public libraries as centres of community welfare rather than of information.

Not so Mr Lamb of Sheffield, who has long been a pioneer among librarians attempting to provide for all the intellectual and information needs, however specialised, of their clients. His book is largely aimed at the librarian who hopes to establish technical and commercial departments in highly industrialised centres, but it should also enlighten the general reader who still thinks of public libraries in the Murison vein. The scope and activities of such departments may well surprise him. The stock may include directories, trade catalogues, time-tables, monographs on economic and commercial subjects, dictionaries, gazetteers and telegraphic codes; and the service provided may range from the quick telephone inquiry to compilation of bibliographies and the provision of facilities for intensive study. Clearly this co-ordinated and comprehensive supply of information enables the neighbouring commercial and industrial enterprises to economise very greatly on their own information services, and the author is right in considering further development an important corollary to the present drive for educating more scientists and technicians.

Mr Lamb hopes for greater centralisation and blames the present degree of local autonomy for the backwardness and inconsistencies of the present service. His chapter on future developments is full of creative suggestions, the more valuable for his impatience with librarians' "amiable weakness for devising grandiose schemes for national book coverage." The users of such departments as those described by Mr Lamb would probably back his demands for national financial aid for the development of this work; readers of his book may well join their ranks first as users and later as propagandists.

The Bhoodan Movement

SAINT ON THE MARCH.
By Hallam Tennyson.
Gollancz. 223 pages. 13s. 6d.

THIS book is a commendable attempt at the impossible. Mr Tennyson had the rare privilege of meeting a saint, and saintliness is perhaps the most difficult of all qualities to translate into print, particularly when the impact is fresh; that is why saints belong to legend. Thus, Mr Tennyson's reminiscences of Mahatma Gandhi are vivid, while he fails to do justice to Acharya Vinoba Bhave, the saintly founder of the Bhoodan movement, who for four years has been going, on foot, from village to village, persuading the peasants that they must voluntarily give up some of their land to provide for those with none.

Despite his numerous inaccuracies, Mr Tennyson's sketches of rural India are pleasing. But it is unfortunate that the author, who seemed to have had no luck with transport—he missed all his trains—should have devoted so much of his talent to the description of his own vicissitudes. "Saint on the March" suffers from padding, lack of background material and traces of vulgarity—as when, for example, Mr Tennyson calls Vinoba Bhave "daddy longlegs." Nevertheless, the book will provide future authors with a very long eye-witness account of the Bhoodan movement—a movement which may be controversial but cannot be ignored. In four short years, over 3½ million acres of land have been collected, many of them from peasants to whom land is dearer than life.

Mr Tennyson has tried to describe India before, during and after independence and the part played by Mr Gandhi in the fight for secularism which cost him his life. He has also attempted to explain the contrast between India's mystical tradition and the gaudy riches of its millionaires, as well as such features of Indian life as the joint family system. These parentheses are often very interesting; but, in a book on Bhoodan, one would have liked to see a detailed study of the Indian land system, some consideration of the land reforms which have been made since independence, and a discussion of the place of the Community Projects and the Agricultural Extension Service in India's rural revolution. Without all these it is difficult for the reader to see Bhoodan's economic relevance. Of the movement's religious side, the attempt to raise man above himself through love, Mr Tennyson has said more; but there, too, Bhoodan is not a phenomenon all by itself. It fits into and derives from a whole range of Hindu thought; one would have welcomed from Mr Tennyson more depth on the outlook and tradition from which Acharya Bhave and his ideas have grown.

An Alternative to Socialism?

PROFIT SHARING IN PRACTICE AND LAW.
By John C. Harper.
Sweet and Maxwell. 392 pages. 38s. 6d.

THIS book is both opportune and good. Mr Harper attributes the insignificant position which profit sharing has attained in the economic life of the country to hostile laws and an unsympathetic environment. In fact,

The Life of
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Oxford Institute of Statistics Monograph No. 5
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the worst that can be said of the laws is that they are neutral, but there is no doubt about the lack of sympathy. Employers as a whole have never shown much enthusiasm for the idea, probably because it involves giving up some of their profits. Trade union leaders have been lukewarm, reputedly because the power of the unions would be diminished if such schemes succeeded on a wide scale. Most employees at the best have preferred the certainty of an increased weekly wage to a share in an uncertain profit, and at the worst have regarded profit sharing as eyewash; in the background has been the feeling that profits are immoral and that to share in them means supping with the devil.

Now the Prime Minister has gone out of his way to commend the idea as an alternative to nationalisation, and as a step towards a property-owning democracy. Many socialists are beginning to see in it an expression of economic justice. Many industrialists, putting the matter at its lowest, think that it might be a useful insurance; others, more idealistic, have concluded that they must take the initiative in trying to create a new spirit in industry.

The literature on the subject is sparse, and Mr Harper has treated the subject comprehensively, though occasionally obviously. He has contrived to make his book accurate both for the lawyer and accountant, but at the same time readable by the businessman. He describes in some detail the various schemes of profit sharing which have been evolved and illustrates them with examples, at the same time giving warning of various legal and financial pitfalls in which the unwary may be trapped; it is a revelation to discover how many difficulties there are in an apparently simple plan.

If industrialists and trade unions take the Prime Minister's lead seriously they can inform themselves fully by studying this book, even to the extent of being reminded that only subject to conditions are solicitors allowed to share their profits with unqualified clerks.

Germany 1918-1919

FAILURE OF A REVOLUTION.
By Rudolf Coper.
Cambridge University Press. 305 pages. 25s.

IN this book the author makes a serious, strange and very personal attempt to write history by rationalising the early impressions of a sensitive and intelligently observant youth. The author says in his preface: "A revolution is an enormous event. He who lives through a revolution cannot forget it. The events of the German Revolution of 1918 are imprinted on my memory, more vividly so than the events of three other enormous happenings, two world wars and the Nazi revolution." But since he was born (in Berlin) in 1904, he was only fourteen to fifteen years old when the events from November, 1918, to March, 1919, happened. A bibliography of about 150 titles does, it is true, testify to the research behind his narrative, although, unfortunately, he does not refer the statements in his text exactly back to their sources. His general integrity is not in question, but in such a formidable turmoil of happenings and motives one would like to be able to check every detail carefully.

This is the more necessary because Mr Coper writes under the illusion that he is "passive in every respect. It is not the historian's right to utter opinions. But it is his duty to provoke opinions by drawing conclusions from the facts he describes." Now this drawing of conclusions leads him to hand out a severe censure from time to time—to decide "after long meditation . . . who was a hothead, who was an honest fool and who was a blackguard." The result is that he condemns the Social Democrats for their empiricism and accepts the criticisms made of them by the extreme Left without, however, being unduly impressed by its leaders either. He actually imputes to the Social Democrats Ebert, Noske and Landsberg, and to a lesser degree to Scheidemann, the fantastic aim of attempting, when concluding their understanding with Groener and the remnants of the Army, "to reconsolidate the old militaristic state." His whole argument implies that the sort of "social revolution" wanted by the extreme Left ought to have succeeded. But at the same time he talks of the "insane policy of the Revolutionaries," of the lack of any plan and central leadership. In some cases he describes persons as undesirable characters and intellectual nonentities and yet defends their revolutionary attitude.

Apart from this distorted portrait of the personalities, the whole picture gets further out of focus because the author concentrates on the period November, 1918, to March, 1919, and omits the really revolutionary actions which had started in the course of the war through the policy of the *Oberste Heeresleitung* and more specifically through the actions of the gifted and impetuous Ludendorff. He treated the Kaiser with scarcely concealed contempt, thus undermining not only the imperial authority but also the standing of the civil government appointed by the Kaiser. In the autumn of 1917 he placed a sealed railway car at the disposal of Lenin and his friends to allow them to cross through Germany to the Danish frontier on their way to Petrograd, and thereby lit the fuse of the Russian Revolution. Ludendorff finally killed the tender shoot of a possible German democracy under Prince Max of Baden by his cry for an immediate armistice on October 4, 1918. With no Bismarck to keep the *Halbgötter* of the General Staff in their places and no civil authority worth its name from whom to take over, the Social Democrats were in a terrible position and deserve a more charitable judgment on their actions—they did, after all, save Germany from Communism. The deeper intention of this book is, of course, to sound a warning note against a supposedly ineradicable strain of militarism in the German make-up. As such it has its value, but it belongs more to the politician's brief case than the historian's shelf.

Shorter Notices

THE FIFTH AMENDMENT TODAY.
By Erwin N. Griswold.
Harvard University Press. (London: *Geoffrey Cumberlege.*) 88 pages. 16s.

These three lectures by the Dean of the Faculty of Law at Harvard are exceedingly topical, for the kind of thinking they embody has at last brought about a change in the American atmosphere. The Fifth Amendment contains the provision, among others, that "No person . . . shall be compelled in any criminal case to be a witness against himself." Many Americans, confronted by investigating bodies with questions about their political past, have invoked this amendment, and were consequently branded by McCarthyites as "Fifth Amendment Communists." Mr Griswold has set himself the task of reinstating the Fifth Amendment as an integral and worthy part of the due process of law and of showing that it is a gross libel to equate its use by anyone with a tacit admission of guilt.

Both by showing the history of this amendment—some of whose conceptions can be traced back to the old French "par due process de ley"—and by studying possible grounds for its use, Mr Griswold demonstrates that it is an essential guard against arbitrary violations of justice. Even when a man has committed no crime, an admission of membership in the Communist party at some former date may lead to further incrimination and punishment. Once the Fifth Amendment is waived, moreover, the individual can no longer refuse to answer any question put to him and thus may be compelled to testify against himself. This puts a witness willing to discuss his own activities, but reasonably loth to implicate others, in an exceedingly difficult and prejudiced position. In other words, many men have invoked the Fifth Amendment as a blanket protection simply because more supple forms of protection are altogether lacking. To meet this difficulty, Mr Griswold puts forward a number of suggestions for a new judicial code to be used by Congress when carrying out its proper functions of investigation.

*

HOMOSEXUALITY AND THE WESTERN CHRISTIAN TRADITION.
By Derrick Sherwin Bailey.
Longmans. 193 pages. 15s.

Last year a short report on homosexuality was produced for the Church of England Moral Welfare Council. Dr Bailey was one of the group of Anglican clergymen and doctors who compiled it, and this book is really an historical appendix to the report.

Those with a taste for biblical exegesis will be fascinated by Dr Bailey's researches into what precisely the sin of Sodom was. He presents a strong case for believing that the town's inhabitants were no worse than inhospitable. The author's conclusions, like those of the original report, are conspicuously moderate and liberal. The only blemish is his insistence on the distinction between inversion and perversion as separate categories of homosexuality. This provides a simple solution to the problem of responsibility, but it is questionable if it accords with biological facts.

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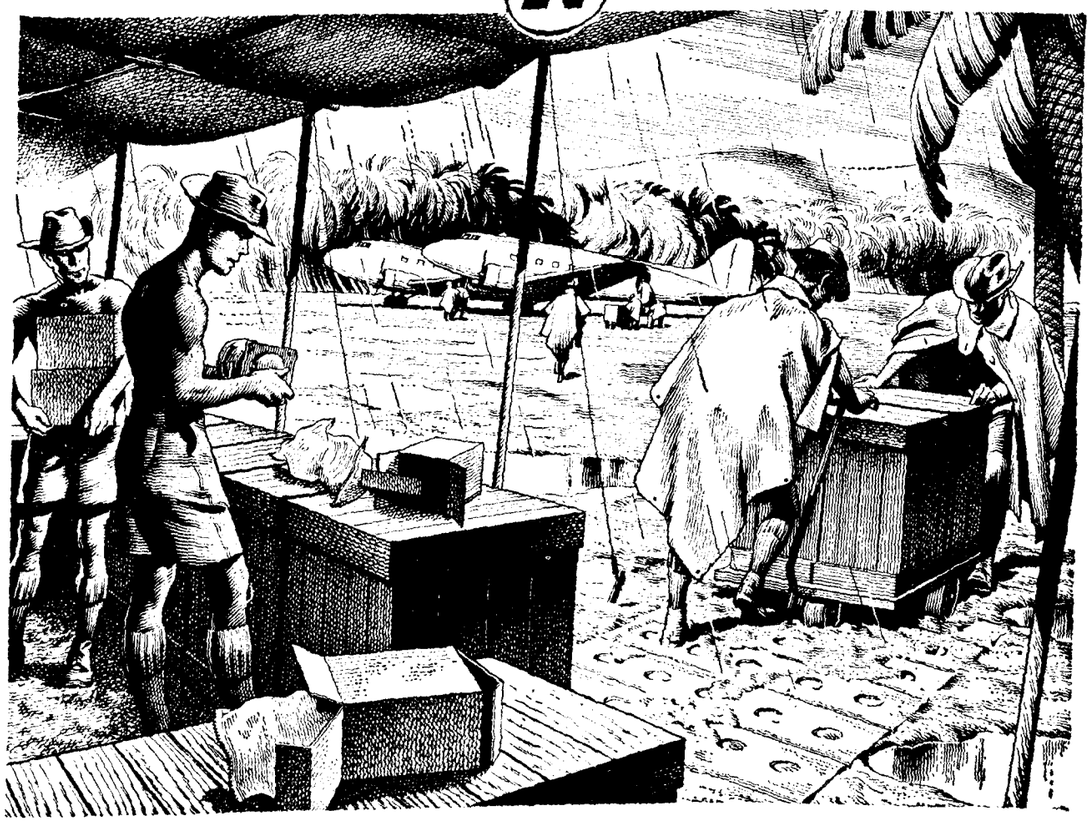

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State and municipal bonds and notes	70,123,726
Stock of the Federal Reserve Bank	1,800,000
Other bonds and securities (including shares of Morgan Grenfell & Co. Limited and Morgan & Cie. Incorporated)	22,025,018
Loans and bills purchased	327,634,577
Accrued interest, accounts receivable, etc.	4,157,055
Banking house	3,000,000
Liability of customers on letters of credit and acceptances	15,459,907
	$830,322,246

LIABILITIES

Deposits: U. S. Government	$ 45,356,556
All other	642,915,874
Official checks outstanding	47,308,586
	$735,581,016
Accounts payable, reserve for taxes, etc.	6,341,232
Acceptances outstanding and letters of credit issued	15,507,087
Capital—300,000 shares	30,000,000
Surplus	30,000,000
Undivided profits	12,892,911
	$830,322,246

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American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Taking Off for Geneva

THE precedents for an American President setting out across the Atlantic are not auspicious—President Wilson to Versailles, President Roosevelt to Yalta, President Truman to Potsdam. The second of these is particularly unhappy, for President Eisenhower admits to being guided, where peace is concerned, by the same "sixth sense" that led Roosevelt astray when dealing with Stalin. But it is not Stalin whom Mr Eisenhower is to meet. This change in the Russian leadership is one of the main reasons why even the sceptical American people feel that the change in the Russian attitude to the West may be genuine and may have practical results. Another is the conviction that the Soviet Union is under growing economic strain, in contrast to America's growing economic ease.

The scepticism in the United States in itself makes it unlikely that President Eisenhower's reputation will be undermined by his trip abroad as were those of his predecessors. To some at least of his countrymen the restrained optimism with which he is going to Geneva may seem to be in the outworn tradition of an innocent President about to be gulled by hard-headed and experienced foreign negotiators. But in general public opinion would never have forgiven Mr Eisenhower had he rejected the chance to "wage a war for peace," as he puts it, particularly at a time when the hydrogen bomb's facts of death are beginning to be grasped. Nevertheless, if Gallup polls are to be trusted, Americans still put the probability of another world war much higher than do the British. Such a disillusioned country will be desperately disappointed, but not particularly surprised or censorious, sohuld the President come back empty-handed.

In fact, of course, he has no intention of coming back with a fist full of agreements, and this is another reason why he may escape the fate of his predecessors. He is not going to commit the American people to anything more than further negotiations; these conversations are supposed to be purely exploratory, to create an atmospheric "harmony of opinion," to find out if at last it may perhaps be worth talking seriously to the Russians. All this has been explained by weeks of press conferences and speeches, which will culminate in a final broadcast to the nation as the President leaves for the airport. Furthermore, congressional leaders have been consulted at all points and are to be kept in daily touch with developments at Geneva. And Senator George, the Democratic elder statesman, influenced both the original favourable American reaction to the idea of such a meeting and the subsequent drawing up of an agenda. This may be a return to diplomacy, but in Washington at least it will be open diplomacy. Congress is to be given no excuse for saying it has been kept in the dark.

"Yes, We'll Be There, Rain and Shine"

Herblock in the Washington Post

At the top of the agenda, as far as the American people and the President are concerned, is disarmament. Mr Stassen's appointment to find a way out of this "squirrel cage" no longer seems the idealistic kick upstairs that it did earlier this year; indeed, it might have been guessed that it was not, from the readiness of a man of his ability and ambition to accept such a post. Another subject of discussion is, naturally, to be the whole group of problems centring round a divided Germany, but the President would certainly like to avoid Asian questions. This is partly because the Administration's own views on what should be aimed at there are less crystallised than they are in Europe; but it is also because in the Far East the President cannot expect the united support from Congress that the final humiliation of Senator McCarthy has assured him in other parts of the world. Mr Eisenhower does not want to put too great a strain on Senator Knowland's new-found loyalty. Something about which Congress may have doubts, but on which the United States is nevertheless thought to be ready

to bargain, is the relaxation of restrictions on trade with the Communist world.

But all that is to be done officially during the President's six summer days at Geneva is to decide whether future negotiations should be about all of these topics, or more, or less, or none at all. For this a bright smile, a remembrance of military comradeship, a conciliatory spirit and a sense of dedication as a peacemaker are excellent qualifications, even if not the only ones needed. But after that, unless present hopes are completely false, come months, perhaps years, of bargaining with the Russians, with the western allies and with Congress. This is where Mr Dulles, well equipped for all changes of diplomatic season and political climate, takes over. It is he who must be convinced by practical guarantees that the Soviet Union has abandoned the Communist philosophy of world revolution. This is when the cold water which the Secretary of State is so accustomed to throwing may be found particularly useful.

New Money—with Care

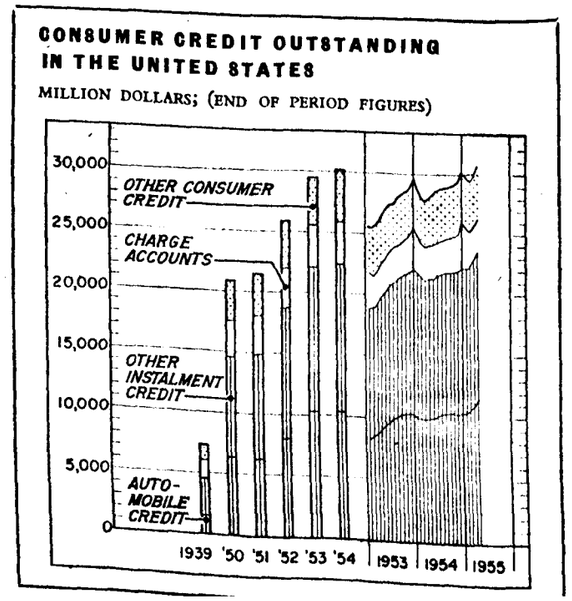
THE Treasury has handled its latest borrowing with kid gloves, a necessary precaution if it was to avoid either pushing inflation or squeezing expansion. Eight-month tax anticipation certificates at $1\frac{7}{8}$ per cent are being used to raise $2 billion; these may, and will, be used by corporations to pay taxes falling due next March. An additional $750 million is being obtained by the reopening of the 40-year 3 per cent bond which was first offered earlier this year; this may be paid for by instalments between now and October, a provision designed to appeal to investors of savings, such as managers of pension funds and insurance companies. In spite of the Treasury's well-known desire to extend the maturity dates of the national debt, and in spite of the temptation to do this while the country is in its present state of booming prosperity, the amount of money to be raised by the long-term loan was held to the minimum that was known to be readily available.

This was in keeping with the basic thesis of this whole careful and successful fund-raising operation: that little or no call should be made on the banks, already suffering from a shortage of money for commercial loans. In particular the Treasury did not want to drain away any large amount of the long-term funds that normally are used for mortgages and other types of capital investment. Some of those who fear that borrowing of this type is now expanding too quickly would have been relieved to see the government making such credit more difficult to obtain. While this fear is shared to some extent by officials, their main concern is that the banks, and therefore the boom, may be unduly squeezed as the usual seasonal increase in demand for credit, between now and the late autumn, follows a spring during which the usual seasonal decline has not taken place.

The Federal Reserve Board, which is responsible for managing the country's money supply, has been hampered by the fact that the Treasury's 91-day bills, its shortest-term issue, are no longer held mainly by banks. This means that it has not been possible for the Federal Reserve to increase the supply of available credit by buying these bills from banks on the open market as it has done in the past. Since the beginning of the month the Treasury has been meeting this situation by adding an extra $1 million to its regular weekly offering of $1.5 billion of 91-day bills. The authorities insist that this move is entirely for the benefit of the banks and has nothing to do with government financing operations. Be that as it may, as a result the Federal Reserve has been saved from having to resort, as it was rumoured it might, to the much more inflationary move of lowering the amount of reserve funds which member banks are required to hold. This is a remedy for scarcity of credit which may, however, be useful later in the year, in September perhaps, when the Treasury will again have to borrow new money and when loanable funds will almost certainly still be seasonally short.

Very Particular Motors

GENERAL MOTORS always belies its name: it is a very particular corporation, and everything it does is very particular, too. A month ago it concluded an agreement with its workers giving them a combined increase in wages and unemployment and other benefits amounting to 20 cents an hour, a record-breaking figure. Fortified by the assurance of three years' labour peace which this agreement provides, the corporation then announced a further programme of expansion, to cost $500 million and to be finished by the end of next year. This brings the expenditure planned by General Motors since January, 1954, to $2 billion. Then a week ago the corporation, already the world's largest industrial enterprise, with assets worth about $5 billion, declared that, stockholders permitting, it would split its 90 million odd shares three for one. This would make it also the world's largest undertaking in terms of



common shares outstanding; the British Petroleum Company at present holds that record.

This last announcement pushed up the price of General Motors' shares by $14 in a day, and must have made some of the firm's employees wish that their union had accepted the company's offer of an assisted scheme of share purchases, instead of holding out for the additional unemployment benefits which do not seem a very present need. One of the ideas behind the stock split is to increase the number of potential purchasers of cars who have a special shareholders' interest in a General Motors' product. For if the 6.3 million square feet of additional floor space and the new presses and machine tools planned for in the capital expansion programme are to be used, the demand for vehicles made by General Motors will have to keep on going up. No one could be more optimistic than the corporation about the future market for cars; results this year certainly seem to justify this rosy view. For in the first sensational six months of 1955, General Motors produced over two million vehicles, about half the country's total output, and it sold all but 139,000 of them, which hardly leaves an excessive inventory on hand.

Although July is the period in which sales begin to drop and in which dealers are usually allowed to run off their stocks, in preparation for the arrival of new models, and although the threat of a strike is over, the industry is continuing to produce at top speed. It does not seem possible that this can go on; some day a reckoning must come, even if it is not until next year. But when it does, General Motors evidently intends to see that it is the smaller, independent car manufacturers who pay the price. For them any substantial fall in sales would mean disaster.

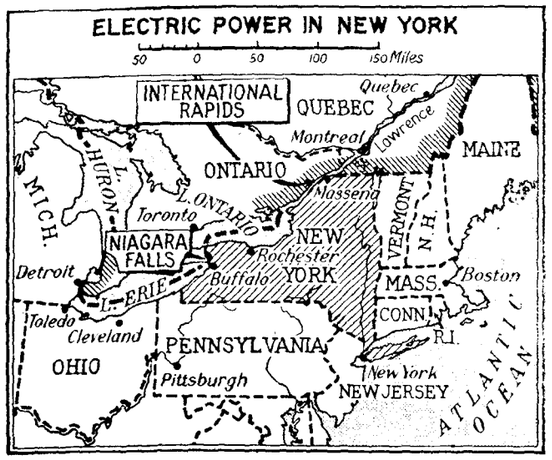
Electrical Yardsticks

New York

IN the Tennessee Valley the much-publicised battle by the advocates of public power to keep out private electricity development has been won, for the moment at least, with the cancellation of the notorious Dixon-Yates contract. But little national attention is being given to the similar battle in New York State which has been going on much longer, which is being fought on two fronts and which involves larger practical stakes in terms of electricity output. The reason for this lack of interest is presumably that in New York the question of principle—should electricity needs be met through public or private enterprise?—is not posed as clearly, or on such sharply divided political lines, as it was in the Tennessee Valley. Furthermore this battle is being fought mainly at the state level rather than in Washington.

Two separate and huge hydro-electric projects are involved in the New York controversy. On one of these, the development, in conjunction with the Canadian authorities, of the International Rapids section of the St Lawrence River, construction has already begun. For the other, the development of the United States' share of the power resources of the Niagara Falls, Congress has yet to authorise the Federal Power Commission to grant a licence. Private utility companies were unwilling to finance the development of the St Lawrence site and the FPC, without congressional action being required, awarded the licence to the New York State Power Authority, of which Mr Robert Moses is chairman. But the public power argument has now broken out at the next stage—the sale of the electricity produced by the Authority, which will increase the supplies available in the state by one-sixth.

The first contract negotiated by the Authority has just been approved by the present Democratic Governor, Mr Harriman. Under it, 174,000 kilowatts of electricity, about a quarter of the Authority's entire firm output, and 69,000



kilowatts of interruptible supplies which can be shut off when the river is low, will be sold for a period of 38 years, starting probably in 1960, to the Aluminum Company of America, for use in its plants at Massena. The contract has been given to Alcoa partly to compensate the company for the loss of its existing generating plant on the St Lawrence, which will be flooded out by the new development. Another quarter of the American share of the output from the International Rapids is to be reserved for other industrial users in the area, and for those who may be attracted there by the availability of cheap electricity. This leaves only half to be divided between private utility companies, rural electricity co-operatives, municipal power systems and other states.

Critics of the contract therefore maintain that the amount of electricity promised to Alcoa is too large and that too little will be left for municipalities and rural co-operatives, especially if a like amount is reserved for other industrial users. Although no specific "preference clause," of the type usual in federal power legislation, was included in the FPC licence for the St Lawrence project, the state Act, which governs the New York Power Authority's operations, does require that preference be given to rural and domestic consumers and that industrial use of the electricity must come second. The critics, also charge that the duration of the Alcoa contract, almost twice that of comparable industrial contracts granted by other public authorities, is much longer than is justifiable.

Mr Moses points out that since Alcoa, which generated power from its own facilities at 1.5 tenths of a cent a kilowatt-hour, is paying the Authority over 4 tenths of a cent, some concession in the duration of the contract was called for. He contends that the assured market provided by

Alcoa on a round-the-clock basis for a quarter of the Authority's output enables the average cost of electricity to all other consumers to be lowered. The state as a whole, he feels, would also benefit more if new industries are brought to the source of power in the north, an economically-distressed area, than if costly new transmission lines are built to carry electricity long distances at reduced rates to residential consumers in New York City. Under pressure from advocates of public power Governor Harriman, before approving the contract, did insist on modifications which effectively shortened the contract by five years, and would enable the Authority to cut off half of the supply to Alcoa after 33 years; but these are minor modifications.

In defending his approval of the contract, Mr Harriman emphasised Alcoa's importance as the largest employer of labour in the St Lawrence area, and his fear that if a contract less favourable to the company were insisted on, it would close down its plant and leave its 6,500 employees without work. The critics, however, doubt whether Alcoa could find an equally favourable site even if the terms of the contract were stiffer. They may fight the contract in the courts, but their main concern is to see that it does not happen again—at Niagara Falls.

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The congressional committee, which is considering the terms on which the Federal Power Commission shall be authorised to license the hydro-electric development of the Niagara Falls, has already five different Bills before it. Two of these would hand over the entire project to a group of five private power companies. A similar Bill was approved by the House of Representatives in 1953, but not acted upon by the Senate. New York State is prepared to take the battle against private development to the Supreme Court if necessary, on constitutional grounds based on state ownership of the river bed. Mr Moses considers the state's first obligation is to enhance the beauty of the American falls, which have been pitifully spoiled compared with the Canadian. A third Bill, providing for construction by the Army Corps of Engineers, is given little chance of passage.

The most acute controversy has been between the supporters of the other two Bills, one sponsored by Senator Lehman and one by Representative Buckley, both Democrats from New York. Senator Lehman's Bill would give the entire responsibility for development to the State Power Authority, and include the strict safeguards lacking in the case of the St Lawrence, which would ensure that preference be given to the municipal systems and rural co-operatives. These conditions would mean that in practice the Authority would itself be forced to build transmission lines, unless it can contract with private companies to use their facilities on reasonable terms. Mr Buckley's Bill, which had the strong support of Mr Moses, would have left the decision to the FPC, and would only have specified that public agencies and co-operatives should have priority for such power "as they can use economically and practically." In fact, Mr Buckley's opponents felt, the Authority would then have been free to sell power, as in the case of the St Lawrence project, to all comers at the generator. It is now, however, reported that, spurred on by Governor Harriman, Senator Lehman and Mr Buckley have agreed on a single revised Bill, which appears to be very close to the Senator's version. This much improves the chances of congressional action on the project.

The real issue in both these cases, as almost always in the controversy over public or private power, is the rate yardstick, the low charges which publicly-owned electricity undertakings hold over the heads of private companies in order to force them to keep down their rates to residential consumers. The private utility companies, in New York as elsewhere, point to the unfair advantages in financing and taxation enjoyed by the public undertakings and denied to them. What has yet to be shown with any accuracy by the yardstick seekers in New York is how cheaply electricity from the St Lawrence and Niagara generators could be delivered, if it were made available, by public transmission lines if necessary, to the residential consumers in the high cost power areas they are seeking to protect from the depredations of private enterprise. The New York Power Authority apparently feels that New York City could not be supplied at competitive rates from either of the new projects.

More for the Schools?

AFTER weeks of hearings had shown the House Education and Labour Committee how difficult it was going to be to agree on a school construction Bill, it handed the job on to a subcommittee. This then took a month to produce a Bill which provides $400 million a year in federal grants for school building, for four years, to be matched by the states. This is double the amount President Eisenhower thought necessary, but the Bill also contains his much-criticised proposals for giving federal support to local school bond issues. He attaches great importance to this idea as a means of saving federal money. Mr Eisenhower's request was originally an emergency one, designed to tide over the school crisis until after next November's full-dress White House conference on education. This will undoubtedly produce a broader programme to deal with the other desperate needs in the schools. Of these the most obvious, which is almost as pressing as the lack of school buildings, is the scarcity of teachers; this can hardly be dealt with except by an increase in salaries.

It now seems highly probable that nothing at all will be done to help the schools until after this conference. For even should the President put his influence behind the House Bill, it still has to be approved by the full committee and on the floor and must then go through the Senate. There is also a very real threat that the Bill will be blocked by an amendment requiring that no federal funds should go to schools where racial segregation is practised. This would make the measure unacceptable to Southerners and would mean that it could only be passed, if at all, after delays which would certainly keep Congress in Washington beyond the end of this month, something which party leaders have no intention of permitting. Meanwhile, however, the dilatory treatment being given to what everyone recognises to be an urgent problem is being built up into a major political issue for next year, especially by Mr Adlai Stevenson.

Politicians on the Air

Washington, D.C.

THE expense of television got the main blame at the recent hearings of the Senate Subcommittee on Elections and Privileges for the runaway inflation in the price of politics. It can cost as much as $37,600 to put a politician on the country's screens for half an hour, and the bill may be even larger if a commercial advertiser has to be compensated for the displacement of a programme which he sponsors regularly. Nevertheless there are merits in the spread of camera campaigning. The public is given a greater sense of participation in the nation's affairs and, since American television is based on locally-operated stations, local candidates become much more familiar figures, a factor which often helps a newcomer fighting an established office-holder. The really conscientious viewer can be helped to sort out the mass of state and local offices and referenda questions that clutter the lower part of the ballot paper. Above all, the national campaigns can be shorter; next year the presidential candidates are to be nominated much later than usual.

But there are serious demerits. Although the television screens give a bonus to a likeable personality, they also give an incentive to the alliance between politician and salesman which has already been carried much too far. Senator Neuberger of Oregon, who claims to have won votes in the last election by making a virtue of not wearing makeup before the cameras, has even introduced a Bill requiring an announcement before any political broadcast as to whether a teleprompter or facial makeup are being used. His thesis is that a man who will deceive the electors about his appearance and his speech-making facility will deceive them about anything. But television always involves pretence—that of talking into a human void filled with bright lights and cameras as if conducting a one-sided conversation in a cosy drawing room.

The main worry, however, is money. This is actually raised by means of "citizens' committees" which are not limited by the laws regulating the candidate's own spending. But, as the expenses of staging lively entertainment multiply, candidates, particularly for lesser offices, are liable to start out in public life under heavy obligations to a small group of large contributors. Naturally enough it has been suggested that the Federal Communications Commission, a quasi-judicial body which polices the ether, should make a wireless or television station's willingness to give free time to political candidates a condition of receiving a licence. An alternative proposal is that there should be a congressional appropriation for political broadcasting.

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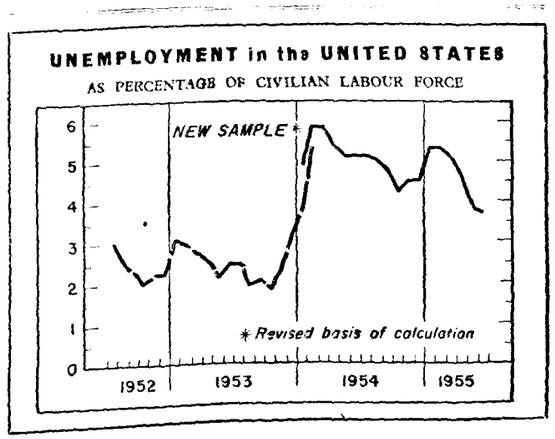
The FCC's powers in such matters have often been misunderstood. Outside election time its regulatory function is very general. It exercises no real surveillance over programmes and has no precise requirements for the allotting of time to "public service" rather than to advertising profits. When a station's licence comes up for renewal the commission makes a general check to see that the owner has lived up to the spirit of his promises about the balancing of his programmes between these two interests—but no licence has, in fact, ever been revoked on account of unsatisfactory programme content. In 1948, in an oracular pronouncement whose syntax defies analysis and whose reasoning is so verbose and confused that it can offer little in the way of guidance, the commissioners sanctioned "editorialising" by station owners, provided the principle of "fairness" in giving "both sides" of a controversial question was maintained. The national networks, the chains of affiliated stations carrying the same programme for at least part of the day, have an established tradition of giving free time for reply to a person or cause that has been attacked in a programme, but this decision is usually made unilaterally, and not always consistently by the network's officials.

When election time comes around the FCC has a special law to interpret. No radio or television station is under any obligation to give or sell time to candidates, but once time has been allotted to one it must be allotted to all others for the same office on the same terms. This applies to campaigns for the party nominations as well as to the election itself. The station has no power of censorship over the candidate's material, even though it may involve the station in a libel suit. This provision only applies to candidates—the station is free to put on supporters from one side and not from others— but it does apply to anyone who calls himself a candidate either for the nomination or for election, if he is legally qualified to run for office.

Although the networks normally carry a sizable quota of "public service" programmes, they oppose the idea of giving free time to presidential candidates. This is understandable when it is remembered that, even after the parties had made their nominations, there were eighteen candidates for the presidency in 1952. Every free half-hour given to the Republican or Democratic nominee would have had to be duplicated for the brigadier-general who was running as a vegetarian or the "independent" lady who was fighting against "world government." All the nominees' acceptance speeches were in fact carried free.

One question on which the FCC admits to bafflement is the case of a Communist Party candidate. The chaotic legislation that was supposed to ban the Communists and was rushed through Congress last year has not yet come before the courts in any form. Until its constitutionality is settled no one knows whether an open Communist is as much entitled as a Prohibitionist or a Constitutional-Christian Nationalist to equal opportunities on the air.



Tolerance to Scale

Washington, D.C.

THE Fund for the Republic, an offshoot of the Ford Foundation, has just put out an interesting, even if not entirely convincing, attempt by a Harvard sociologist to find out, by the poll-taking method, what "American opinion" on the subjects of "Communism, conformity and civil liberties" really is. The results all seem plausible enough but it is a pity the professor allowed himself to be seduced, by the sight of so many interesting figures lying around, into producing a statistical monstrosity called a "tolerance scale."

The first conclusion Professor Stouffer reaches is that these subjects are uppermost in few people's minds. At the height of the congressional hearings in 1954 on the Army-McCarthy controversy, when Mr Stouffer's investigators were at work, less than one per cent of those interviewed gave Communism or threats to civil liberty as answers to the question: "What things do you worry about most?" Thirty per cent could not name a single Senator or Congressman who was devoting any special attention to the question of subversion.

The second conclusion is that when the polltakers moved on to more specific questions they unearthed what at first sight seems a rather disturbing degree of latent intolerance. Not only, for instance, were two-thirds of those questioned unwilling to allow an admitted Communist to speak in their community, but almost as many would ban anyone attacking "churches and religion." More than a third would favour the removal of a book advocating "government ownership" from their public library and over half would object to a Socialist teaching in a university. As for a Communist, two-thirds would fire him if he were a salesman in a shop or a singer on the wireless and three-quarters would take away his American citizenship.

But the third conclusion, and the main note of optimism in Mr Stouffer's report, is that the opinions of the members of an arbitrarily selected group of "community leaders" were in each case more liberal than the national average, even though this group included such personalities as commanders of the American Legion and regents of the Daughters of the American Revolution. Only thirty-four per cent of the leaders, for example, would want to remove an atheist book from the public library, as against sixty per cent of the cross-section.

Moreover, the general front of intolerance begins to crack where personal friendships come in. The overwhelming majority both of the leaders and of the national cross-section would stand by a friend who was a Communist ten years ago but not now, and over half would be relatively lenient to a man who refused to answer certain questions about Communism because he did not wish to be forced to testify against former friends. Only 13 per cent of those questioned claimed ever to have known anyone they suspected of being a Communist. But the reasons for their suspicions—ranging from "she has more money to spend and places to go than seems right" to "would not attend church and talks against God"—reflects the character of much of the "derogatory information" that has caused so many unfortunate people's loyalty to be questioned.

SHORTER NOTES

In June total civilian employment went over the 64 million mark for the first time. The usual seasonal expansion in employment in that month was accompanied by an unusually large gain in manufacturing jobs. Unemployment is expected to go up in June, since students and school leavers then come into the labour market, but this year the rise was surprisingly small, only 200,000, bringing the total out of work to 2,700,000.

★

Mr Allen Whitfield, a Republican leader from Iowa, has asked that his nomination to be an Atomic Energy Commissioner should be withdrawn. The nomination had been much attacked by Democrats who alleged that for the first time an appointment to this vital and independent agency was being made not for reasons of ability, but to repay a political debt.

★

No sooner had an agreed figure of $3,285,800,000 been authorised for foreign aid in the current 1956 fiscal year than the House of Representatives began to cut the amount down by reducing the appropriations. It approved only $2,638,741,750 in actual funds, but it is hoped that the Senate will be more generous, as it often is. The House acted in this way out of anger at the Department of Defence for having at the last moment contracted to spend some $600 million which would otherwise have lapsed with the end of the 1955 fiscal year; most of the cut in the new appropriation was in military assistance funds.

★

The United States has signed the controversial pact giving the German Lufthansa airline the right to serve the Caribbean area and South America from American airports, in return for permission for American airlines to fly to German cities and points beyond. But the last may not yet have been heard in Congress of the objections of some American airlines to this agreement.

★

So many Americans are going abroad this year that the State Department has had to ask for extra funds to enable it to handle the increased load of applications for passports. To encourage more foreigners to visit the United States, visa regulations have been simplified and the time for which a visa is valid has been lengthened.

★

During the present heat wave some of the many Americans who do not yet have air-conditioned cars will be enable to eat in comfort at drive-in restaurants, or look and listen i comfort at drive-in cinemas by the provision of emergenc air-conditioners; these individual units will be hooked u to their cars when they stop at the restaurant or theatre.

THE CHASE MANHATTAN BANK

Head Office: 18 Pine Street, New York.

Incorporated with Limited Liability under the laws of the State of New York

STATEMENT OF CONDITION JUNE 30, 1955

RESOURCES		
Cash and Due from Banks		$1,808,126,521
U.S. Government Obligations		1,612,671,157
State, Municipal and Other Securities		577,610,042
Mortgages		133,444,436
Loans		3,106,360,183
Accrued Interest Receivable		18,242,167
Customers' Acceptance Liability		95,103,893
Banking Houses		57,388,430
Other Assets		12,862,821
		$7,421,809,650

LIABILITIES		
Deposits		$6,712,185,361
Foreign Funds Borrowed		16,087,325
Reserve For Taxes		23,653,485
Other Liabilities		38,733,514
Acceptances Outstanding	$111,590,273	
Less: In Portfolio	10,947,813	
		100,642,460
General Reserve for Securities		12,125,501
Capital Funds:		
Capital Stock (12,000,000 Shares—$12.50 Par)	$150,000,000	
Surplus	300,000,000	
Undivided Profits	68,382,004	
		518,382,004
		$7,421,809,650

United States Government and other securities carried at $560,475,543.54 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

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BANKERS TRUST COMPANY

NEW YORK

Condensed Statement of Condition—June 30th, 1955.

ASSETS

Cash and Due from Banks	$622,057,877.26
U.S. Government Securities	530,102,951.67
Loans	1,341,795,409.00
State and Municipal Securities	67,423,401.99
Other Securities and Investments	26,176,199.89
Accrued Interest and Accounts Receivable	7,495,169.24
Customers' Liability on Acceptance	24,181,933.48
Banking Premises	16,504,460.18
Assets deposited against Bonds Borrowed	8,643,500.00
	$2,644,380,602.71

LIABILITIES

Capital (par value $10 per share)	$40,299,500.00	
Surplus	150,000,000.00	
Undivided Profits	45,008,491.15	
		$235,307,991.15
Dividend payable July 15th, 1955		2,619,467.50
Deposits		2,349,905,896.09
Reserve for Taxes, Accrued Expenses, etc.		20,279,824.15
Acceptances Outstanding	29,452,153.84	
Less Amount in Portfolio	3,386,446.87	
		26,065,706.97
Liability under Bonds Borrowed		8,643,500.00
Other Liabilities		1,558,216.94
		$2,644,380,602.71

Assets carried at $140,575,936.53 on June 30th, 1955, were pledged to secure deposits and for other purposes.

Member of the Federal Deposit Insurance Corporation.

London Office: 26, OLD BROAD STREET, E.C.2.

Incorporated with Limited Liability in U.S.A.

Lincoln Cathedral

No great thing is created suddenly—

EPICTETUS (*1st CENTURY A.D.*)

Everything grows. A tree, a house, a school of thought — each adds to itself carefully with the years. And when they are great, their growth is the more leisurely. A nation, a religion, a way of life — these ask not for generations, but for centuries.

Among the community's great organizations today industry has one of the longest histories. It can trace its course back for two centuries, to dark mills and primitive machines. Now, it serves the community's economic needs in a million ways, and provides the material foundation for modern standards of life and leisure. For, as industry's technical achievement grows, so does its field for service.

Great organizations, high traditions, are best made slowly. Which is to say, great responsibilities are assumed gradually and with understanding.

Esso

Esso Petroleum Company, Limited

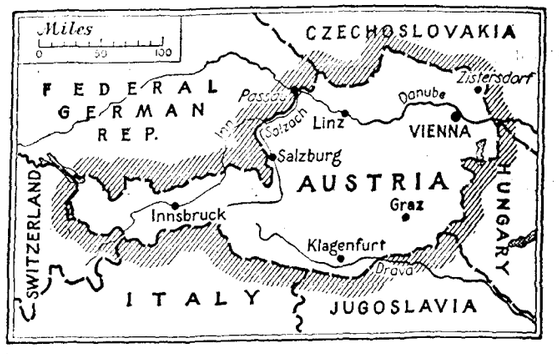
The World Overseas

Austria Braces Up to Freedom

FROM OUR SPECIAL CORRESPONDENT LATELY IN VIENNA

EUROPE'S new neutral state is determined to make a success of a role which, on the whole, suits it well. One day the Austrians hope to evolve the patriotic, cohesive neutralism of the Swiss, and enjoy the same prosperity. But in the meantime, responsible Austrians are preoccupied with economic problems. Paradoxically, liberation from a Communist power presents short-term difficulties, as a reunited Germany would undoubtedly find. It is not surprising that Austria's experience is being closely watched in Bonn.

At present, the Austrian economy is booming, with full employment and a continuously rising demand for consumer goods. This demand has been met by a big increase in imports, stimulated by measures of liberalisation (though Austria has liberalised only to the extent of 83 per cent, and has not ventured to free any dollar imports). The flow of imports has prevented inflationary pressure on prices, but it has inevitably upset the balance of trade. In the first five months of the year, the trade deficit amounted to over 2 billion schillings (roughly $77 million). Though Austria still earns a surplus in its balance of payments, it is feared that there will be a deficit by the end of this year. One big item of invisible dollar earnings will disappear when the American forces are withdrawn; on balance, the Austrians will lose over $50 million a year when the GIs go.



The situation, therefore, called for some anti-inflationary measures even before the peace treaty faced the Austrian government with new tasks. Bank rate was recently raised, but critics maintain that Dr Kamitz, the finance minister, should have issued months earlier the orders he gave a few weeks ago, which halved building by the public authorities and restrained private enterprise, which has been receiving extraordinarily generous credits in this field. Some other measures will probably be taken to tighten credit, but Dr Kamitz is determined not to go back to the early postwar system of controls with its accompanying black market in goods and currency.

Dr Kamitz is fortunate in having Socialist colleagues in Herr Raab's coalition government who are not doctrinaires. He too will need to be flexible, in order to solve the new problems which arise out of the peace treaty. Apart from losing American revenue, Austria has to pay $150 million for the former German properties—the so-called USIA concerns—which were taken over by the Russians after the war. Payment is to be spread over six years, either in goods or dollars. In addition, Austria is buying back the Zistersdorf oilfields and refineries, and other oil concessions, at a cost of a million tons of crude oil a year; and the Danube Shipping Company, at a cost of $2 million.

The USIA concerns were selling mostly to the Soviet satellites and it is not certain whether they will continue to do so. In payment they received goods, including consumer goods which were sold at dumping prices in the USIA shops. The Austrians do not want payment of this kind. By over-exploiting the oilfields, the Russians have managed to extract about 3½ million tons a year from the Zistersdorf area, which before the war produced only about 600,000 tons. This vast increase has brought Austria's oil industry to a position close to that of Rumania's.

A paradoxical situation will arise when the Russians finally hand over the ex-German properties. A coalition government in which the majority party is pledged to free enterprise will become owner of a much larger nationalised sector of industry, including, oil, steel, power and electrical engineering. The Socialist minister for nationalised industries, Herr Waldbrunner, already has a large number of important enterprises in his control—some of them profitable and others working at a loss. The Austrian government nationalised all heavy industry and two leading banks in 1945 and 1946, before the Russians took over the ex-German firms in their zone, and the former German properties in the Western zones have been under Austrian state trustees for years past. Through the nationalisation of two leading banks, the government also came into

indirect possession of some light industrial concerns. The fifteen heavy industrial firms which they will receive back from the Russians were among those nationalised after the war, and will therefore automatically be placed in the lap of Herr Waldbrunner ; while the liberal Dr Kamitz, sitting in the golden palace of Prince Eugène, will find himself in charge of the two hundred or so smaller firms.

Strong forces inside the ministries, and in private industrial circles, want to find some means of returning at least part of the state's industries to private hands. There are widespread objections to the way in which nationalised concerns tend to become monopolies. The Socialists will probably agree to Dr Kamitz's selling the small firms if buyers can be found. And the nationalised *Oesterreichische Creditanstalt* will be encouraged to try to create a public market for its holdings. But it is not at all clear what will happen to the big concerns and the oil industry. The latter certainly needs large capital investments to modernise its refineries, and it is likely that most of the other plants in the Russian hands will also need funds. The Russians agreed to leave them as "going concerns," but in some cases they have moved machinery out and, in the course of the talks just ended in Moscow, the Soviet negotiators have claimed that stocks do not form part of a "going concern."

It will be necessary, therefore, for the Austrians to restrict public spending and find capital. Some benefit will accrue from the return of the Russian-held firms, but nobody knows yet how much, and the need for immediate expenditure is plain. Hopes are directed on foreign credits, and on selling concessions in those unexploited oilfields which were never in either German or Russian hands. The refineries may also be sold to non-German foreigners. The Austrians feel confident that their troubles will last only for the six years during which they are paying ransom to the Russians and modernising the ex-German firms. There can be no doubt that the economy of the country is fundamentally sound. Prewar notions of Austria as a non-viable state take no account of the great additions to its heavy industry which have been made from 1937 onwards. Only about 22 per cent of its population are now engaged in agriculture, compared with 33 per cent before the war, and hydro-electric power, steel and oil are all great exporting industries which have been vastly expanded since Austria was regarded as a land of picturesque peasants with a top-heavy capital city, doomed to fall under the command of its big German neighbour. Such ideas are out of date.

Lorraine's Grievance

BY OUR SPECIAL CORRESPONDENT

STEEL is the showpiece of the French economy, and is the sector in which probably the most spectacular progress has been achieved since the war. Modernised, re-equipped and more highly concentrated than in 1939, the French steel industry is expected to produce this year the record output of about 12.5 million tons of crude steel, and plans have been prepared for an expansion of capacity to some 17 million tons by 1960. But this mood of confidence is qualified by the fear that the industry's high costs of production will prove a severe handicap once present boom conditions are over ; French steelmakers rely on foreign outlets to absorb nearly one-third of their production.

One cause of high costs is alleged to be the heavy burden of social charges—family allowances, insurance, unemployment and other benefits—which are borne directly by industry rather than by the state. To be valid for international comparisons, however, this argument ought to take into account the whole complex of wages and taxation in addition to social charges.

Transport Costs

A more specific complaint concerns the high cost of transport ; it is often to be heard in Lorraine, the French Rhur, where about two-thirds of the country's steel and an even greater proportion of its pig iron are produced. The Lorraine industry has grown on the vast deposits of phosphorous iron ore, which were made valuable by the invention of the Gilchrist-Thomas process. It also has an easily accessible supply of coal ; but this is of poor quality, and the region is forced to rely on imports, particularly from the Ruhr, for the bulk of its coking coal. The French claim that they are compelled to pay an unduly high price for the transport of this coal.

Lorraine steelmakers say they are handicapped not only by the excessively high freight rates charged for the transport of coal in Germany but also by remnants of direct discrimination, although the latter is in clear violation of the Coal and Steel Community treaty. The bulk of the German steel industry is concentrated in the coal-producing area, in contrast to the Lorraine works, and the German steel industry, as a whole, is therefore little affected by paying the high official rates. But it is said that a number of the German steel works which are some distance from the Ruhr continue to receive preferential treatment on an individual, rather than national, basis. Thus it has been calculated that over the same distance of 300 kilometres the transport of a ton of Ruhr coke would cost more than 32 shillings if it were going to Lorraine and only 23 shillings if its destination were within Germany—the Siegerland works, for example.

Disguised Subsidy ?

The abolition of this preferential treatment, however, would not end Lorraine's handicap. The main French case is that the German transport rates for coal are fixed artificially high, whereas for iron ore they are artificially low. It is admitted that, because of difficulties in handling, freight rates for coal should be some 10 to 20 per cent higher than for iron ore ; but in Germany they are roughly double. The French conclude that through its large outlay on the transport of coal Lorraine is, in fact, subsidising the cheap transport of iron ore on the *Bundesbahn*. One calculation, taking into account the share of transport in the total cost, estimates the handicap suffered by the Lorraine industry, as a result of artificial coal freight rates, at 15 shillings per ton of finished steel, and the subsidy received by the German industry at about 10 shillings per ton. Thus, it is argued, on the cost of transport of raw materials alone, Germany gets an unfair advantage equivalent to some 25 shillings for each ton of finished steel.

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The French have few means of retaliation now that Germany has become virtually independent of Lorraine ore. They pin great hopes on the project of a Moselle canal (discussed in *The Economist* on July 10, 1954). Otherwise, they maintain, the French steel industry will be driven more and more to seek self-sufficiency in raw materials. Several attempts have already been made to use the poor local coal for coking. The best known system of preparation, the so-called *Sovaco* process, is now applied in the Thionville works and your correspondent was told on the spot that it has made possible a reduction from 70 per cent to about 35 per cent in the proportion of Ruhr coal used for coking.

Such exploitation of local coal could be an economically sound development. It would be a pity, however, if it were pushed too far because of the problem caused by the German transport costs. This is the core of the French case; the French declare that they are the upholders of the ideals of the Coal and Steel Community, and quote endlessly from the articles in the treaty which prescribe the most rational distribution of production. If the Germans do not give way, they argue, either the Community will be dominated by German industry or the tendency towards autarky in all member countries will be strengthened. In either case the principles underlying the Schuman Plan will be violated. Strangely enough, after a brief tour of the Lorraine steel industry one emerges with the impression that its steel masters are fairly confident that they will get satisfaction from the Germans.

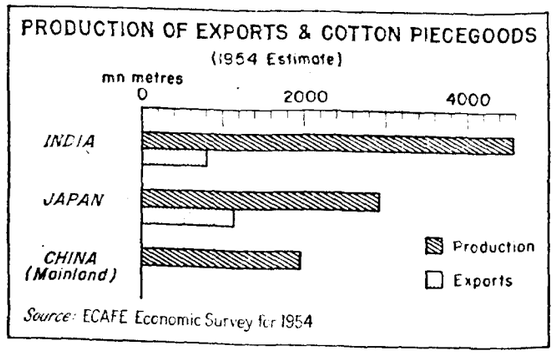
Asia's Economy Advances

SUBSTANTIAL economic progress was achieved in 1954 in the region covered by the UN Economic Commission for Asia and the Far East (ECAFE), according to the latest Economic Survey.* The region is mainly agricultural and it is, therefore, interesting that the production of food-grains in 1954 was eight per cent above the previous year (mainland of China excluded). But in spite of this considerable growth, which, according to the Survey, was due not only to favourable weather conditions but also to greater acreages and better yields, *per capita* production in the region is still about 12 per cent below the prewar level.

Improved food production, particularly of rice, posed as many problems for the food-surplus countries as it solved for the deficit countries. During the year the problem of disposing of surplus rice became more difficult for countries like Burma, which had an exportable surplus of nearly 2.4 million tons, and Thailand. Prices tended to fall, but in some cases, due to the intervention of the state, they did not become adjusted quickly enough to clear the heavy carry-over stocks. The ECAFE Secretariat concludes that the rice situation in 1955 "is likely to be characterised by an excess of rice supplies relative to effective demand"—an outlook which is, no doubt, causing anxiety in the rice-exporting countries.

* Economic Survey of Asia and the Far East, 1954. Published by HM Stationery Office, price 15s.

Industrial production has gone ahead rapidly as existing capacity has been more fully employed and as new facilities installed under the various development plans go into operation. The output of cotton textiles made spectacular gains. Already there are two major exporters of cotton piece-goods in the area, India and Japan, and there are signs that Communist China is also beginning to look for export markets for its growing production. Steel production, which centres mainly on three countries, India, Japan and China, is making rapid strides and is now almost two and a half times larger than it was in 1949.



Although there was economic progress in the ECAFE region as a whole, a number of countries were faced with balance-of-payments difficulties. This was due to a deterioration in the markets for certain exports and to a substantial increase in the level of imports. Several countries were obliged to impose more severe import and exchange restrictions. But it is an encouraging fact that, despite the adverse turn in the balance of payments, monetary stability was maintained in most countries. There were, indeed, signs of a deflationary tendency in India and the Philippines, and in Japan the government initiated a policy of monetary contraction in order to correct the balance-of-payments deficit.

Problems of economic development in the region are naturally of considerable interest to the ECAFE Secretariat, and the present Survey is valuable as providing the most readily available comprehensive source of details of all the

(*Continued on page* 233)

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(*Continued from page* 232)

different plans. Moreover, the Secretariat has, in the latest Survey, adopted an eminently sensible attitude towards the statistics and other information available to it. The section dealing with economic conditions in China is a model of objectivity; an introductory paragraph describes fully the faults of the statistics released by Peking, and throughout the chapter the authors carefully refrain from drawing dogmatic conclusions based simply on statements made by Communist spokesmen.

Tackling Italy's Poverty

FROM A CORRESPONDENT LATELY IN ITALY

THE big discovery in Italy since the war is that poverty, like water, finds its own level. The underdeveloped south cannot be ignored because its unfortunate inhabitants, no longer able to emigrate in large numbers, crowd into the suburbs of Rome and Milan. Social service payments, even at the modest Italian level, become an enormous drain on industry when whole regions are virtually on relief. The cold douche of Communist success in the 1948 elections merely served to clear the heads of those who were already tackling these problems.

The results have been seen in the work of the two agencies for the ten-year plan—the Fund for the South (*Cassa per il Mezzogiorno*) and the land reform agencies (*Ente di Riforma*). From time immemorial the *Mezzogiorno*, which comprises all the mainland areas south of Rome together with Sicily and Sardinia, has been backward and depressed. A peninsula leading nowhere, lacking minerals and raw materials and suffering from an almost feudal system of land tenure, it has an income per head which is, not surprisingly, only half the national average.

The Fund for the South, which is responsible for carrying out the programme of investment and land reclamation, is now in its fifth year and has already done a great deal. Houses, roads, water supply, land reclamation, improvement of the railways, instruction in farming methods, irrigation schemes and afforestation are the main items on its agenda. An effort is also being made to start new industries in the south, such as the new Olivetti plant at Pozzuoli near Naples. The Fund acts as a co-ordinating body using provincial governments, the land reform agencies and private firms as its contractors. Its vote is controlled by a committee of ministers but the director has full executive responsibility for the annual budget. So far the Fund has placed contracts of one kind or another for some 500,000 million lire.

Expanding Market

The value of this work cannot be reckoned simply in terms of water pipes, roads and field drainage. The sums expended have generated a great deal of private spending in the south. The depression in textiles last year would have been much more severe but for the emergence of the south as a market for cotton goods. This increase in the national income through growing southern prosperity is an entirely new phenomenon, and has done much to quieten northern criticism of the Fund's spending.

Whether the Fund is giving value for money can be assessed only in relative terms. One weakness is that the economies of large-scale purchasing, which should go with large-scale planning, are lost by short-term budgeting. The accountants have closed in on the Fund and the result is not economy but cheeseparing. Some advantages, however, such as standardised designs, are not lost. The excellent houses built for the land reform agencies are an outstanding example of this. The agricultural specialists working in the south are as good as, if not better than, any to be found elsewhere. But there are signs that there is too little control over the execution of plans once contracts have been awarded.

The land reform agencies have come in for rather more criticism, partly because their activities are not confined to the south and are therefore more widely known, and partly because they have dealt only with parts of the problem they were created to solve. It is not without significance that the Sila Law of 1950, the first step in the land reform programme, was hurriedly enacted in face of the revolt of the peasants in the Sila area of Calabria. The Stralcio Law of 1950, which applies to other areas, owes its name—the "extract" law—to the fact that it was a stop-gap measure to enable work to be started before the passing of the general law for land reform. The intention was to deal not only with land distribution but also with the wages and conditions of work of the landless labourers, land tenure systems and the reclamation and improvement of undeveloped areas.

Whittling Down

Action on the second and third of these objectives has been more or less left in abeyance. On the other two there is praise for the quality of the work done but criticism of its quantity. Critics complain that the original plans have been whittled down so that only one-third to one-half of the land originally scheduled for expropriation will actually go to the peasants. Even so, much has been done. By the beginning of this year, of some half-million hectares expropriated, some 300,000 had been assigned to 60,000 peasants.

Land reform has worked very well in the Tuscan Maremma, where irrigation and good soil make possible compact, easily worked holdings. In the south progress has been slower because much more primary investment had to be carried out before the land could be divided up. The improved farming methods now being taught will take time to achieve their full effect. But it is very difficult to see how the vicious circle of bad farming, poor crops and poverty could have been broken without the sort of aid that the land reform agencies are giving. The Italians have a traditional cynicism about government action, and for them democracy has not a long record of practical achievement; so, regrettably, a period of paternalism is now necessary to turn the peasants of the south into farmers. It is the recognition of this danger which inspired the *Movimenta Communita* which, although chiefly active in the north, is now working on a pilot scheme at Maretta in Lucania.

What will be the effect of the Vanoni plan for increasing employment and generating incomes, savings and investment? This is the great question in Italy today. So far the plan exists only on paper, but even so it has had a valu-

able effect on public opinion, and has been the first measure of this sort since the war to put the Communists on the defensive. The success of the plan depends on a number of independent variables: the ability of the government to promote investment and maintain the public works programme, especially in the south; the raising of the proportion of savings in the national income, which will require a positive fiscal policy; the willingness of the trade unions to exercise restraint in demanding increases for those employed until the mass of unemployed and underemployed find work; and the carrying out of a training programme by which those at present capable only of unskilled work can be taught new technical skills. Training for management is also essential in order to bring recruits to one of the weakest sectors of Italian industry.

Italy's economic future is by no means clear. Nevertheless, the one million scooters on the roads of Italy were not earned by lying in the sun. A large section of the Italian people have shown that they can respond to incentives. The recent loan of $70 million from the World Bank indicates that Italy is now regarded as a good risk. More has been done for the south in the past five years than in all the years since unification, but so much remains to be done that the Italian people themselves do not realise what has been achieved. Italy is still two nations in the sense in which Disraeli used the phrase. But, given a period of stable government to bring the promise of present plans to fulfilment, Italy could become a really united nation for the first time in its history.

Battle Over Swedish Iron

FROM OUR SCANDINAVIAN CORRESPONDENT

IT seems probable that the Swedish government, which has until October to announce its intentions, will finally decide to nationalise the iron ore mines at Kiruna and Gällivare in Lapland. In May the *Riksdag* passed a bill empowering the government to bring the mines under state control, though leaving the door ajar for possible further negotiations. At present they are operated by a joint company, whose nominal capital is divided equally between the state and the powerful private Grängesberg group, which also has important mining interests in central Sweden.

The mines are rich; their resources of high-grade ore exceed 2,000 million tons, not far short of 200 years' supply at the present rate of extraction, and they account for 70 per cent of Sweden's total production. The nationalisation bill was based on a report prepared by a committee of experts, which noted that the Grängesberg group appoints both the managing director of the mines and the board's chairman, who has a casting vote, and concluded that only radical revision of the statutes or nationalisation could render the state's voice fully effective. It is estimated that compensation to shareholders would cost 1,000 million kronor (£71 million), payable either as a lump sum or in instalments over five or ten years.

The present condominium of state and private enterprise dates from 1907, when the government came to an agreement with the Grängesberg group. As the state owned both the land on which the mines were situated and the railway linking them with the ore ports of Narvik and Luleå, it claimed a half share of profits and an equal voice on the board. It also reserved the right to review the possibility of complete nationalisation every ten years. The previous review was in 1945, when the government decided to preserve the *status quo*, although the take-over price was then less than half the present figure. As the group is entitled to two years' notice under the agreement, nationalisation would not take effect before October, 1957.

The Soothing Sword

Hr Sköld, the finance minister, speaking in the *Riksdag* debate, described nationalisation as a "political necessity" that must come now or never; the state, he said, rather than a handful of shareholders, should control the mines. The minister conceded that co-operation between the state and the Grängesberg group had been devoid of friction, but asserted that this was because a "sword of Damocles" had been suspended above the operating company's head. His best point in defence of the bill was his emphasis on the state's responsibility for maintaining full employment in the formerly depressed areas of Lapland and Norbotten. Hr Sköld admitted that payment of compensation would strain the money and capital market, but claimed that if payment were spread over ten years the effects would be minimised.

In reply, Hr Hjalmarsson, the Conservative leader, said that the state already took 90 per cent of the operating company's gross profits. He doubted whether the government would be able to run the mines efficiently; the state-owned steelworks at Luleå, which showed a heavy loss last year, afforded scant encouragement for further experiments in nationalisation. Hr Ohlin, leader of the Liberals, was equally sceptical, and claimed that an organisation which was generally acknowledged to be a model of efficiency was being wantonly cast away.

It is not surprising that the opposition, being human, succumbed to the temptation of dragging the Luleå steelworks into the discussion; teething troubles were inevitable in 1954, the works' first year of full production. But now the entire 1955 output of 300,000 tons has been sold at favourable prices, and the concern expects, with luck, to break even this year. In view of the acute shortage of skilled labour, and other major difficulties, this would be a considerable achievement.

The government has still produced no valid economic arguments for nationalising the mines. Production is

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steadily increasing and will, at Kiruna alone, rise from 9 to 12 million tons annually between 1955 and 1963, with or without state ownership. On some sections of the railway line to Narvik double tracks are being laid. And the company is an enlightened employer; it has done everything humanly possible to make Kiruna and Gällivare habitable, although they are a hundred miles north of the Arctic Circle. Standards of housing, welfare and education are remarkably high. The expert committee's report might, perhaps, carry greater weight had its members visited Lapland. They would incidentally have discovered that eight of the works council's nine members, although government supporters, oppose nationalisation.

Although the Social Democrats have been the dominant party in Sweden for nearly a generation, this will be their first venture in state ownership since 1940, when construction of the Luleå steelworks began. In resurrecting the nationalisation issue they have agitated the normally unruffled waters of Swedish politics. Yet the Social Democrats can scarcely be accused of doctrinaire abandon; indeed, they may well feel that political controversy is the only alternative to stagnation. Meanwhile, Sweden's leading customers for ore, Britain and Western Germany, whose chief concern is continuity of supplies, will follow with close interest developments in the Swedish mines.

Mexico Cuts the Sisal Knot

FROM A CORRESPONDENT IN MEXICO

THE Mexican government has recently finished its energetic overhaul of the sisal industry in Yucatán. Since the great land reforms of the Mexican Revolution were carried into Yucatán in 1937 by President Lázaro Cárdenas, the cultivation, industrialisation and marketing of sisal fibre has been a constant source of worry to the government, particularly as some of the difficulties appear to discredit the co-operative agricultural system which has been evolved in modern Mexico.

Agrarian reform came late to Yucatán—principally, perhaps, because of the remoteness of this flat, low-lying limestone peninsula, which, although a state of the Mexican union, has such a distinctive personality that it is sometimes jokingly referred to in Mexico City as the "sister republic of Yucatán." Its economy, based almost exclusively upon the cultivation of sisal hemp, presented the reformers with a special problem. The breaking up of the large private *haciendas*, and their division into the small nuclei known as *ejidos*, was in itself a simple and grandiose gesture. But the practical implications of producing sisal fibre from several hundred small co-operatives was another matter.

Seven-Year Growth

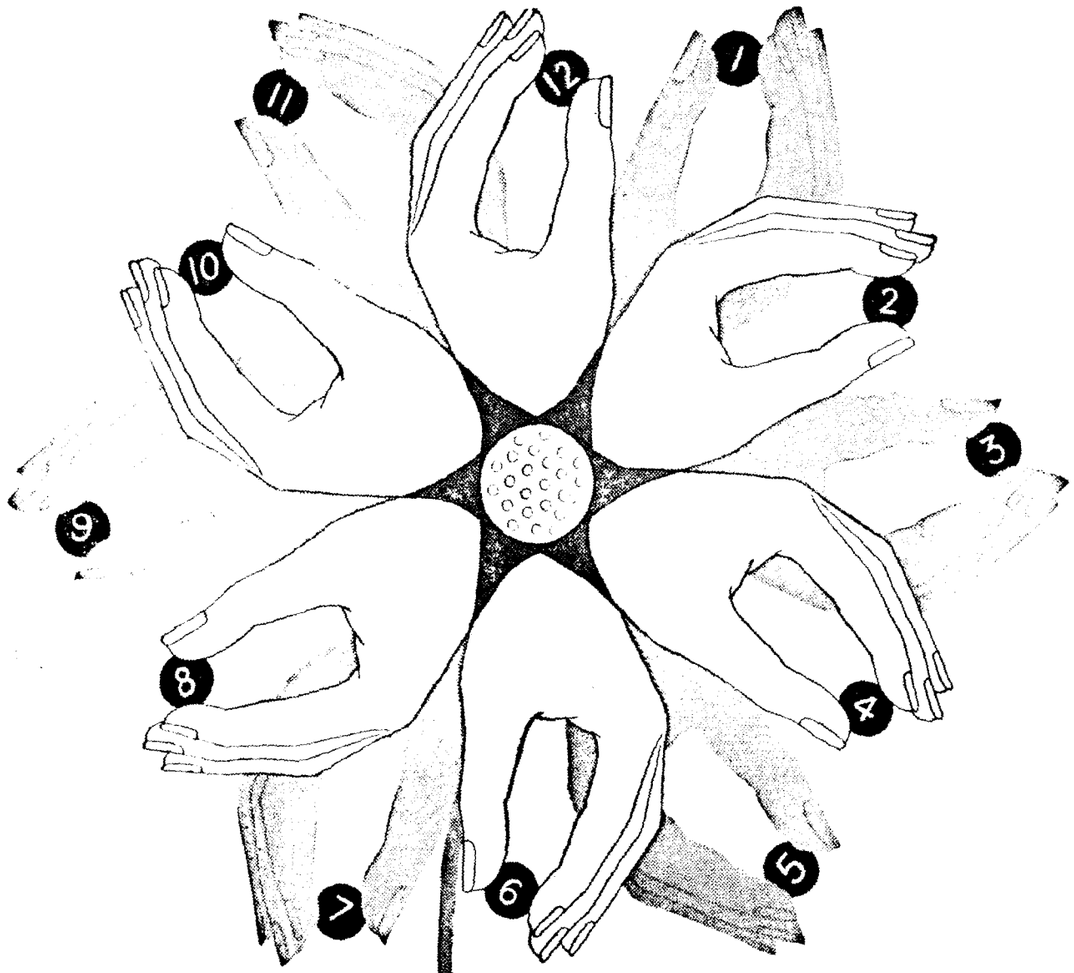
Many of the emancipated peasants found that their *ejidos* did not permit the full cycle required to make the growing of sisal an economic proposition. The spiky, green *agave* requires nearly seven years of growth before its leaves may be cut to produce fibre. While a substantial area is under "staggered" cultivation, there must always be enough plants in full production and the land must be allowed to lie fallow for considerable periods if it is not to be exhausted. The solution, it was first thought, was to be found by merging all the lots into one enormous co-operative estate, to be known as *El Gran Ejido* (the Great Co-operative). Administration was entrusted to *Henequeneros de Yucatán*, a quasi-socialist monopoly which regulated all stages of the industry and controlled the separate *ejidos* and their personnel. It provided medical services and other community needs in return for substantial payment, usually in kind.

In spite, however, of the theoretical efficiency of the big co-operative, sisal production has declined over the past seventeen years and Yucatán's economy has been brought to the edge of disaster. The important fact that emerges from a welter of partisan recrimination is that the administration of such a large co-operative by one controlling organisation is a practical impossibility. Another reason for the decline in the region's prosperity lies outside Mexican control. World prices for sisal have fallen, and the demand for Mexico's product has been greatly reduced since the beginning of the century by the production of rival sisal fibres in other parts of the world, notably Kenya, Tanganyika, Haiti and Indonesia.

Monopoly Liquidated

The present Mexican government has tackled the Yucatán problem with admirable directness. *Henequeneros* was liquidated early this year and the individual peasants are free to sell their fibre to the consumers without the intervention of an intermediary. Instead of paying for the decortication process with a percentage of their crop, they will now pay an officially fixed fee to the owners of the machinery. The ministry of agriculture has undertaken to assist in the establishment of new processing plant. The *ejidos* will be financed by short-term credits from a government credit bank, the agents of which will keep a friendly eye on the financial side of the whole venture.

In short, the remedy applied to the Yucatán problem seems to be similar to President Cárdenas's original plan. After seventeen years the *ejidos* have developed relatively balanced cultivation and are now in a position to operate more effectively by themselves. If the present programme is carried out, the long-suffering Mayan Indian peasants of the peninsula will, for the first time, be working their own co-operatives for their own benefit and will no longer be the *peóns* of a modern bureaucracy, some features of which were at least as bad as the old *hacienda* system. It is, moreover, important to realise that the apparent failure of *El Gran Ejido* of Yucatán has not impaired the basic principle of the Mexican agrarian code; that the land shall be owned by those who work it.



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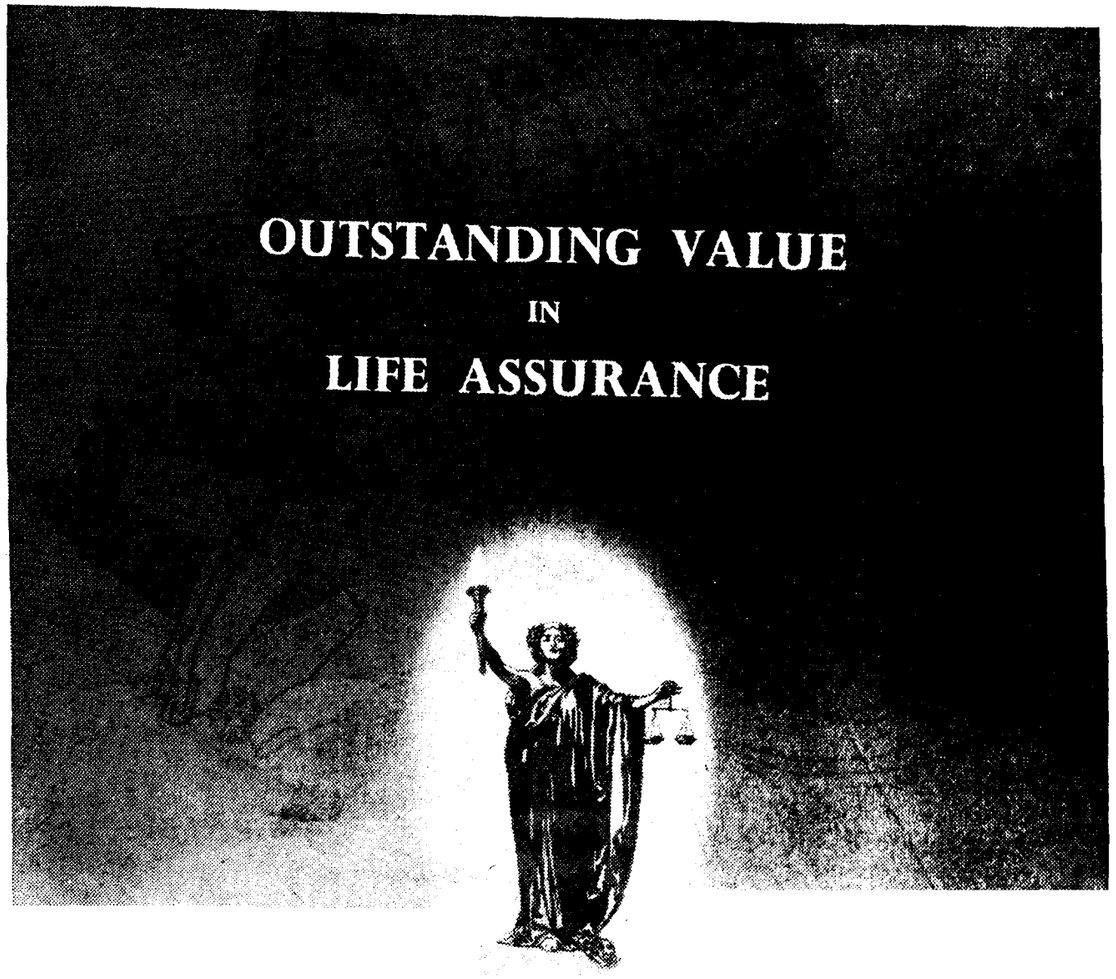

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THE BUSINESS WORLD

Interest Rates at Work

THREE new moves in monetary policy have been made during the past week. With effect from last Saturday, higher rates are chargeable to local authorities on new loans from the Public Works Loan Board. On Monday a new series of tax reserve certificates became available, carrying a higher rate of interest than its predecessor. And a start has been made in the funding of the floating indebtedness of the nationalised public utility industries: on Monday, a £100 million issue was announced by the Gas Council, and the lists opened and closed on Thursday. Applicants for over £100,000 stocks receiving 93 per cent of their requirements.

At first glance each of these moves appears as a natural and consistent development of firm monetary policy. The increases in rates charged by the PWLB and allowed on tax certificates are intended to bring those rates into due relationship to the yields established in the market. Despite the increases made last March, after the rise in Bank rate to 4½ per cent, all these rates had become unrealistic, especially the PWLB rate for loans of not more than five years. This had stood at 3⅛ per cent, and is now raised to 3¾ per cent, while the charge for longer loans is raised to 4¼ per cent (from 3¾ per cent for loans of 6-15 years, and from 4 per cent for loans beyond 15 years). The new rates, notably for short loans, are still somewhat below the corresponding yields on Government securities, but the adjustment is as complete as is usual on such occasions. The new rate on tax certificates is 1¾ per cent, tax-free, its highest yet, compared with 1½ per cent on the sixth series and 1 per cent on the certificates on sale at the beginning of the year. Here, too, if the reduction in income-tax is brought into account, the adjustment seems to be the minimum due.

The important consideration, however, is not the degree of precision of the adjustments, but the fact that, having been delayed for so long, they have now been made. They do not necessarily portend a further rise in market rates, but they show that the authorities are not expecting any notable easing in the early future. Those irrational optimists who only were "talking" Bank rate down have been forthrightly answered.

The third move, the launching of the gas loan, can also be represented as fitting naturally into this pattern of virtuous orthodoxy. It is unfortunately true that the actual capital expenditures of the nationalised utilities appear so far to have been quite insensitive to the rate of interest, and are also likely to continue at the same pace whether the finance is obtained from the banks or through the market. But that is no justification for their reckoning, in effect, regularly to finance a large slice of their requirements by a method that is bound to involve credit expansion unless the monetary authorities neutralise the effect by putting a tight squeeze upon the banks, and, through them, upon the rest of the economy. Beyond very moderate limits, these bodies should be required to face the market, so that their demands will exert their due effects upon interest rates —in the medium- and long-term market that is the proper source of the sort of capital they require. On these broad grounds, any move to force the utilities into the market deserves to be welcomed as part of the process of using flexible monetary policy and freely variable interest rates as the main regulators of the economy.

In this instance, however, the actual tactics adopted are not demonstrably in tune with these wider objectives. In these past four months or so, the principal instrument of orthodox restraint has been the pressure exerted upon the liquidity ratios of the banks; and any effort to pursue orthodoxy also by the route of forcing the utilities to fund their borrowings from the banks is complicated by the fact that this is bound to relax the

pressure upon bank liquidity. That would happen even if the whole of the stock were successfully sold to private investors forthwith, because the effect would be to cause both bank deposits and bank advances to fall correspondingly, leaving liquid assets unchanged. But if the stock is taken up partly by the "departments," the relaxation of the pressure on liquidity ratios is even more marked, because the "departments" must finance their participation, in effect, by selling Treasury bills to the banking system; bank deposits will then fall by less than the amount of the fall in advances, and the difference between these two movements will be matched by an actual increase in the banks' liquid assets. It is therefore technically difficult for the monetary authorities to pursue both these processes of orthodox pressure simultaneously. But the more they are determined to combine the funding with maintenance of the liquidity squeeze, the more must they try to achieve the maximum of genuine public subscriptions and the minimum participation by the "departments."

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The terms of the new gas loan hardly seem to satisfy this condition. The choice of stock, a further tranche of the 4 per cent stock, 1969-72, of which £80 million was issued two years ago at 99, is unexceptionable, and so is the amount. A gas issue had not been expected to precede the electricity funding, and the fact that it was for so large a sum as £100 million added to the general surprise. But the prospectus revealed that the Gas Council's temporary borrowings had already mounted to no less than £70,940,000 (by July 5th), or £12 million more than their amount on the eve of the £80 million loan of 1953. It is satisfactory to find that the council has not followed the precedent of the last electricity loan (which was actually less than the banks' advances for electricity at that time), and that it is determined to have a margin in hand. But at the recent rate of spending that margin will suffice to meet requirements only until early January next.

But if the terms of the issue were commendably orthodox in these two respects, the issue price of 98 was not. Presumably, the price was fixed over the week-end, by reference to the previous Friday's closing quotation of 97¾ ex interest, plus 5s. 11d. of interest accumulated but retainable by the seller. The intention evidently was to pitch the yield of the new stock (£4 3s. 4d. per cent gross to latest date) hard up against the market basis. This scarcely suggested any serious intention to attract new money on the scale that is needed, and it left no margin for even minor contingencies. By the time the terms were announced after official hours on Monday, the existing stock had fallen ⅜, so that the new stock was to that extent offered "above" the market. The City was therefore assuming that the departments were prepared to take the whole amount and the basis of allotment suggests that they have indeed taken a great deal of it.

If this were the only issue problem before the authorities, this particular weakness of tactics might not be of much account. The instalments, as is usual with operations of this kind, are well spread; 50 per cent of the loan will be paid up by mid-August, but the second instalment is not due until early October, and it will not be fully paid until early December. In consequence, even if the authorities themselves subscribed and held the whole amount for the next two months, the resultant easing of liquidity ratios during this period would not be large; it would be likely to be appreciably under 1 per cent. But this is far from being the whole story. If orthodoxy, plus the wishes of the banks, dictates the funding of the gas advances, is it logical to ignore the much heavier electricity borrowings, now standing at a record level of (probably) a little over £125 million? If a revision of present banking arrangements is to be avoided, funding must begin by early autumn at latest. Given the pace at which the Central Electricity Authority is spending, the new loan, when it comes, ought to provide for payments of at least £50 million before the end of the year, with the actual offering at not less than £150 million. If any regard is to be paid to the virtues of the funding principle, these would be the minimum requirements.

On top of this, there is the Treasury's own problem of providing for the re-financing of the £524 million of Serial Funding stock that matures on November 14th. The problem here has been greatly complicated by the requirements of the monetary squeeze of the past four months. After brief waywardness at the outset, the "departments" recognised that they could not, without neutralising the credit policy, pursue their customary tactics of buying up a stock as it nears maturity. Some Serial Funding stock has probably been acquired in the course of official switches, but unless departmental holdings were already very large last February, it seems certain that they now must be a good deal smaller than is usual at this distance from a maturity date. Moreover, it is precisely this stock that was the main vehicle for bank selling, so that large blocks, instead of being held by the banks (which might normally be expected to accept a conversion stock for at least part of their holding) have passed into the hands of industrial and other investors who were seeking purely temporary employment for liquid funds—often as an alternative to keeping funds on deposit at the banks. The authorities will evidently need to make both a cash and a conversion offer, either simultaneously or separately, by early October, into a new short stock.

If all this has to be done, the load will be heavy, and the time-table hopelessly congested. It might have been expected on this account alone, quite aside from the need to maintain the squeeze upon the banks, that the authorities would have done their best to promote from the outset the maximum response from investors—at the cost, naturally, of some further rise in yields. Instead, they seem to have been anxious to avoid "spoiling" the market for the further operations. But

if this is the precedent to be followed for the Treasury re-financing and for the presumably intended electricity loan, it will certainly involve large participation by the departments, and a correspondingly significant relaxation of liquidity pressure over and above the seasonal tendency. Only by these means is it conceivable that the whole programme can be carried through without further considerable strain on the gilt-edged market. But if this course is followed, will the market really feel sure that such kindly official tactics will not have to be reversed before the year is out? Kindness in the short run may be cruelty in the long.

The Price of Coal

THE row that took place in the Commons last Monday about the new coal prices and the sharp cries from industry were as inevitable as the increases themselves. The announcement of a jump of 18 per cent in coal prices—the highest since the Coal Board was created—was bound to provoke a howl. Some of the noise ought to have been directed at the unjustifiable delay in making the increase, which had been inevitable for months, and was allowed to lag while the board piled up further burdens. After they have let off steam, coal users will be concentrating more quietly on ways of making coal work more economically for them.

The Minister of Fuel and Power does not, indeed, emerge from the fracas with an unblemished record. The Coal Board first applied for a rise in prices well before the General Election—February or March was the date eventually wormed out of Mr Lloyd on Monday. This delay is reprehensible, and doubly so if it is based on political motives. A ministerial long-stop may be necessary to safeguard the customers of state monopolies, but the cost of even genuine delays in revenue foregone is becoming notorious. It is hardly open to the Chancellor to take credit, as he seemed to do on Tuesday, for adding the increases in coal prices to his armoury against inflation unless he shares the blame for not endorsing them sooner. The economic case for a substantial increase in coal prices had become unanswerable. Coal is not a welfare material; if it is offered at a price less than it costs to produce, then the careless waste it and the careful have more to spend on other things. Indeed, there is justification for asking whether the increase is as large as it ought to be. The board still appears to be tightly wedded to its own interpretation of the 1946 Act under which it has to ensure that its revenue shall not be less than sufficient to cover its outgoings over the years. This ought to preclude the NCB from running at the persistent losses which it has recorded in three of the last four years and will do again this year. But it does not preclude it from making a profit—and the board is certainly making sure that it will not do so. The £118 million that will accrue in a full year from next Monday's price increase will only gradually "bring prospective expenditure and income into proper relation." The board has no chance of reducing its accumulated deficit which stood at £17½ million last December. It will not cut this year's prospective deficit below £15 million, making £32 million altogether. And for 1956, working from this year's calculations, which can hazard only conservative guesses about next year's costs, the board merely hopes for a credit balance smaller than this year's deficit.

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It is clear that the board will need all of the extra £53 million it hopes to get during the rest of this year. From last week's statement it can be inferred that revenue expenditure for the whole year will be up by at least £65 million, compared with an increase of £46 million in 1954. The new day-wage structure costs £13 million more a year and a similar sum will soon be in the pipeline for a revised piece-rate structure; implementing last year's Mines and Quarries Act will cost £5 million this year and £12 million next. There are other higher wage, materials, and transport bills to be paid. In addition, the board is having to pay currently heavier interest charges for an investment programme that will not yield measurable returns for several years to come. And there remains the formidable burden of its overseas trade in coal, which is certain to increase by over £20 million before the year is out.

Should the Coal Board stay in the export business any longer? While there was a chance of expanding production it was worth hanging on to export markets. But production is disappointing and the watershed between net exports and net imports has now been passed. Imports of 12 million tons of coal, at a loss of over £2 a ton, will cost the Board £27 million this year, £22 million more than last; and, at present, it intends to ship outwards 11-12 million tons, at a premium of rather less than £1 a ton. If the Ministry had allowed the industry to cut out all exports this year, the net loss on the resulting imports would have been not much more than £1-2 million. Thus the price of maintaining the nostalgic tradition of a coal exporting nation will be a cool £18-£19 million this year. Existing contracts cannot be dropped immediately and there are some coals on which the export premium may still make shipment worthwhile; in 1956 outward coal traffic will probably be squeezed to a bare trickle and the import bill should then be much less formidable. It is time for a bitter and belated act of realism.

But the reduction of exports to the bare minimum will not rule out the need for imports for many years yet. The question of who should pay for them will still demand reconsideration. There should be no nonsense about a subsidy for imports; these are costs that the consumer must pay. But the temporary expedient of spreading the higher costs of marginal coal imports over all coal may be less desirable once overseas coal takes a permanent place in fuel supplies—and there can be no doubt that the balance is now permanently on the import side. Fuel oil and nuclear power will, in the foreseeable prospect, only help to bridge the yawning gap between the rising curve of energy requirements and the stubborn curve of coal output. If, therefore, large users of coal are prepared to pay for the coal they can get abroad what justification is there for preventing them doing so?

COAL SUPPLIES: 1953-55
(million tons)

	1955 (estimates)	1954	1953
Supplies:			
Production	220-222	223·8	223·5
Imports	12	3·0	0·6
	232-234	226·8	224·1
Consumption:			
Home	217-218	213·6	207·6
Exports and bunkers	13-14	16·3	16·8
	230-232	229·9	224·4
Changes in Total Stocks	+ 2	−3·1	−0·3
Stocks at end-June	15·8	16·2	18·0

The Coal Board is prepared to loosen its attachment to average prices, in an industry where the average has been shown to mean very little and is certainly never typical, only on that element in its costs that represents the movement of coal from pithead to customer. Next Monday's increases will do nothing to bring about a more economic structure of coal prices; a flat 18 per cent is being added to existing prices, and these are not the result of the test of the open market but a series of tags pinned on different groups of coal arranged by quality. Any real merits that might have resulted from the general revision of price relationships the board is about to undertake seem to have been abandoned from the start. It will not mean any "departure from the general principle that prices will continue to be based primarily on coal quality." Nor will it be undertaken "with the object of increasing the board's revenue"—which presumably implies that if there are higher prices for better coals, they will be offset by lower ones for poorer grades.

When the Coal Board's customers pay nearly a fifth more for their supplies from next Monday—about 12s. 6d. a ton more on the average for householders and about 11s. 5d. a ton for all users—they will still be paying 30s. (or more) less than it costs the board to raise its last 1½ million tons. The case for marginal costing is by now familiar, and so is the difference that marginal tonnages make between coal comfort and coal crisis. Each year it costs more to win the last ton of coal—and certainly far more to produce it than it would cost to save it. That is not so extreme a comparison as might appear. Last year three of the Board's divisions made working profits and six made losses; among the 51 areas the pattern was more scattered—23 made profits ranging up to 14s. 1d. a ton and 28 incurred losses of up to 30s. 6d. a ton; and between the 900 odd individual pits results varied more markedly still. Marginal costing, or in practical terms a price policy directed towards it, would not only help to relate effective demand to the amounts of coal that can be supplied; it would also render the rationing and allocation system unnecessary. It would, moreover, provide a more effective spur to efficiency both in coal use and (it is reasonable to hope) in coal production.

As it is, the present increase should go some way towards promoting the more effective use of coal. An addition of £118 million to annual fuel bills will raise total costs, but not to an extent that could not be made good by economy. Its weight will be felt particularly by users who need coal for power rather than as a material; they will find the return on investment in fuel saving equipment the more worth while. The addition to industry's coal bill will be about £30-£40 million, but there are probably many works that could cut their fuel consumption by a fifth or a sixth for a moderate capital outlay. It will also encourage a further switch to fuel oil amongst the users of the better industrial coals; these are more sensitive to changes in the relative prices of different fuels and better able to adjust their processes to them. By 1960 the Electricity Authority intends, on present arrangements for its power stations, to replace about 8 million tons of coal by 5 million tons of oil; and scarcer coal at higher prices may, it is hoped, produce a comparable saving in coal for industrial steam raising.

But this relief will not mean that less coal will be required. Substitution will not balance the fuel equation in the next few years; indeed the Coal Board need have no worries about selling 250 million tons of coal a year in 1965 if it, in fact, attains that target. In the first half of this year, coal output was down by 2¾ million tons on January-June 1954 and home consumption was 1½ million tons up. The gap of 4¼ million tons has been bridged by increasing imports by 5¼ million tons and by cutting exports by 1¾ million tons, leaving a balance of 2¾ million tons which has meant a smaller seasonal decline in stocks than a year ago—though total stocks are still 400,000 tons lower than at this time last year.

Why has output dropped so seriously? Pit production has suffered far more from the industry's own disputes—2 million tons lost since January against ¾ million tons last year—than from strikes in other industries. The railway stoppage caused a loss of less than 200,000 tons in coal output. Opencast working has declined by 300,000 tons through postponement of site preparation last autumn, partly because of bad weather but mainly because of administrative delays in authorisation by government departments. Manpower is still falling; but there is a higher proportion of young miners which may be encouraging for future winters though not for this one. The shortage of experienced miners is particularly troublesome in the highly productive pits of Yorkshire and the West Midlands. And there has been a falling off in overall output per manshift, but not, significantly, at the face where it is running at new record.

Output could indeed be higher were it not for the interference with current coal winning that the board's reconstruction and development projects make unavoidable. These projects have been delayed enough, and progress on some of those already started is disappointing. But recent silly suggestions that development schemes should be cut further deserve no support. Increased mechanisation, more power loaders, locomotive haulage, and automatic winding—all these raise productivity; but measurable increases in output can come only from major reconstructions of existing pits, from new haulage roads, and by sinking new shafts. This means a heavy diversion of scarce labour, most of it technical and experienced, and it means heavy investment that cannot earn its keep for some time. Significant results from the 1950 programme are not expected for another two years at the least. When this new coal does emerge it may not be cheap; but it will be a welcome and necessary support to any programme that aims at doubling the standard of living in a generation.

Business Notes

Banks' Investment Depreciation

THE main question before the clearing banks when preparing their mid-year statements was how to treat the sharp depreciation that has been sustained on their investments during the past half-year. Different banks have now given different answers to this question, but in every case it is virtually the same answer as each gave three years ago, when the problem last had to be faced. Four of the "Big Five" banks follow the precedent they then set of valuing their government securities at or under cost and below redemption price, although that valuation is above the market value, which they state in marginal notes on the accounts. The National Provincial Bank, on the other hand, and all the other English clearing banks (the statement of the National Bank is not yet available) are still adhering to the traditional practice of valuing investments at or under market value.

Despite the fact that the pressure upon the short and medium dated sections of the gilt-edged market has been much more severe than in 1952, two of the four banks that adopt the new basis are actually showing a smaller percentage of depreciation than they did then. Moreover, one of these two—the Westminster—makes it clear that its portfolio has not been written down at all during the half-year, and yet shows a difference between book and market values of only £6.2 million, or 2.4 per cent. The Midland, which likewise has not written down at all, shows a difference of £18.4 million, or 3.8 per cent (compared with 3.1 per cent in 1952), but this is still a moderate margin by comparison with the falls that have occurred even in quite short-dated stocks. It should be noted that the Midland is the only bank that has not sold securities during the period, whereas the Westminster sold or received repayment of £43 million (about 14 per cent of its end-1954 holding) and thus must have converted part of its "book" depreciation into a cash loss. Lloyds and Barclays show margins between book and market values of £2.6 million (0.8 per cent) and £11.9 million (2.7 per cent) respectively, but it seems that both these banks have written down the book values during the half year. Lloyds, as in 1952, states only that there has been no transfer from contingency account or reserve fund (which implies that there has been a writing down out of current profits) while Barclays now omits the similar explanation that it gave in 1952. For this reason, although the portfolios of these two banks have fallen by £43 million and £44 million, respectively, it is impossible to ascertain the extent to which the reduction has been due to sales and redemptions.

Altogether, it is evident that the book valuations at end-December last must have still been well below market value; otherwise a much bigger depreciation would now be shown. The Midland, indeed, makes this point explicitly. In an interesting supplementary statement it discloses that in November last the excess of market value was £18½ million, so that the total true depreciation of the portfolios since then has been about 7 per cent. Yet the Midland has evidently been particularly successful in the policy followed in recent years of reducing the life of its portfolio: it is now able to state that the maximum life is ten years and the

average no more than five years. The other three banks are content to state that the majority of their securities mature within ten years and all have fixed dates.

As was to be expected, the banks that adhere to the traditional method of valuation show the biggest proportionate declines in their portfolios over the half-year. The National Provincial's is down by no less than £59 million, or 21 per cent. But in this category of banks the changes shown afford the least reliable measure of the actual volume of sales, since a larger proportion of them is likely to be attributable to writing-down.

Markets Again Rising

THE news might well have produced lower Stock Exchange prices this week. There were the higher coal prices bringing an impact on British competitive power right through the framework of industry; there were the poor overseas trade figures for June, which should no doubt have been foreseen, but were still a reminder that strikes have to be paid for; there was the £100 million gas stock issue in a gilt edged market of limited appetite. These events had a modest temporary effect on markets. On Monday and Tuesday both gilt-edged and industrials sagged gently downwards, but by Wednesday evening investors had the bit between their teeth again. A broad rise was in progress, gently in the gilt-edged market and fairly steeply in industrials, steels, oils and copper shares. Significantly the sharp break on Wall Street on Wednesday night had notably little impact on the London market. A few stocks including ICI and Courtaulds that had been bought on American account opened slightly lower on Thursday, but soon recovered.

Those who believe that the mainspring behind the present market is a gentle inflation will find support from the fact that the broad movement in the commodity markets is also upwards. That generalisation is not falsified by the fact that sound trading reasons exist to explain the rise for each one of the commodities that is advancing. On the Stock Exchange this week's rally in industrials, though broad, has not been dramatic. But at 220.8 on Thursday *The Financial Times* industrial index broke by a fraction its previous peak of 220.6 reached a week earlier.

The present rally in the markets is distinguished by the fact that gilt-edged and industrials are at last moving together. When big buying by the institutions is still absent and when it was obvious that the government departments would be called upon to subscribe a large slice of the gas stock issue, the rally in the gilt-edged market seems hard to explain. Yet in a purely technical sense the market looks sold out and therefore ready to move on a small volume of buying. Those who saw it higher professed to finding in the Chancellor's speech the implication that monetary policy was already tight enough to do its work. But another and stronger explanation exists. Throughout recent weeks the government broker without obviously feeding the market has in fact sold substantial amounts of stock—stock that has passed into investor's portfolios without disturbing an idle market. Some at least of the gas stock that the departments are taking will therefore be meeting a legitimate investment need.

New Issues in Spate

A BUOYANT stock exchange usually draws a flow of new issues to the market. The new borrowers absorb some of the money that is pushing prices upwards, slow down and eventually stop the rise, though there always has to be a time lag—and this lag grows longer as the business of arranging a capital issue becomes more complex. The industrial share market has been buoyant since mid-May, and it is only natural that by now the flow of new issues should have gathered momentum. The stream spans the whole structure of the market from the gilt-edged section, where the Gas Council is issuing its £100 million of 4 per cent stock, to industrial fixed interest stocks and to the ordinary share market.

Particular interest attaches to the issue by the Goodyear Tyre and Rubber Company, the British subsidiary of an American parent, of £3½ million 4¾ per cent redeemable debenture stock 1970-80 at £99 10s. This company is spending over £8 million on the expansion of its Wolverhampton factory and a further £3 million on a new tyre factory at a site still to be chosen in a development area. Despite the present issue, most of the cost will be found from internal resources. Even allowing for the expected sharp fall from £2,147,000 to £1,600,000 in profits this year, the new stock is covered more than seven times on earnings and two and a quarter times for capital. The problem has naturally been to fix the right return on a high grade industrial prior charge, which, though offered to preference shareholders and debenture holders, is evidently intended ultimately to find a place in the portfolios of the institutions and the pension funds. The answer as Baring Brothers saw it was a redemption yield to the latest date just a shade over 4¾ per cent—£4 15s. 8d. The degree of success will help other issuing houses with their plans.

A spate of other new issues has been announced this week. Terms of the Metal Box Company's offer to shareholders and employees have been fixed. The price of the 2,400,000 new shares to be issued for cash is the attractive figure of £2 per share (compared with an existing market price of 127s. 6d.). Shareholders are offered 2,150,000 in the proportion of two new shares for each £5 of stock held. The 4s. ordinary shares of Sir George Godfrey and Partners (Holdings) have been the subject of a public offer; 875,000 4s. ordinary shares (out of 3,500,000) were offered to the public at 11s. per share to a 7¼ per cent dividend yield and met with a quick and heavy over-subscription. The company, which comes from Industrial and Commercial Finance Company's stable, specialises in the manufacture of air conditioning equipment for aircraft. Radio Rentals is offering 300,000 ordinary 5s. shares to shareholders at 30s. per share on a one for six basis. A public offer, which was also heavily over-subscribed, has been made of 550,000 2s. ordinary shares at 8s. 9d. (with a dividend yield of 8 per cent) in Bowthorpe Holdings, the manufacturers of electrical and aircraft components, and there have been several placings and introductions.

People *against* Polio

It is both human and humane to wish for a speedy answer to the problem of poliomyelitis. It would be false optimism to anticipate it. Experience teaches that disease does not yield easily. The struggle is often long, often heartbreaking. We learn by failure. We will succeed by perseverance.

Polio vaccines are still in the experimental stage. Although outstanding progress has been made we are, as it were, at the end of the first chapter of a very long volume of research. As we go on, the cost is likely to become progressively greater. The National Fund for Poliomyelitis Research, which works in the closest co-operation with the medical authorities, is contributing substantially to vaccine research being carried out at this moment. NFPR Research Fellows are at work at two British Universities, and grants, both for equipment and salaries, have been made to six university departments as well as many other research centres. NFPR aims at expanding and accelerating this work until a lasting and entirely safe vaccine has been perfected.

NFPR will continue to promote research into new apparatus for the disabled as well as into the improved treatment of the paralysed limb. NFPR has no intention of forgetting those who may still contract the disease or those who have been left crippled by it in the past.

NFPR plans substantial expansion of its programme of research into the cause, prevention, cure and treatment of polio. It needs your help.

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Steel Share Programme

In these propitious issue markets it must be galling to the Iron and Steel Holding and Realisation Agency that plans are not far enough forward to make the biggest offer from its portfolio—Steel Company of Wales. That offer is not now expected before the autumn at earliest. Meanwhile a private sale has been made of Richard Hill and Company, which has been bought by Firth Cleveland for £600,000, showing a small profit on the nationalisation price of £585,000. Plans have also been completed for three other offers. The first later this month and the other two probably in August, holiday season notwithstanding.

The first offer, details of which are not yet made public, will comprise the whole capital in the form of ordinary shares and debenture stock of Hadfields. Lazard Brothers are the issuing house and Hoare and Company the brokers. To follow closely on the heels of Hadfields will be the £7½ million of 4½ per cent redeemable debenture stock of the Guest Keen Iron and Steel Company, sponsored by Morgan Grenfell and Co. It will be recalled that in May last year when Guest Keen and Nettlefolds reacquired its nationalised assets by buying control of the Guest Keen Iron and Steel Company (formerly Guest, Keen Baldwins Iron and Steel Company) £7½ million 4½ per cent debentures were left with the Agency for later sale. Also sponsored by Morgan Grenfell and Co. with Cazenove and Co. and Rowe and Pitman as brokers, will be the sale of the South Durham Iron and Steel Company. The offer can be made as soon as the other two operations are out of the way.

A Reprieve for Trunk Haulage

The road haulage trunk network operated by British Road Services will not be broken up—at least not into the small pieces that seemed likely had the present denationalisation policy been pursued much longer. This was indicated by Mr Boyd Carpenter at the conclusion of last Monday's debate on transport in the House of Commons. But he did not specify what would happen to it. The details will follow within a few weeks in the statement that the Minister promised to make before the summer recess.

The government's decision will command a wide measure of support, but there is much less agreement on who should now own this fleet and on how many units there should be. About 8,000-10,000 vehicles and at least 200 depots will be needed to operate it effectively, counting feeder and ancillary services. In theory, these could be owned by a public authority or by a public company, in one unit or several. But splitting up a trunk network into regional sections has few technical merits in a country of this size; the parts would need to run a substantial clearing system between themselves and with the railways, and a certain amount of chartering and sub-contracting might be necessary. Moreover, the advantages of a large unit lies in its ability to afford overheads that ultimately spell cheaper costs.

An investment of perhaps £30 million or more for the net worth of the network, including the goodwill value of its licences, would be a formidable challenge for private investors, though the Transport Commission could write some impressive profit records in its prospectus (once these had been disentangled from the operating records of all its road haulage activities). From published figures, the working surplus on trunk operations might be inferred at £4-£5 million a year. Bids for the fleet in small transport units were most disappointing, but the offer of the parcels and small organisation of 4,000 vehicles in October might give a better test of the potential market for very large haulage businesses. Joint ownership of such a public company, with the Transport Commission holding a majority or a minority of the shares, has certain attractions. The Minister has mustered considerable political courage to take the major step of halting disposals, although as one Conservative backbencher, Mr Godfrey Nicholson, pointed out he had the backing of many government supporters. A decision to leave the trunk network as one unit with the Commission may be easier to take and it would have a good deal of merit.

Psychological Pressure on Sterling

Sterling continues to withstand considerable pressure induced as much by psychological as by commercial considerations. While the discussions concerning the precise form of the renewal of EPU proceed in Paris, the wildest rumours concerning a devaluation or freeing of sterling circulates in the capitals of Europe. As a result the familiar alternation of "leads and lags" is again playing powerfully against sterling. Every Continental and American importer who has need of sterling is postponing covering his exchange requirements until the last possible moment. Conversely there has been evidence that importers in this country have been covering their foreign exchange needs rather earlier than usual. There have been particularly persistent demands for dollars in respect of tobacco and certain grain imports during the past week and some of these appear to anticipate the normal seasonal autumn peak. In the circumstances the Bank of England has had to intervene in the market, though on a modest scale, to keep the rate of sterling above its lower gold point not only in terms of dollars but also against Swiss francs and German marks.

The unfavourable trade figures for June have made their influence felt on the market by adding to the "bearish" views on sterling. But now that the dock strike is over, the backlog of exports which was built up last month is being rapidly cleared and the July and August figures should, barring quite unforeseen eventualities, tell a much more favourable tale. In any case, it is remarkable that sterling should have stood up to the strain represented by the June figures as well as it has.

The pressure against sterling appears to have been concentrated in the official market. In the market for transferable sterling there has been a persistent demand on South American and Middle East account and the rate has been steady at around $2.76¼-⅜. American security sterling remains exceptionally firm at $2.77½-78 while Continental

security sterling is about $2.77. Foreign and particularly American demand for sterling securities has waned considerably in recent days and it is significant that it should have come to a stop when the supplies of security sterling ran so close to exhaustion that the rate not only vaulted over that for transferable sterling but came within touching distance of the rate in the official market.

Exports and the Strikes

THOUGH it is impossible to trace the full effect of the strikes on British overseas trade last month the provisional trade returns fit in to the broad pattern of the strikes. During the period covered by the June returns, traffic through the docks was running at half-speed, and freight traffic on the railways was perhaps one-third of normal; there was also the seamen's strike at Liverpool and Southampton, and the strike of tugboatmen at Liverpool. Through these dislocations imports appear to have passed unscathed; at £293.9 million cif, imports were actually £3.6 million higher than in May. Exports, on the other hand, plunged down by £92.4 million to £157.0 million fob. That surprising contrast must reflect several factors. Importers are allowed 14 days' grace in which to notify Customs of the arrival of cargoes, whereas exporters are allowed only six days; ships unloaded their cargoes and then sailed away unloaded or partly loaded, rather than wait for the end of the strikes; and some ships could have loaded more goods had the railways been able to deliver them. Again, the sharp drop in shipments to North America, which fell by £10.9 million to £17.4 million—owing mainly to the fall of nearly one-third in shipments to Canada—may be explained by the fact that the ports of Liverpool and Manchester, whence many of the Canadian voyages start, were more severely hit than London, and that the seamen's strike mainly delayed liners on the Canadian run.

The result at all events was dismal enough. From the high average of £247.0 million a month in April and May, the average rate of exports for the second quarter was dragged down to £217.0 million a month, 12 per cent below the first quarter's average of £247.3 million. Imports were still high at an average of £300.0 million a month in the second quarter, but were 10 per cent below the first quarter's average of £335.1 million. With re-exports almost unchanged at £8.1 million in June, the gross visible trade deficit soared to £128.8 million, and the average deficit for the second quarter, at £74.8 million a month, was only £2.3 million less than in the first quarter. Still the resurgence of exports this year has not been entirely dimmed. In the first half of the year exports totalled £1,393 million, which was £48 million—3½ per cent—higher than in the same period of 1954. With imports, however, rising by £232 million—14 per cent—to £1,905 million, and with re-exports at £57 million, the trade deficit in the first half of this year jumped by £181 million to £456 million. The backlog of exports will be cleared in later months; the real damage of the strikes lies in the opportunities they presented to Britain's competitors.

Building Societies Stay Put

THE council of the Building Societies Association decided last Friday to recommend no change either in the rate paid on shares (at present 2½ per cent net) or in the charge for owner-occupier mortgages (at present 4½ per cent). The decision is believed to have been taken by more than the two thirds majority that the rules require. Nevertheless, the decision cannot have been easy. Withdrawals presumably into more volatile channels of investment have been noticeable in recent weeks and the statement shows that the funds available for new loans have recently been less than in the corresponding weeks of last year, so that some societies have had to impose restrictions on new lending.

The council has evidently decided to put up with that disagreeable necessity. It has evidently also decided that the risk that some more societies will diverge from the recommended rate is worth taking and that the deviators (the Hinckley and Leicestershire Society offering 3 per cent net on shares is the most recent of them) will be few and small. A further tightening of money policy or even a prolonged spell of the present stringency might change that prospect, and the temporary nature of last week's decision is acknowledged in the arrangement to meet again in September or earlier if need be.

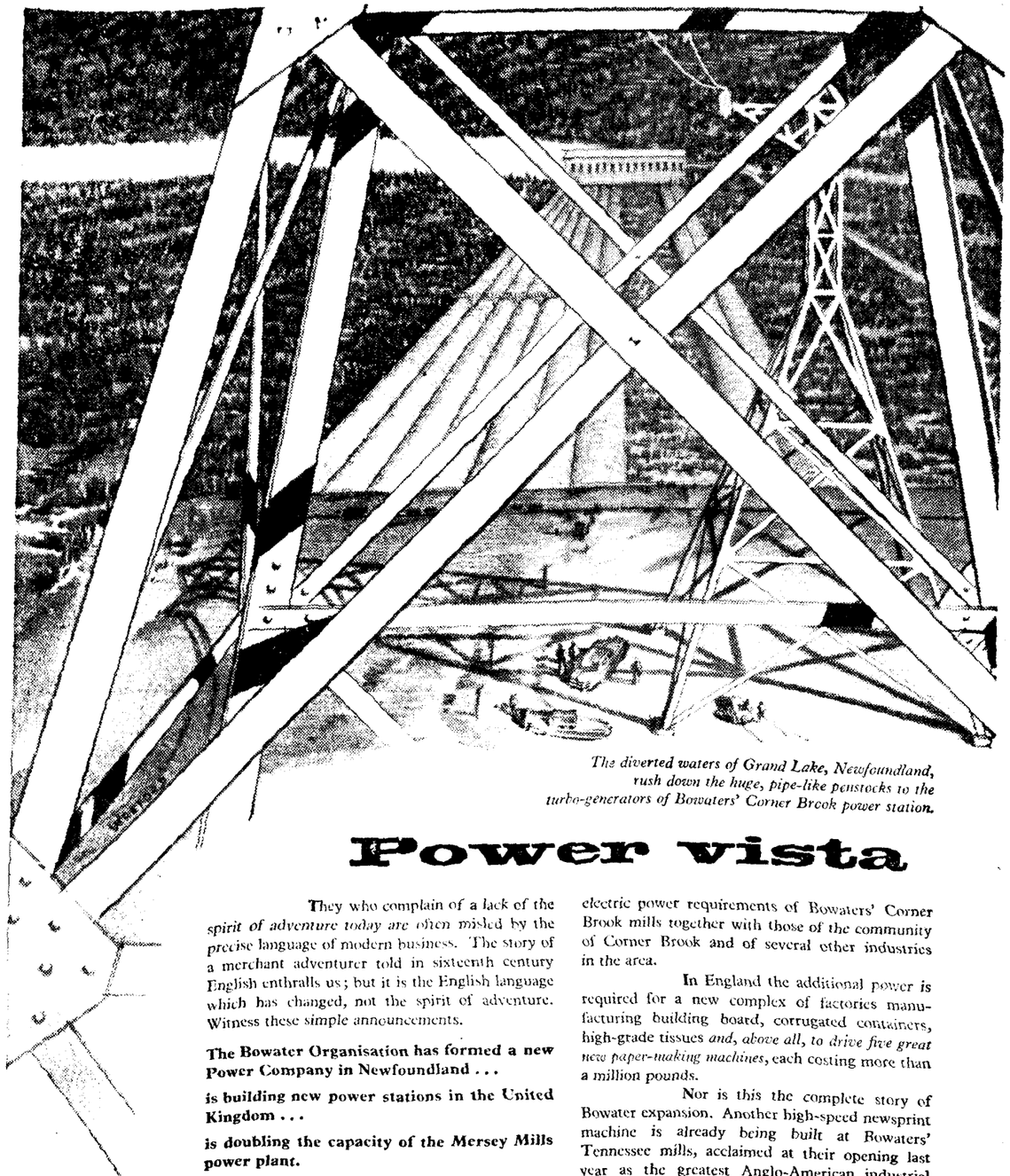
An argument which may have weighed with the majority of the council is that the figures show that some societies would need to raise their mortgage lending rate not to 5 per cent but to 5¼ per cent—and this on all mortgages not merely on new advances—to be confident of stemming the withdrawals. It is argued that to raise the net rate on shares by only ¼ per cent to 2¾ per cent would be insufficient. To jump to 3 per cent net might work, but that would cost not only the extra ½ per cent for the shareholders but also the relevant tax. The argument seems to leave out of account the fact that the "composite rate" of tax that the societies pay has just been reduced from 5s. 1d. in the £ to 4s. 10d., but the threat of a mortgage rate over 5 per cent frightens some societies.

The decision was reached before the increase in the Public Works Loan Board's charges for loans to local authorities was announced. Had the societies known that the long term borrowing rate of the authorities was to go up from 4 per cent to 4¼ and the charge that most local authorities make for mortgages was therefore to rise from 4¼ per cent to 4½ per cent it would probably have made little difference. Local authority competition in mortgages is growing. But in present circumstances, while the societies could lend more money than they can spare, it is competition that should be tolerated.

Firmness in Metals

DESPITE the end of the dock strike, prices of all the non-ferrous metals save zinc are higher this week. Copper closed in London on Thursday at £348 a ton for cash, a rise of £6 on the week, and three months' at £339½ a ton. Hopes of an early settlement of the strikes in the American

(Continued on page 251)



The diverted waters of Grand Lake, Newfoundland, rush down the huge, pipe-like penstocks to the turbo-generators of Bowaters' Corner Brook power station.

Power vista

They who complain of a lack of the spirit of adventure today are often misled by the precise language of modern business. The story of a merchant adventurer told in sixteenth century English enthralls us; but it is the English language which has changed, not the spirit of adventure. Witness these simple announcements.

The Bowater Organisation has formed a new Power Company in Newfoundland . . .

is building new power stations in the United Kingdom . . .

is doubling the capacity of the Mersey Mills power plant.

These terse facts give the clue to one of the great industrial enterprises of modern times. The Newfoundland installations have a capacity of 156,000 horse power and meet the electric power requirements of Bowaters' Corner Brook mills together with those of the community of Corner Brook and of several other industries in the area.

In England the additional power is required for a new complex of factories manufacturing building board, corrugated containers, high-grade tissues *and, above all, to drive five great new paper-making machines*, each costing more than a million pounds.

Nor is this the complete story of Bowater expansion. Another high-speed newsprint machine is already being built at Bowaters' Tennessee mills, acclaimed at their opening last year as the greatest Anglo-American industrial venture since the war.

On both sides of the Atlantic a co-ordinated development plan is in operation . . . under the longbow-and-wave of Bowaters.

Bowaters

THE BOWATER PAPER CORPORATION LIMITED

Great Britain United States of America Canada Australia South Africa Republic of Ireland Norway Sweden

The Cost of a Chair

THE £100 million furniture market is handled by an industry only slowly changing from craft to factory manufacture. Some largish firms have emerged in it, but there are still some very small firms at work and the industry is still on the whole under-capitalised. Although the bulk of the industry's output now comes from medium-sized and large companies, a report published recently by The Furniture Development Council shows that over half its firms still employ under 10 people, and that, in 1953, the turnover of one in six firms (or departments within firms) specialising in different classes of furniture was still no more than £1,000.

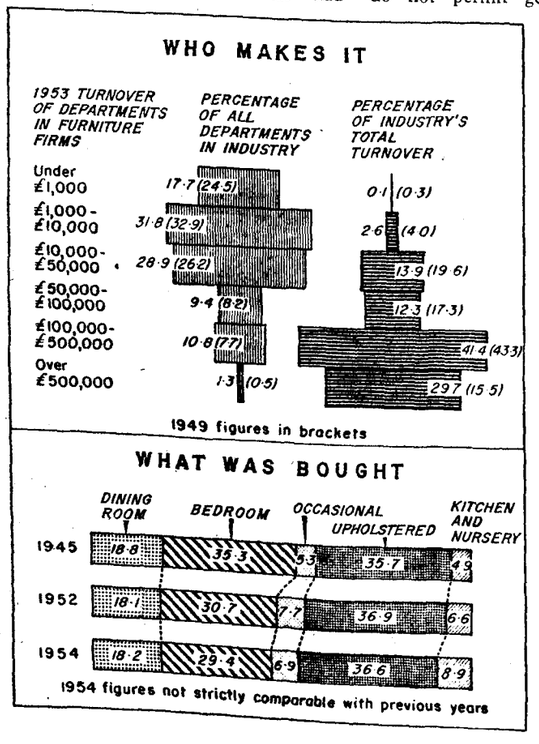
This Council is now the sole survivor of those set up by the Board of Trade after the war, and the industry's trade association has been asking for its dissolution. The Council's main justification, now that its first task—the development of performance standards for furniture—has been completed, is perhaps the research laboratory it has established and the comparative costs schemes that it is trying to organise in an industry often accused of being secretive. Twelve firms participated in a pilot scheme during 1953, and 57 sent in detailed operating figures for a fuller scheme last year. The Council has had another go this year, but it must be disappointed by the numbers—62 to begin with and 30 eventually—that made any move to join in.

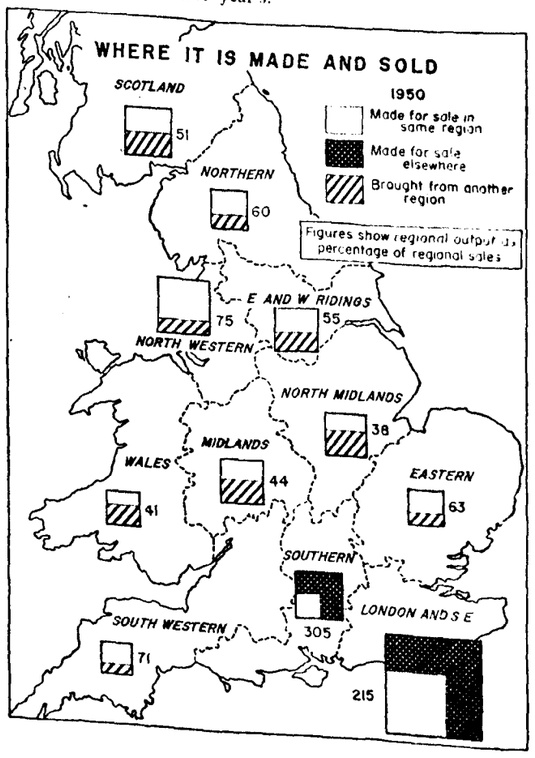
Such schemes can provide a yardstick for individual managers to measure their own performance with those of other firms, and helps them to budget costs for their own future operations. Some of the results of the 1954 scheme are summarised in the table. These figures do not permit generalisations to be drawn for the whole industry; there are upwards of 4,000 firms in it and many of the scheme's 57 contributors were large ones. But the full results do suggest some of the advantages that may flow from the provision of production services. The more highly mechanised cabinet makers reported an appreciably higher output per employee. This section of the industry has moved furthest towards the adoption of sub-assembly methods and in breaking down machining and assembly work to simple operations. Without follow up, however, such cost figures mean little; and the Council is a vigorous advocate of methods analysis in the industry.

Furniture making is concentrated in London, High Wycombe, Birmingham, Manchester and Glasgow, with the bulk of cabinet manufacture in London, chair making around High Wycombe, and upholstery in both. Most firms sell direct to retailers, and the multiples have been gaining rapidly. House furnishers have lately turned their attention from bedrooms to kitchens. But the industry is more worried by growing competition from other household goods. Furniture firms went through a bad time in 1952 and they are having another sticky patch now. Furniture sales at multiple stores were badly hit after (and probably because) hire purchase restrictions were strengthened. New orders have been more than seasonally sluggish and the latest figures for unemployment and short-time working are much above last year's.

Where the Money Goes

	Cabinet	Occasional	Frames and Chairs	Kitchen Cabinets	Upholstery	All Firms
No. of firms	25	7	5	2	20	57
Costs as % of Net Sales—						
Materials	51·2	53·2	49·4	47·3	57·4	54·1
Labour	18·5	19·4	31·1	16·1	17·3	18·1
Other	13·5	10·1	11·4	11·6	7·9	10·6
Factory Cost	83·2	82·7	91·9	75·0	82·6	82·8
Administration	4·2	5·2	6·2	6·8	4·2	4·4
Sales & Distn.	7·9	9·1	5·2	11·2	8·2	8·1
Overheads	12·1	14·3	11·4	18·0	12·4	12·5
Total Cost	**95·3**	**97·0**	**103·4**	**93·0**	**95·0**	**95·3**
Ratio of turnover *to real capital*	1·9	2·0	5·5	1·2	2·5	2·1
Horse power per employee	4·1	3·1	5·5	5·2	1·4	2·8
Factory overheads as % of labour	69·7	51·7	56·9	62·1	45·1	57·1
Net output per employee (£)	1,028	845	643	1,199	926	967





(*Continued from page 248*)

mining and smelting industries have proved to be unwarranted, and copper is scarcer in the United States than in Europe. Several American buyers have paid high prices for copper in Europe—one of them as much as 46¼ cents a lb (£370 a ton) for electrolytic wire-bars, cif New York. Tin has jumped out of its rut and closed on Thursday at £746 a ton for cash, the premium for prompt supplies widening to £6 a ton. American consumers in particular have been buying more after sellers had been encouraged by the passing of the Bill to prolong the life of the Texas smelter for another year, and after available supplies had been depleted by the unusually heavy purchase of 1,800 tons by Argentina.

Though supplies of lead and zinc in the United States have not been affected by the strikes so severely as copper, these metals are in brisk demand both there and in Europe. The American price of zinc may well be raised by ½ cent to 13 cents a lb—£104 a ton, compared with the current London price of £91—when higher wages are granted in settlement of the strike. A similar increase to 15½ cents a lb (£124 a ton) for lead may be difficult to introduce unless the London price goes some way above the current quotation of £106 a ton. Failing such an advance, a price of 15½ cents would invite shipments of European lead to the United States, nothwithstanding freight and import duty amounting to about £15 a ton. American interests have apparently been buying in the London market to help that rise along.

Payments with Japan

THE British team which has gone to Tokio to discuss payments and commercial arrangements with Japan during the year to June 30, 1956, is getting down to an initial exploration of the balance of payments between Japan and the sterling area. The main item in the background is that Japan's surplus with the sterling area, which has caused Japan's sterling balances to mount to over £100 million, still shows signs of increasing. Japanese estimates of the balance of payments with the sterling area in the first six months of 1955 indicate a surplus of £29 million compared with a surplus of £21 million for the whole of last year. The Japanese need no reminder that as recently as 1953 they were scraping the sterling barrel and were constrained to maintain their sterling balances by all kinds of devices, including borrowing sterling against dollar swaps and purchases of sterling from the International Monetary Fund. The Japanese regard a figure of about £50 million as a reasonable sterling balance and would not be averse to seeing that balance range between £50 million and £80 million. They are, however, somewhat apprehensive when they see the figure nearing and passing beyond £100 million, especially at a time when rumours of flexible sterling are current. It should, however, be added that the Japanese have been exceptionally well-behaved holders of sterling and that they have not attemped to reduce their sterling balances by sales of sterling in the transferable market.

The aim of the British delegation in Tokio is to persuade the Japanese to expand their imports from the sterling area and so to reach the desired approximate equilibrium in sterling-yen payments by way of expansion rather than contraction of trade. The intention is not to encourage the Japanese to discriminate in favour of sterling imports and so fall foul of the Gatt code as soon as they become contracting parties to the Agreement, but rather to induce them to shed the elements of discrimination against sterling imports that they still apply. The objective is to raise the level of trade between the sterling area and Japan to about £250 million each way in 1955 as against last year's figure of about £200 million of Japanese exports to the sterling area.

Statistics on Investment

IT is good news that the Board of Trade is at last to undertake a regular inquiry into both actual capital investments made in the recent past and into investment intentions in the near future. Such information has long been collected in the United States and a number of other countries. The Board is writing to a sample of about 650 companies (estimated to be responsible for nearly three-quarters of the total capital expenditure of all public companies). The first inquiry asks for figures of expenditure in 1954, which is to form a base year. At the end of September the companies will also be asked for the first of an annual series of forecasts of expenditure in the following calendar year. To provide a factual background for these forecasts the Board will collect figures of past investment on a quarterly basis. At the end of October companies will be asked to submit figures of expenditure in each of the first three quarters of 1955, and at the end of January, 1956, for figures for the final quarter of this year. The regular pattern of the quarterly inquiry will thus be established.

It is emphasised that the inquiry will reveal tendencies in corporate investment rather than its total amount; and companies are accordingly asked to concentrate on making their forecasts fully comparable with their figures of actual expenditure, even at the cost of omitting information not available for both periods. The filling of this statistical gap should be of great value to the government, to businessmen, and to economists. Until now estimates of actual investment have been made only on an annual basis from the census of production, and projections of investment in the current year have been available by only about May or June, and then on the most rough-and-ready basis.

The Paper Bulletin

This is a new bulletin service for paper users and makers. It deals with the supply, demand and price trends for paper, paper products and raw materials. The second quarterly issue will be available at the end of this month. Full details from:

THE ECONOMIST INTELLIGENCE UNIT,
22 Ryder Street, London, S.W.1. Whitehall 1511, Extension 143.

Steel Despite Strikes

It was to be expected that the steel industry's record rate of output would be marred by the railway and dock stoppages last month; but the direct loss of steel production has turned out to be much less than was feared when the walk-outs started. Figures published this week by the Iron and Steel Board and by the Steel Federation show that the loss was a bare 150,000 tons, well under one per cent of the output projected for the year. There was proportionately a little more damage to blast furnace output (120,000 tons, just about one per cent) and to coke oven operations but somewhat less, on present indications, at the finishing mills. Although the industry is normally heavily dependent upon rail transport, some of the major steel producers were not in the most severely affected areas, and a comfortable cushion of stocks and much improvisation of transport helped most of the others.

But the more indirect results have still to be felt and they are less calculable. Disruption of ore shipment schedules, the loss of marginal pig iron supplies, an unbalanced erosion of stocks of steel-making materials, and a distortion of the pattern of finished steel deliveries—all these consequences make it fairly certain that all hopes of squeezing more than 19½ million tons of crude steel out of the furnaces this year must now be abandoned. With exports expected to be about the same as last year (2.9 million tons), the industry looks to another uplift in imports to ease the tightness of supplies. It has raised its own sights for foreign ingot and semi-finished steel—for the third time this year—to 800,000 tons and believes its customers will step up their shipments to a similar figure. But the room on the continent and in the United States for further orders for delivery this year is quickly shrinking and extra shipping space will be a headache.

Allowing for second-hand and re-usable material and for such further shipments as can now be obtained, total supplies for home steel users may not be far short of 18¼ million ingot tons. This will be some 9 per cent more than last year, but probably not enough to match demand. The Chancellor's credit restrictions have had no noticeable effect upon steel demand yet. The impact of the strikes upon consumption must have been very small, and steel users will now be less inclined to let their stocks run down much further. But an increase in steel prices cannot be far off; 11s. 6d. a ton extra for coal has been added to the 7½ per cent advance in railway freight rates and to the wage increases granted earlier this year.

Prosperity and the Shopkeeper

The volume of money that is being spent on consumer goods and services grows uninterruptedly with each quarter's figures, but the experience of the shops suggests that although total spending may look prodigal, actual buying is selective and discriminating. The shops are working in what is unquestionably a buyer's, not a seller's, market. In the first quarter of the year, personal spending reached £2,875 million, a new peak for the period. It is £215 million higher than in the first quarter of 1954, and only about half the increase can be explained by higher prices; when this increase is discounted there remains a substantial rise in the volume of demand for food, clothes, tobacco, housing, fuel and light and—the biggest rise of all—on household goods. The money spent on household goods during the period went up by £26 million to £233 million compared with the first quarter of 1954, and only £2 million of this increase could be attributed to higher prices.

Evidence of discrimination in the way in which these huge sums are being spent can be found in the sales returns for the different departments of various classes of retailers. Retail sales up to the end of May showed an 8 per cent rise in value over sales over the same period of 1954. But in clothing, one of the main fields of expenditure, sales by the multiple shops have gone up in value by 11 per cent this year, while the co-operatives' clothing sales have gone up by an average of only 7 per cent, the department stores' only 4 to 5 per cent, and the independent retailers, 3 to 4 per cent. In household goods, however, the figures are completely reversed. The multiple shops have done really badly in their furniture trade. Sales for the year so far show a drop of 7 per cent on returns for 1954, while their competitors, the department stores, have increased their sales by 8 per cent and even the independent shops have pushed up their furniture sales by 6 per cent. Some shops blame the slump in furniture sales on the demand for television sets. But in May, the multiples seemed to be losing ground also in sales of hardware. Both the department stores and the independent shops, many of which are very small, did noticeably better than the multiples. The streamlined organisation that has driven the multiple chains' sales of clothes far above those of their competitors does not seem to function so smoothly for household goods and for the time being it is here that the greatest increase in spending is taking place.

Confusion in Coffee

The coffee market has again lapsed into uncertainty and business is slack. As usual, it is Brazilian policy that is to blame. Buyers are understandably afraid that the revocation of the Brazilian government's guarantee to compensate buyers for any change in the exchange rate for coffee exports may be followed by another devaluation of the "coffee cruzeiro." Any change, however, would hardly be made before the guarantee period expires on August 20th, for the government would not be eager to reimburse buyers for their losses. Whether a change is made before the elections that are due in October will depend on whether politics get the upper hand. Another uncertainty is the future of the marketing agreement for coffee between Brazil, Colombia and the Central American producers. The Brazilian Finance Minister, Sr Whitaker, has disowned the agreement on the ground that the then president of the coffee institute exceeded his brief in accepting an export quota for Brazil of 15,350,000 bags (of 132 lb), and the Colombian Finance Minister is to meet Sr Whitaker in the hope of settling the export quotas. Even if the agreement is patched up, its prospects do not seem bright; the African and Asian countries are apparently not falling over themselves to join.

THE NORTH ATLANTIC

WHILST commercial airline flights across the North Atlantic were started on a regular basis only a very short time before the war, the war itself was the spur to a great intensification and expansion of the traffic, though little of this traffic was the carriage of fare-paying passengers. But the back of the problem had been broken—the problem being essentially the design and building of aircraft capable of doing the job.

Today, the air crossing of the bleak northern ocean is again a topic of international interest, but this time on the score of commercial airline operation of *scheduled* non-stop crossings. The italics are to emphasise the fact that doing the non-stop run on an irregular basis is not enough—non-stop flights are already undertaken when the weather is right—it is the ability to inaugurate such flights on the basis of timetable regularity that is the goal on which interest is now so searchingly focused. And, just as in almost every previous instance of aviation being applied to meet a demand, the essence of the problem lies in the ability to design and build aircraft tailored to the job.

The direct distance between London and New York is 3,520 miles, but the prevailing winter winds over the North Atlantic are headwinds to a westbound aircraft, and at 30,000 ft the strength of these headwinds can be anything up to 90 mph on 85 days out of a 100.

Headwinds mean that the aircraft has effectively to fly a greater distance, which means carrying more fuel. Fuel provision must additionally be made to cater for taxying, climbing, diversion to an alternative destination, awaiting one's turn to land (perhaps for two hours if bad weather slows the work of traffic control) and various other reserves and allowances. The extra fuel demanded for serving these requirements may mean that to be capable of covering the 3,520 miles from London to New York the aircraft must in fact be able to fly a still air distance of 5,750 miles. But there is no profit in simply flying a fuel load across the Atlantic: a sufficient number of fare-paying passengers must also be carried to produce enough revenue to pay for the operation and show a margin of profit besides.

Until now it has not been possible to build an aeroplane capable of carrying both sufficient fuel and sufficient revenue-producing load to make a scheduled non-stop North Atlantic service a reality. The race, however, is now keener than ever and the contending aircraft are British and American. The British aircraft is the Britannia 300 LR turboprop airliner and it will be flying next year. It will fly faster, carrying a greater payload more comfortably and profitably than its competitors, and it is reasonable to forecast that it will establish the highest standards of airline service on this pre-eminently important crossing.

THE BRISTOL AEROPLANE COMPANY LIMITED

371P

This man is NEWS

A West African member of the Cable & Wireless staff at Accra feeds 'telegraph slip' into an automatic transmitter. At this stage, the message on the 'slip' or paper tape appears in the form of perforated holes which, by their position, represent the dots and dashes of the morse code. The Automatic Transmitter 'feels' the holes and converts them into electrical impulses before sending them on their way by cable or wireless.

Cable & Wireless Ltd. owns a world-wide network of 150,000 miles of submarine cable and maintains it with a fleet of 8 Cableships stationed at strategic points throughout the world. It also owns and maintains wireless relay stations on the Commonwealth trunk routes, operates the overseas telegraph services of most of the Colonial territories and the cable services in various other countries throughout the world.

This great organisation, although it does not operate Overseas Telegraph Communications in this country, is, none the less, at your service day and night. The simple act of passing a cable form across a post office counter or 'phoning a message from your home or office to 'Overseas Telegrams' sets it working for you. Cabling is very easy, very swift, very sure and costs much less than you'd expect.

CABLE & WIRELESS LIMITED

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These uncertainties, together with the increased shipments of Brazilian coffee to the United States last month, led to a sharp fall in the spot quotation for Brazilian coffee in New York. Shipment prices of Brazilian coffee, however, are now firmer at about US$64 per 50 kilos fob for extra prime, and Brazil may not be entirely unhappy about the short-term prospect. The Central American crops are almost sold out; the Colombian crop seems to be smaller than many people expected, and Colombian prices are at a much higher than normal premium over Brazilian. Hence Brazil may consider that buyers will soon buy more Brazilian coffee, while Colombia, with its support price of $68 per 50 kilos, for once holds the umbrella over Brazil. But would the Colombian government sit on its large stock while Brazil took away business?

Questions on the Javelin

THE Minister of Supply displayed understandable reticence when he answered questions on Monday about the development of the Gloster Javelin all-weather fighter. The Javelin is a delta-winged aircraft of radically advanced design that was ordered in 1952 in the flush of confidence that rejected its competitor, the equally powerful de Havilland 110, because its design was not sufficiently advanced. Since then the Ministry and the services have learned to their cost that the development of aircraft designed on radical lines can be long and slow; in the case of the Javelin, it has been strewn with prototypes.

The aircraft has been repeatedly modified to improve its stability as well as its performance and hopes are now pinned to the Javelin Mark II, which has been considerably amended in design compared with the original version. The production order, Mr Maudling told questioners, has been changed to include fewer of the Mark I and more of the Mark II, leaving the total order unchanged. He spoke optimistically of delivery on schedule, despite these changes, but much testing will be needed on the second version before it can be judged as fit for service. This is the class of fighter that carries the main burden of Britain's air defence and the Air Ministry, as a direct result of its own earlier decisions, has now no alternative but to wait until the Javelin can be developed into an operational fighter. The Admiralty, meanwhile, is slyly congratulating itself on having salvaged the de Havilland 110 which is developing, to all appearances satisfactorily, as a carrier-borne fighter for the same all-weather role.

Deficiency Payments for Grains

THE first year of the deficiency payments scheme for home grains is ending, and the farmers and the Ministry of Agriculture and Food are both happier than when it began. The farmers' allegations of price-gouging by a "millers' ring" have died down, though they are still fearful of the taxpayers' wrath now that the bill for supporting prices of home grains stands naked to the public eye. The scheme enabled a free market to emerge after fifteen years of control and yet maintained for British farmers the principles of an assured market and prices prescribed by the Agricultural Act of 1947. Grain is sold at the market price, and the growers as a whole are reimbursed to the extent that the national average price falls short of the standard (minimum) price. Hence the individual farmer has an incentive to improve quality and thus to obtain a better-than-average price. Details of the first four accounting periods for wheat are shown in the table; when payments for the last period, from May 1st to June 30th, have been made the total cost is likely to be over £20 million.

PAYMENTS FOR WHEAT, 1954-55

Period	Quantity Sold: Millable	Quantity Sold: Non-millable *	Average Price	Standard Price	Deficiency Payment	Total
	mn.cwt.	mn.cwt.	per cwt. s. d.	per cwt. s. d.	per cwt. s. d.	£ mn.
July/Sept. ...	5·1	0·5	19 8	28 10	9 2	2·6
Oct./Nov. ...	10·8	0·8	19 9	30 4	10 7	6·1
Dec./Feb. ...	12·3	0·3	23 9	31 10	8 1	5·2
Mar./April ...	7·6	0·1	23 0	33 1	10 1	3·9

* Less deduction for bringing up to millable grade.

As home prices fluctuate with world prices, the deficiency payments rise as the world price falls (and vice versa). But as domestic production of wheat supplies only about one-quarter of Britain's requirements, the saving from cheaper imports more than offsets the higher cost of deficiency payments. The payments for rye, a small crop, are also based on the tonnage sold; for other coarse grains the deficiency payments per cwt are converted into a payment per acre grown, because so much of these crops is retained on the farm for feed. Advance payments of about £5 million and £78,000 have been made for barley and rye respectively, but not for oats, as the market price of oats has been at—and latterly nearly 10s. above—the standard price of 24s. a cwt.

Given the co-operation of the merchants and processors of grain, the scheme has proved to be a workable marriage between a free market and the guarantees in the 1947 Act; the principal difficulties have been administrative. One is that farmers, who naturally have little time or inclination for form-filling, frequently send in their returns late and incomplete; another is the difficulty of checking the returns, particularly those relating to acreage. Checks of the acreage claims include field inspection, but it is impossible to verify all claims in this way; for the rest, the Ministry has to be satisfied with such other checks as can be applied.

SHORTER NOTES

Collection of the material for the long-awaited British official hire purchase statistics is to start this autumn. Mr Peter Thorneycroft, in announcing that the finance houses and the retailers had been invited to supply statistics, also disclosed that returns will be monthly and that they will show changes in hire purchase sales and in debts outstanding. There will be little surprise that the President of the Board of Trade has also decided that the restrictions on

the hire purchase of furniture must in present economic conditions remain. It is no secret that furniture (like gas and electrical appliances) is a field in which the new restrictions are indeed restricting.

★

Anglo American Rhodesian Development Corporation has arranged to make an issue of £2½ million sterling bonds in Holland. By arrangement with a group of Dutch banks the bonds, bearing interest at 4½ per cent, will be offered to the Dutch public at £98½ per cent. They are redeemable at par in 10 equal instalments starting in 1961, the Corporation reserving the right to redeem at one per cent premium between 1961 and 1965. The Anglo-American group thus taps an unusual source of finance and offers a type of security which happens to be more attractive to Dutch investors than to British. Anglo American Rhodesian Development Corporation was recently formed with £500,000 of issued capital held by Anglo American Corporation of South Africa and Rhodesian Anglo American is to finance private undertakings and public works in the Federation.

★

British Motor Corporation made the surprise announcement on Wednesday night of a one for eight free scrip issue to ordinary stockholders; the new stock ranks for the final dividend for the year to July 31, 1955. The market read the announcement as a favourable pointer at least to the maintenance of the 12½ per cent dividend rate on the enlarged capital and as suggesting that the benefits of the integration of the Austin and Morris businesses are coming up to expectations. The 5s. ordinary shares opened 2¼d. higher on Thursday morning at 15s. 5¼d.

★

The World Bank has made three important loans in the past week. Two are to Nicaragua, to a total value of $7.5 million, to finance the construction of a thermal power plant and transmission lines. They are repayable over twenty years and bear interest at 4¼ per cent. The World Bank has now made seven loans to Nicaragua to a total of $16.7 million. The other loan announced last week was to Panama—$5.9 million to finance a four-year programme of road reconstruction. The loan is for a term of only nine years and bears interest at 4¼ per cent.

★

A combined design, development, and exhibition centre for materials handling equipment has been opened by Fisher and Ludlow at its Albion Works, Castle Bromwich. The company intends to use it for preliminary consultation and designing, and to exhibit a complete range of materials handling gear from simple gravity conveyors to equipment designed to tackle the flow speeds likely to result from automative machining and assembling systems.

★

The *Stock Exchange Journal*, the Stock Exchange's own house organ published quarterly, makes its first appearance this week at a price of 2s 6d. It deals with domestic affairs and not with problems of investment.

★

Competition was less keen when the July series of London wool sales opened this week, and prices of certain types of wool fell by 2½ to 5 per cent compared with the close of the May sales.

★

Pinchin Johnson and Associates, the paint manufacturers, announce a 50 per cent free scrip issue, their first free issue since the war. This will involve the capitalisation of £1,314,900. The company is maintaining its final dividend at 17½ per cent, again making 25 per cent for the year, the combined net profit, after tax, showing a rise from £695,026 to £825,513.

Company Notes

BORAX CONSOLIDATED. Companies that issue interim profits statements are fortunately growing in number, and among them Borax reports a trading profit by the parent company of £1,037,534 for the six months ended March, 1955. This is a 30 per cent increase on the profit of £800,841 for the corresponding half of 1953-54. A year ago the parent's trading accounted for over 90 per cent of the group's profit, and its profit for the six months to March, 1954, was about half the amount for the full year. Dividends and interest, however, are received less regularly; at £234,073 for the latest six months (against £180,226) they equal 62 (against 54) per cent of the estimate for a full year. After depreciation, debenture service and tax other than profits tax on distributions, the half-year's net profit is £575,507—a rise of 42 per cent. Equity earnings, allowing for profits tax on a full distribution, appear to be running at roughly 45 per cent a year.

After the struggle for control last February and after the budget failed to give British mining companies operating overseas that relief in respect of wasting assets for which they had hoped, rumours of another bid or of a change of residence to America have naturally restarted. The board denies them and records, if a trifle late, that the appointment of financial advisers was due to tax complexities, and not to negotiations for a takeover. But what happens if the financial advisers conclude that a change of residence could substantially ease the tax burden?

The chairman's practice of frequent communications to members is a welcome outcome of the struggle for control and shareholders certainly now have a growing appreciation of the true value of the assets as the course of the shares in the market shows. At £6⅞, the £1 deferred ordinary units yield 2¼ per cent on a dividend of 19 per cent, allowing for the increased interim.

★

FERRANTI. A group whose trading profits for the nine months ended March, 1954, were over 3½ times the level of the full year 1946-47, can be allowed the luxury of an occasional setback. Consolidated profits for the year to March, 1955, at £1,595,185, are at an annual rate 28 per cent lower than the £1,673,467 for the previous broken period. Part of this is due to a deficit from the North American subsidiaries, part to increased—but undisclosed—expenditure on research, but there has also been a reduced volume of transformer business, and in one market lower prices as well. Helped by the removal of EPL, the year's net profit of £576,605 compares with £546,863 for nine months.

Consolidated fixed assets before depreciation, at £6,579,000 include the heavy gross expenditure during 1954-55 of £888,000 on new plant and buildings. Stocks now exceed £5 million—only a small increase, as the revised March, 1954, figure of £4,860,000 includes an extra £760,000 arising from the consolidation of subsidiaries.

A rate of 6 per cent nominal dividend on the privately held ordinary capital has been declared for years, sometimes tax free, sometimes not, and much sweetened by free share distributions in ordinary or preference capital. Revenue reserves have reached nearly £3 million, for the business has been built by the relentless ploughing-back of profits. But naturally in a company that stubbornly refuses to go to the market for capital, the cash holding varies greatly. The bank overdraft now stands at £2,821,159. The preference shareholders who do include the public can certainly feel confident in the security for their dividend, which is many times covered.

The company makes, in addition to its more established electrical products, electronic computers; it collaborates with Powers-Samas on data-handling equipment and it claims to have a leading position in developing computer-controlled machine tools. The Chairman's printed statement makes no specific reference to the company's work on atomic energy, unless the phrase "Government Products" includes the atom?

★

LONDON AND OVERSEAS FREIGHTERS. This company was formed after the war to build a fleet of new motor tankers. It did so out of the shell of three existing companies, which owned nine dry cargo ships (since sold) and substantial liquid resources. The result is a success story in which the operating surplus of £1,444,800 for the year to March 31, 1955, was seven times that for the year 1949-50. The usual interim report for the quarter ended last June, issued at Monday's meeting, shows an operating surplus of £434,000, an increase of 24 per cent on the £350,000 for the corresponding period of 1954. The latest cumulative total for four quarters is £1,529,000, against £1,271,000 a year ago.

The Company was fortunate in doing much of its building at a time when a new tanker off the stocks could immediately be chartered for a term of years to the big oil groups at gratifying rates, but even long term charters do not last for ever and the directors see the need to secure continuous employment for their vessels. Meanwhile the growth in profits has arisen partly from steady additions to the fleet, which last March comprised 11 "London" tankers totalling 200,000 tons. Five more are on order with Furness Shipbuilding Co., though none is due for delivery in the current financial year. Perhaps this fact is connected with the reduction in overdraft in the past quarter by £400,000 to £1,600,000.

Shipping groups may note that this company takes no advantage of the Shipping Companies Exemption Order. Cost and depreciation of each vessel are disclosed, and reserves are not lumped together. At March last aggregate depreciation, which has recently been absorbing over one-third of operating surplus, was £1,378,000, and in June, the net book cost of the vessels was £8,050,000. At 46s. 6d., the yield on the 10 per cent dividend is £4 6s. per cent.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices (Dec. 29, 1950 = 100)					Average Yields (per cent)				
	June 29, 1954	Mar. 29, 1955	April 26, 1955	May 31, 1955	June 28, 1955	June 29, 1954	Mar. 29, 1955	April 26, 1955	May 31, 1955	June 28, 1955
2½% *Consols*	93·7	89·4	86·5	84·9	83·8	3·78	3·96	4·09	4·17	4·22
Debenture stocks:										
Industrial	90·0	85·4	85·1	84·4	83·3	4·57	4·82	4·83	4·88	4·94
Investment trust	92·0	88·5	88·5	87·8	86·9	4·48	4·66	4·66	4·70	4·75
Preference stocks:										
Industrial	94·0	89·4	90·3	89·6	87·4	4·83	5·10	5·05	5·08	5·22
Investment trust	91·6	84·6	85·0	84·5	83·3	4·82	5·21	5·19	5·21	5·29
Ordinary stocks:										
Banks	101·6	107·3	106·5	108·0	110·0	4·35	4·43	4·46	4·40	4·32
Industrial insurance	120·5	128·7	127·4	136·9	145·8	4·95	4·99	4·99	4·64	4·36
Investment trust	163·8	195·8	202·6	216·0	247·7	4·75	4·62	4·46	4·33	3·91
Electrical engineering	123·8	143·2	151·4	159·0	168·5	5·02	4·82	4·77	4·62	4·36
Engineering	146·5	169·8	176·0	192·7	211·3	4·57	4·47	4·44	4·15	3·83
Motors and aircraft	151·3	170·4	174·7	193·0	212·4	5·08	5·20	5·11	4·14	3·81
Breweries	112·7	113·4	117·4	118·7	116·4	6·41	6·59	6·35	6·24	6·40
Chain stores	205·7	252·6	258·5	272·3	290·3	3·65	3·62	3·56	3·64	3·41
Cotton textiles	123·5	108·1	109·5	113·5	118·0	7·12	8·03	7·93	7·92	7·74
Household goods	137·0	153·3	151·1	159·1	161·6	5·23	5·08	6·05	5·82	5·73
Rayon	82·7	73·5	72·0	73·2	78·9	5·73	7·61	7·83	7·71	7·42
Tobacco	79·6	86·9	88·4	85·9	232·6	8·05	7·63	7·48	6·35	6·73
Wool textiles	117·5	116·3	117·5	120·3	129·3	5·66	6·38	6·46	6·30	5·92
Chemicals	167·2	184·6	194·4	210·6	238·3	4·40	4·29	4·40	4·16	3·80
Oil	160·4	187·8	187·9	200·0	220·1	6·24	5·91	5·96	5·87	5·33
Shipping	121·2	155·4	151·6	158·9	166·6	6·16	5·16	5·41	5·29	5·06
Total (capital goods)	*140·7*	*161·7*	*167·6*	*180·6*	*194·7*	*5·11*	*4·96*	*4·91*	*4·53*	*4·26*
Total (consumption goods)	*123·0*	*130·6*	*133·2*	*136·7*	*138·5*	*5·89*	*6·14*	*6·05*	*5·76*	*5·73*
Total industrial (all classes)	**133·1**	**146·5**	**149·9**	**156·9**	**165·9**	**5·56**	**5·58**	**5·55**	**5·29**	**5·10**

LONDON STOCK EXCHANGE

Next Account Begins: July 20th
Next Contango Day: July 26th
Next Settlement Day: July 26th

BOTH government and industrial securities showed weakness at the beginning of the week before recovering sharply on Wednesday and Thursday morning. Disquiet at the widened trade gap at first produced lower levels in gilt-edged. War Loan 3 per cent fell to 96⅛ and Consols 2½ per cent to 60⅜, the latter regaining ⅛ on the Chancellor's confidence in the effectiveness of the prevailing credit restrictions. The existing Gas 4 per cent stock 1969/72 fell to 97⅞ and closed at 97½ on Wednesday compared with the issue price of £98 for the new issue of the same stock. Applicants for over £100,000 of that issue receive 93 per cent of their applications.

The favourable international situation assisted a considerable gain in German Bonds, Berlin 6 per cent reached 104 compared with a low of 60 at the beginning of the year. Potash 7 per cent made a corresponding jump to 251.

Several gains were recorded in Motors, Papers and Stores in later dealings. Wm. Cory appreciated to 67s. on the results while Pinchin Johnson rose to 48s. 4½d. on news of the two-for-one capitalisation. Van Moppes placed with the market at 39s. 6d. opened at 48s. 9d. and subsequently reached 55s. 6d. A lower estimate of steel production due to the recent strikes resulted in leading steel issues losing up to 2s. 6d., but they rallied on Wednesday and early on Thursday.

Kaffirs were dull at first, Daggafontein slipping to a new low of 48s. 1½d. Later in a brighter market the level was generally higher, Duffelsfontein rising to 4cs. on Cape buying. Base metal shares were well supported throughout the week; Rhokana at 42, Messina at 9 and Tanganyika Concessions at 8⅞ all breaking new ground.

Leading oil stocks again passed their previous highs and in an active market for Rubbers and Teas United Sua Betong at 55s. and Consolidated Tea and Lands at 40s. were prominent.

FINANCIAL TIMES INDICES

1955	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
July 6	218·7	106·76	4·11	4·36
„ 7	220·6	106·78	4·11	4·32
„ 8	220·4	106·74	4·11	4·32
„ 11	219·7	106·61	4·13	4·33
„ 12	217·8	106·43	4·14	4·37
„ 13	219·5	106·49	4·12	4·34
				Total bargains 1955
1955, High	220·6 (July 7)	115·97 (Jan. 7)	July 6	15,595
„ Low	175·7 (Mar. 15)	106·28 (June 30)	„ 7	15,791
			„ 8	14,544
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 11	16,742
			„ 12	14,395
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 13	12,002

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to July 13 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 6, 1955	Price, July 13, 1955	Net Yield, July 13, 1955 § £ s. d.	Gross Yield, July 13, 1955 £ s. d.
100 9/16	97 1/4	Funding 2¾% '52-57	97 31/32	97 21/32	2 15 10	4 0 6
100 1/4	97 5/8	War Bonds 2½% '54-56	98 7/32	98 3/32	3 4 0	4 3 10
100 11/16	96	War Loan 3% '55-59	96 1/32	96 1/32	2 12 3	3 19 11
100 13/32	99 3/8	Serial Funding 3% 1955	99 31/32	99 31/32	2 1 7	3 19 8
100 1/4	96 1/8	Serial Funding 2½% 1957	96 1/8	96 3/32	2 17 6	3 18 6
99 11/32	92 3/8	Conv. 2% 1958-59	93 3/8	93 5/16	3 3 7	4 1 3
97 3/4	91 1/2	Exchequer 2% 1960	91 9/16	91 11/16	3 2 6	4 0 0
104 1/4	96 1/16	Exchequer 3% 1960	96 3/8	96 3/8	2 8 11	3 17 2
100 11/16	90 1/2	Savings Bonds 3% '55-65	92 1/16	90 13/16*	2 15 4	4 1 11
100 3/8	91 3/8	Funding 2½% '56-61	92 3/8	92 1/4	2 19 7	4 3 0
97	86	Funding 3% '59-69	87	86 7/16	2 19 5	4 7 11
103 7/16	97	Funding 4% '60-90	97 7/8	97 3/8	2 18 2	4 14 4
96 3/8	85 1/8	Savings Bonds 3% '60-70	86 1/4	85 3/4	2 19 0	4 8 0
102 5/8	92 9/16	Exchequer 3% '62-63	93 7/16	93 1/4	2 13 11	4 0 10
99 7/16	87 1/2	Exchequer 2½% '63-64	88 3/16	88 1/4	3 0 2	4 3 6
95 7/16	83 3/8	Savings Bonds 2½% '64-67	84 1/8	84 3/8	3 1 1	4 5 0
94 9/16	82 1/4	Savings Bonds 3% '65-75	84 1/4	82 11/16*	2 17 1	4 5 6
105 1/8	98	Victory 4% '20-76	99 3/16	98 7/8	2 10 2	4 6 1
98 1/4	86 3/4	Funding 3% '66-68	87 1/16*	86 11/16*	2 19 1	4 6 8
103	92 1/2	Conv. 3½% 1969	93 3/16	92 15/16	2 14 3	4 6 7
98 3/8	87 3/8	Treas. 3½% '77-80	88 5/16	88 3/16	2 13 6	4 5 11
99 5/16	87 1/4	Treas. 3½% '79-81	89 1/8	87 7/8*	2 13 4	4 5 5
88 1/4	77 1/2	Redemption 3% '86-96	78 3/4	78	2 12 5	4 3 4
95 11/16	85 3/4	Funding 3½% 1999-2004	86 1/2*	86	2 10 3	4 3 6
97 3/8	88 3/8	Consols 4% aft. Feb. '57	91 3/4*	91*	2 10 6	4 7 9
88 9/16	79 1/2	War L'n. 3½% aft. Dec. '52	81 11/16	81 3/16	2 9 9	4 6 8
89 11/16	79 1/2	Conv. 3½% aft. April '61	81 7/8	81 3/16	2 9 10	4 7 2
78 1/2	69	Treas. 3% aft. April '66	71 1/2	70 1/2	2 9 1	4 5 10
66 3/4	58 13/16	Consols 2½%	60 1/2	60 1/2	2 7 4	4 2 5
66 3/4	58 3/8	Treas. 2½% aft. April '75	60 5/8	60 1/4	2 7 11	4 3 10
94 13/16	83 13/16	Br. Elec. 3% '68-73	84 7/8	84 3/8	2 17 7	4 6 6
93 13/16	82 7/8	Br. Elec. 3% '74-77	84	83 9/16	2 15 6	4 4 9
109 7/16	99 9/16	Br. Elec. 4½% '74-79	100 1/4	99 1/2	2 10 0	4 7 0
98 13/16	87 11/16	Br. Elec. 3½% '76-79	88 3/4	88 5/16	2 13 9	4 6 4
105 3/8	97 1/4	Br. Gas 4% '69-72	97 7/8*	97 3/8*	2 9 7	4 3 11
102 1/2	91 1/4	Br. Gas 3½% '69-71	93	92 3/8	2 12 7	4 4 9
88 7/16	78 1/2	Br. Gas 3% '90-95	79 3/4	79 1/2	2 11 6	4 1 10
94 13/16	83 3/8	Br. Trans. 3% '68-73	84 7/8	84 3/8	2 17 7	4 6 6
105 1/16	95 3/8	Br. Trans. 4% '72-77	96 3/8	95 13/16	2 11 1	4 6 3
88 5/16	77 1/8	Br. Trans. 3% '78-88	78 13/16	78 3/8	2 14 6	4 4 7

Prices, 1954 High	Low	Prices, 1955 Jan 1 to July 13 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, July 6, 1955	Price, July 13, 1955	Yield, July 13, 1955 £ s. d.
97 3/4	90 1/8	94 3/4	85 1/2	Aust. 3½% '65-69	87 1/2*	87 1/4*	4 9 6
101 7/8	97 1/4	101 3/4	94 1/2	Ceylon 4% '73-75	97 1/4	97 1/4	4 3 9
106 3/4	98 1/2	103 3/4	94 1/4	N. Zealand 4% '76-78	94 1/2	94 1/4	4 7 9
79 1/2	71 3/4	75 3/4	66 1/2	L.C.C. 3% aft. 1920	68	68	4 8 3
99 3/4	95	99	88 1/4	Liverpool 3% '54-64	89 1/2	89 1/2	4 9 0
87 3/8	80 1/4	84	73	M.Wtr. 'B' 3% '34-2003	74 1/2	74 1/2	4 6 0
104 1/2	100	102 1/2	99	Agric. Mort. 5% '59-89	100 1/2	100 1/2	4 17 3
109 3/8	71 3/4	120	91	German 7%	114 1/2	118 1/2	...
168 1/2	102	199	149	German 5½%	192 1/2	199	...
171	132 5/8	199	160	Japan 5% 1907	191 1/2	199	...
198 1/4	167	242	190	Japan 5½% Conv. 1930	235	241 1/2	...

Prices, 1955 Jan. 1 to July 13 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, July 6, 1955	Price, July 13, 1955	Yield, July 13, 1955 £ s. d.
		%		%	BANKS & DISCOUNT			
58/7½	48/9	7	b		5 a Barclays £1	56/-	54/-	4 8 11
76/7½	63/-	15	c		6 a Lloyds 'A' £5, £1 pd.	66/6*	64/-*	4 13 9
89/3	76/9	18	c		9 a Midland £1, fully pd.	82/-	81/-	4 8 11
87/-	76/-	18	c		9 a N. Prov. 'B' £5, £1 pd.	82/6*	83/-*	4 6 9
96/10½	84/6	8	b		8 a Westmstr 'B' £4, £1½pd.	90/-*	89/-*	4 9 11
69/-	49/7½	8¾	b		3¾ a Alexanders £1	50/6*	50/6*	4 19 0
58/6	47/6	7	b		5 a Nat. Disc. 'B' £1	51/6	52/-	4 12 4
60/-	51/-	12½	c		6¼ a Union Disc. £1	55/6	56/6	4 8 6
48/10½	39/6	4	b		4 a Barc. (D.C.O.) £1	48/-	48/-	3 6 8
51/9	42/3	7½	a		7½ b Chart. Bk. of India £1	45/-	44/6	6 14 10
					INSURANCE			
21 3/4	14 1/2	50	a		110 b Leg. & Gen. £1, 5/- pd.	21 1/2	20	2 0 0
26 3/4	20 1/2	20	† a		45 † b Pearl £1, fully pd.	26	26	4 7 0
52	41 1/2	112½	† c		117½ † c Prudential 'A' £1	50 1/2	49 1/2	4 2 6
					BREWERIES, ETC.			
141/-	124/-	33	b		10 a Bass £1	126/3	125/-	6 17 7
34/9	22/-	25	c		10 a Distillers 6/8	34/-	33/3	3 0 2
49/6	40/3	15	b		8 a Guinness 10/-	47/6	46/10½	4 18 9
93/9	76/-	7	a		14 b Whitbread 'A' Ord. £1	78/9*	77/6*	5 8 5

Prices, 1955 Jan. 1 to July 13 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, July 6, 1955	Price, July 13, 1955	Yield, July 13, 1955 £ s. d.
					STEEL & ENGINEERING			
46/-	35/9	17½	c		4 a B.S.A. £1	45/-	45/-	3 17 9
13/10½	10/-	3½	a		10⅔ b Cammell Laird 5/-	13/-	13/-	5 7 9
39/3	29/-	...			3 a Colvilles £1	37/-	35/-	5 2 10
36/7½	23/-	...			8 c Dorman Long £1	35/6	36/-	4 8 11
105/9	62/4½	5	a		15 b Guest Keen N'fold £1	101/3	102/6	3 18 1
79/9	42/-	12½	c		5 a Stewarts & Lloyds £1	76/6	73/9	3 7 9
47/-	27/6	6¾	b		4 a Summers (John) £1	44/6	43/6	4 11 11
50/-	28/6	6	b		4 a United Steel £1	46/3*	44/6*	4 9 11
47/10½	35/9	2½	a		6 b Vickers £1	45/6	45/6	3 14 9
					TEXTILES			
30/4½	21/9	4	a		6 b Bradford Dyers £1	22/6	22/-	9 1 10
35/-	26/10½	3	a		7 b Brit. Celanese £1	29/6	29/6	6 15 7
29/6	23/-	2½	a		6¼ b Coats (J. & P.) £1	27/6	27/-	6 9 8
55/3	35/-	4	a		6 b Courtaulds £1	50/6	53/-	3 15 6
34/1½	26/6	7½	b		5 a Lancs. Cotton £1	29/9	29/6	8 9 6
36/0¾	28/-	2½	a		10 b Patons & Baldwins £1	33/-	34/-	7 7 1
					MOTOR & AIRCRAFT			
22/10½	17/4½	3½	a		6½ b Bristol Aeroplane 10/-	22/9	22/3	4 9 11
15/-	9/10½	8½	b		4 a British Motor 5/-	14/3	15/-	4 3 2
27/10½	21/3	7½	c	Nil	c De Havilland £1	26/9	26/9	Nil
60/-	37/-	5	a		10 b Ford Motor £1	56/3	55/-	2 14 6
70/9	43/1½	7½	b		5 a Hawker Siddeley £1	68/6	66/6	3 15 5
51/3	33/6	25	c		30 c Leyland Motors £1	48/9	50/-	4 0 0
127/3	71/3	5	a		12½ b Rolls Royce £1	124/4½	120/7½	2 18 0
10/5½	6/10½	12	c		12 c Standard Motor 5/-	10/-	10/-	6 0 0
					SHOPS & STORES			
42/9	25/-	10	a		17½ b Boots Pure Drug 5/-	42/-	42/-	3 7 1
47/6	36/9	7½	a		20 b Debenhams 10/-	47/-	46/6	5 18 ...
62/6	43/9	45	b		15 a Gt. Universal 5/-	61/-	59/6	5 0 10
114/-	97/6	5	a		17½ b Lyons (J.) 'A' £1	102/6	100/6	4 11 ...
76/-	58/6	15	a		30 b Marks & Spen. 'A' 5/-	73/-	72/-	3 2 6
71/9	55/3	36¾	b		20 a Woolworth 5/-	65/6*	64/-*	3 18 2
					OIL			
123/-	68/6	5	a		14 b British Petroleum £1	119/4½	122/6	2 8 11
165/-	100/-	7½	a		13½ b Burmah £1	158/9	164/4½	2 11 2
£60	£50¾	6	a		10 b Royal Dutch 100 fl.	£59	£58¾	2 11 5
139/6	109/9	5†	a		10† b Shell Reg. £1	135/-	138/9	3 6 5
37/7½	26/9	15†	b		5† a Trinidad L'holds 5/-	34/-	37/3	4 13 5
					SHIPPING			
37/3	25/10½	5	a		7 b Cunard £1	28/6	27/-	7 8 2
57/-	45/-	12	c		12 c Furness Withy £1	52/-	52/6	4 11 5
76/-	55/-	3	a		13 b P. & O. Def. £1	69/-	70/6	4 9 ...
					MISCELLANEOUS			
93/-	61/3	14	c		2½ a Assoc. Elect. £1	90/-	90/-	3 2 3
130/-	88/9	5	a		15 b Assoc. Port. Cem. £1	125/-	128/9	3 2 ...
111/6	67/-	7½	a		15 b Bowater Paper £1	103/9	107/6	3 6 11
55/3	44/1½	2½	a		7½ b B.I.C.C. £1	54/6	54/6	3 13 5
54/4½	35/6	4	a		8 b Brit. Aluminium £1	52/6	54/-	4 8 1
61/3	47/10½	15†	c		5† a Brit. Amer. Tob. 10/-	59/-	59/6	4 7 5
$64½	$51¾	3	b		3 a Canadian Pacific $25	$63¾	$61¾	4 8 5
48/9	31/4½	41¾	b	14 3/16	a Decca Record 4/-	47/6	45/-	3 6 ...
33/4½	27/-	4	a		10 b Dunlop Rubber 10/-	31/3	31/-	4 10 ...
82/3	54/1½	4	a		8½ b English Elect. £1	78/9	80/-	3 2 ...
71/3	51/3	12½	c		4½ a General Elect. £1	67/6	70/-	3 11 5
61/6	38/3	4	a		6 b Imp. Chemical £1	56/10½	56/3	3 11 2
65/10½	57/9	8½	a		12½ b Imp. Tobacco £1	63/6	63/6	6 12 ...
$134½	$105½	$2·90		$2·90	c Inter. Nickel n.p.v.	$132¾	$133½	3 17 11
77/-	57/6	7½	a		10 b London Brick £1	73/9	75/9	4 9 6
38/6	26/-	6½	a		15¾ b Monsanto Chemicals 5/-	36/9	35/9	3 1 ...
81/3	60/3	3½	a		14½ b Tate & Lyle £1	80/-	80/-	4 0 ...
99/3	72/6	10	b		10 a Tube Investments £1	95/-	95/-	4 4 ...
118/3	95/6	17½	b		5 a Turner & Newall £1	115/-	113/9	3 19 1
95/3	69/3	6	a		9¾ b Unilever £1	95/-	93/9	3 6 ...
43/3	34/3	7½	† b	7½ † b	United Molasses 10/-	39/3	40/3	5 9 10
49/9	34/-	2½	† a	27½ † b	Cons. Tea & Lands £1	38/9	39/9	26 5 ...
2/9¾	1/10½	10	c	15 c	London Asiatic Rbr. 2/-	2/6	2/9	10 18 ...
54/9	38/9	7½	a	20 b	United Sua Betong £1	53/1½	54/4½	9 11 ...
					MINES			
9 5/16	7 11/16	20	a	50 b	Anglo-Amer. 10/-	8 11/16	8 11/16	3 18 ...
143/3	106/10½	80	a	120 b	De Beers 5/- Bearer	130/-	130/-	7 13 10
126/3	78/9	...		...	Free State Geduld 5/-	88/9	88/1½	Nil
70/9	51/7½	10	b	10 a	Randfontein £1	56/3	55/9	7 3 ...
9/6	6/8¾	24	c	28 c	London Tin 4/-	9/3½	9/2½	12 3 1
42½	31½	200	b	50 a	Rhokana £1	41	42½	5 17 ...

* Ex dividend. † Free of tax. § Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 16·1%. (h) On 15%. (l) To latest date. (m) On 10%. (o) On 9%. (p) On 8¾%. (q) Yield basis 22·10% gross. (r) On 37½%. (u) Dividend for 15 months. On 18%. (v) On 7½%. (x) On 12½%.

(e) To earliest date. (f) Flat yield. (l) To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11½ years approximately.

New York Closing Prices

	July 6 $	July 13 $		July 6 $	July 13 $		July 6 $	July 13 $
Balt. & Ohio	49¼	47	Am. Smelting	53¼	51	Inter. Paper	111¾	104
Can. Pac.	35	33¾	Am. Viscose	62½	57¾	Nat. Distill.	22¼	22
N.Y. Cent.	44¾	46¾	Cel. of Am.	24¾	23¾	Sears Roebuck	98½	97
Pennsyl.	28¾	28¼	Chrysler	83¾	87¾	Shell	62¼	61
Amer. Tel.	183	187	Gen. Elec.	54¼	53¼	Std. Oil of N.J.	138	134
Stand. Gas	9¾	9¾	Gen. Motors	127¼	124	U.S. Steel	56¼	55
United Corp.	6¾	6¾	Goodyear	62¾	59¼	Westinghouse	67¼	68
W. Union Tel.	24¾	24¾	Inter. Nickel	73¾	73¼	Woolworth	48¾	48

Statistics

The following list shows the most recent date on which each statistical page appeared.

BRITISH		OVERSEAS	
Prices and Wages	July 2nd	Western Europe	
Production and Consumption	July 9th	Production and Trade	July 2nd
Manpower	This week	British Commonwealth	July 9th
External Trade	June 25th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	This week
Industrial Profits	April 30th	United States	June 25th
World Trade	April 30th		

Manpower in Great Britain

	Unit	Monthly averages 1952	1953	1954	1954 April	May	June	1955 Mar.	April	May	June
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,294	23,373	23,667	23,608	23,658	23,667	23,800	23,836	23,849	...
Men	"	15,864	15,883	15,974	15,973	15,984	15,974	16,052	16,060	16,046	...
Women	"	7,430	7,490	7,693	7,635	7,674	7,693	7,748	7,776	7,803	...
Armed Forces	"	872	865	839	842	841	839	824	818	811	...
Civil employment:											
Total	"	22,119	22,238	22,604	22,472	22,570	22,604	22,732	22,807	22,852	...
Agriculture, forestry and fishing	"	1,112	1,087	1,074	1,055	1,069	1,074	1,022	1,032	1,047	...
Mining and quarrying	"	875	871	867	870	869	867	868	869	866	...
Building and contracting	"	1,435	1,437	1,453	1,444	1,456	1,453	1,428	1,440	1,440	...
Distributive trades	"	2,616	2,664	2,743	2,722	2,737	2,743	2,767	2,782	2,787	...
Public administration	"	1,336	1,320	1,326	1,323	1,325	1,326	1,310	1,310	1,310	...
Manufacturing industries	"	8,626	8,746	8,976	8,941	8,967	8,976	9,210	9,233	9,233	...
CHANGES IN EMPLOYMENT (2)											
Increase or decrease since June, 1950:											
Employees in engineering(3)	"	+ 212	+ 213	+ 338	+ 320	+ 332	+ 338	+ 507	+ 525	...	...
" " consumer goods industries(3)	"	− 126	− 8	+ 59	+ 46	+ 57	+ 59	+ 79	+ 80	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	414·2	342·0	284·8	316·6	289·4	239·5	269·9	260·1	223·6	210·5
" " —men	"	227·8	218·2	184·4	203·3	184·7	156·0	173·6	167·6	136·2	130·3
" " —women	"	186·4	123·8	100·4	113·3	104·7	83·5	96·3	92·5	87·4	80·2
Temporary or under 2 weeks—men	"	87·8	68·7	58·0	59·8	55·3	47·4	54·0	64·3	47·5	49·7
" " —women	"	94·7	43·9	36·4	37·7	36·3	27·6	34·9	37·0	38·0	38·8
Over 2 weeks—men	"	85·9	96·7	81·7	101·0	91·8	74·2	79·8	71·0	63·1	55·4
" " —women	"	50·2	46·3	37·1	47·6	42·9	34·3	36·3	33·6	29·8	25·2
By industry (4):											
Textiles	%	8·6	1·4	0·9	0·9	1·0	0·9	1·4	1·7	2·2	2·3
Clothing	"	2·9	1·3	1·3	1·2	1·2	1·4	0·9	0·9	0·8	1·2
Vehicles	"	0·7	0·8	0·5	0·6	0·5	0·4	0·4	0·4	0·3	0·3
Engineering, etc.	"	1·4	1·4	1·1	1·3	1·2	1·0	0·9	0·8	0·7	0·8
Coal-mining	"	0·2	0·2	0·2	0·2	0·2	0·2	0·1	0·1	0·2	0·1
Distributive trades	"	1·5	1·5	1·3	1·4	1·3	1·1	1·2	1·1	1·0	0·8
By regions (4):											
Great Britain	"	2·0	1·6	1·3	1·5	1·4	1·1	1·3	1·2	1·0	1·0
London and South Eastern	"	1·3	1·2	1·0	1·1	1·0	0·8	0·8	1·0	0·7	0·6
Eastern	"	1·3	1·3	1·2	1·4	1·2	0·9	1·3	1·1	0·8	0·7
Southern	"	1·4	1·4	1·1	1·3	1·1	0·8	1·0	1·0	0·8	0·7
South Western	"	1·5	1·6	1·5	1·6	1·5	1·1	1·4	1·2	1·1	0·9
Midland	"	0·9	1·1	0·6	0·7	0·6	0·5	0·5	0·5	0·5	0·5
North Midland	"	1·0	0·7	0·6	0·6	0·6	0·5	0·7	0·6	0·5	0·5
East and West Ridings	"	1·9	1·2	0·9	1·0	1·0	0·8	0·8	0·8	0·7	0·7
North Western	"	3·6	2·1	1·5	1·6	1·5	1·3	1·4	1·5	1·4	1·4
Northern	"	2·6	2·4	2·2	2·5	2·3	2·0	2·3	2·0	1·7	1·6
Scotland	"	3·3	3·1	2·8	3·1	2·9	2·4	2·8	2·5	2·2	2·2
Wales	"	2·9	3·0	2·5	2·8	2·5	2·1	2·1	1·9	1·7	1·6
VACANCIES											
Unfilled vacancies notified to Employment Exchanges:											
Total	'000s	230	270	338	326	331	353	371	416	426	...
Men	"	131	147	191	176	180	189	207	230	239	...
Women	"	99	123	147	150	151	164	164	186	187	...
DISPUTES (5)											
Workers involved	"	35	114	37	30	27	19	52	61	199	...
Working days lost:											
Total	"	149	182	205	77	111	69	145	198	838	...
Mining and quarrying	"	55	33	39	37	41	29	49	97	582	...
Engineering, etc.	"	66	127	62	16	19	20	23	19	18	...
Other industries and services	"	28	22	104	24	51	20	73	82	238	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding and electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) United Kingdom.

Prices and Money Supply in Western Europe

WHOLESALE PRICES (1) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	31	25	44	6	51	0·4	43	2	36	55	52	21
1953	239	107	134	155	111	173	129	96	134	152	139	107
1954	250	105	134	152	110	194	126	97	136	154	139	118
1955, January	260	107	137	152	111	202	...	98	138	154	140	123
„ February	258	107	136	151	111	199	...	98	137	153	141	125
„ March	258	107	138	151	112	199	...	98	136	153	142	...
„ April	258	107	138	151	112	200	...	98	136	153	143	...
„ May	255	...	138	153	...	205	...	...	...	154	143	...

COST OF LIVING (1) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	31	27	60	6	64	0·4	55	2	49	63	65	29
1953	205	106	123	144	108	160	126	117	130	136	130	[illegible]
1954	213	107	124	143	108	184	126	120	137	142	131	[illegible]
1955, January	217	108	127	145	110	188	...	121	140	143	131	[illegible]
„ February	216	107	...	145	109	187	127	121	140	142	131	[illegible]
„ March	215	107	...	145	109	191	...	121	140	142	132	...
„ April	214	106	129	145	109	191	...	122	138	142	133	...
„ May	214	105	...	146	...	194	...	...	...	...	...	...

IMPORT PRICES (2) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	27[6]	27	40	7	39	...	39	2	24	32	45	[illegible]
1953	270	119[7]	119	168	106	...	121	102	117	125	139	[illegible]
1954	258	114[7]	113	166	102	...	122	101	111	122	139	[illegible]
1954, December	256	112[7]	114[8]	163[8]	102	...	125	101	109	118	139[8]	[illegible]
1955, January	260	114[7]			103	...	125	103	113	121		
„ February	256	115[7]	117	161	102	...	127	101	114	124	139	...
„ March	251	114[7]			104	...	128	103	113	127		
„ April	261	...	...	...	105	...	...	...	...	122	...	...

EXPORT PRICES (2) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	33[6]	25	40	6	51	...	37	2	25	32	42	[illegible]
1953	239	105[7]	110	147	123	...	127	97	104	119	132	[illegible]
1954	237	99[7]	108	140	118	...	125	101	99	118	130	[illegible]
1954, December	237	98[7]	111[8]	137[8]	117	...	126	101	98	118	130[8]	[illegible]
1955, January	238	99[7]			119	...	128	100	102	124		
„ February	239	100[7]	109	136	118	...	130	100	97	126	131	...
„ March	240	100[7]			120	...	130	100	100	121		
„ April	247	...	...	...	118	...	...	...	...	125	...	...

CURRENCY IN CIRCULATION (3)

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T
1938	...	23·6	425	112	...	...	18·2	19	1,048	455	1·04	[illegible]
1953	10·25	105·9	2,032	2,310	11·98	3,503	74·3	1,424	3,394	3,002	4·90	[illegible]
1954	11·98	106·7	2,054	2,551	12·78	3·47[5]	78·2	1,533	3,682	3,187	5·16	[illegible]
1955, January	11·60	105·8	...	2,523	12·59	3·71[5]	77·5	...	3,630	3,018	4·94	[illegible]
„ February	11·73	106·8	...	2,548	12·71	3·70[5]	77·1	...	3,676	2,983	4·87	[illegible]
„ March	...	...	...	2,584	12·91	3·77[5]	78·0	...	3,705	3,029	4·84	[illegible]
„ April	...	...	...	...	...	4·04[5]	77·2	...	...	3,008	4·94	[illegible]
„ May	...	...	...	...	...	...	75·9	...	...	...	...	[illegible]

GOLD AND FOREIGN EXCHANGE HOLDINGS (4) (mn. US Dollars)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	...	780	76·7	2,784	...	26·8	59	201	1,003	128·3	512	[illegible]
1953	271·4	1,090	166·8	956	1,984	10·5	234	952	1,161	138·3	425	[illegible]
1954	371·9	1,046	143·4	1,369	2,682	10·8	260	1,041	1,276	122·8	385	[illegible]
1955, February	363·1	1,074	131·4	1,474	2,750	10·8	257	...	1,264	98·3	372	[illegible]
„ March	359·0	1,095	131·3	1,535	2,764	10·8	253	...	1,268	90·4	368	[illegible]
„ April	346·8	1,114	133·0	...	2,771	10·9	250	...	1,264	107·1	339	[illegible]
„ May	340·8	1,104	126·7	...	...	10·9	247	...	1,272	96·3	339	[illegible]
„ June	338·4	...	...	...	...	...	...	...	...	...	...	[illegible]

(1) Relates only to prices in capital cities for Austria, France, Greece and Turkey. Cost of living in Paris based on 1949 = 100, and wholesale prices Western Germany on July-December, 1948 = 100. (2) Index numbers of unit value which compare the current average value of trade with its value in 194[illegible] they are influenced by changes in the composition of trade as well as price movements. Index numbers for Germany based on 1950. (3) Notes only France and Austria. (4) Holdings of the government and central bank at end of period; figures for Greece are gold reserves only. (5) Beginning M[illegible] 1954, a new drachma equal to 1,000 old drachmas was introduced. (6) 1937. (7) New series, original base 195[illegible] [illegible]

Financial Statistics

EXCHEQUER RETURNS

For the nine days ended July 9th there was an "above-line" deficit (after allowing for Sinking Funds) of £14,318,000 compared with a surplus of £13,771,000 in the previous five days and a surplus of £5,701,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £29,563,000, bringing the total cumulative deficit to £301,159,000 (£248,500,000 in 1954-55).

£'000	Esti-mate, 1955-56	April 1, 1954 to July 10, 1954	April 1, 1955 to July 9, 1955	Ten days ended July 10, 1954	Nine days ended July 9, 1955
Ord. Revenue					
Income Tax	1877,400	258,155	260,023	39,401	20,507
Sur-tax	136,000	22,600	20,700	1,700	1,300
Death Duties	185,000	50,500	51,800	5,700	5,700
Stamps	74,000	18,500	18,900	2,100	2,400
Profits Tax & EPT	180,000	34,800	41,100	5,300	8,000
Excess Profits Levy	25,000	21,100	9,800	6,400	800
Special Contribution and other Inland Revenue	1,000	400	150	50	...
Total Inland Rev.	2478,400	406,055	402,473	60,651	38,707
Customs	1151,700	309,000	310,790	33,610	28,613
Excise	796,050	184,425	194,180	17,285	17,260
Total Customs and Excise	1927,750	493,425	504,970	50,895	45,873
Motor Duties	80,000	9,570	10,512	1,503	1,150
PO (Net Receipts)	...	...	...	...	Dr.200
Broadcast Licences	25,000	3,850	4,300	...	...
Sundry Loans	24,000	5,842	5,154	3,003	2,317
Miscellaneous	175,000	35,502	19,464	526	908
Total	**4710,150**	**954,243**	**946,873**	**116578**	**88,755**
Ord. Expenditure					
Debt Interest	600,000	149,542	164,670	8,895	12,750
Payments to N. Ireland Exchequer	53,000	13,057	15,255	1,747	2,007
Other Cons. Fund	10,000	3,157	4,462	2,346	3,115
Supply Services	3862,875	923,135	889,630	96,750	84,100
Total	**4525,875**	**1088,890**	**1074,017**	**109738**	**101973**
Sinking Funds	36,000	8,033	7,495	1,139	1,101
"Above-line" Surplus or Deficit		**–142,680**	**–134,638**	**+5,701**	**–14,318**
"Below-line" Net Expenditure*		105,820	166,521	23,423	29,563
Total Surplus or Deficit		**–248,500**	**–301,159**	**–17,722**	**–43,881**
Net Receipts from :					
Tax Reserve Certificates		141,009	36,753	19,610	957
Savings Certificates		4,900	12,200	300	2,000
Defence Bonds		– 7,829	1,465	– 430	– 432

* Since end September, 1954, the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at July 9th this item stood at £14,200,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954 July 10	3,280·0	1,432·5	260·2	...	4,972·7
1955 April 9	3,200·0	1,801·9	274·1	...	5,276·0
„ 16	3,220·0	1,830·5	269·8	...	5,320·3
„ 23	3,240·0	1,765·2	315·9	...	5,321·0
„ 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
„ 14	3,270·0	1,760·7	275·8	0·8	5,307·2
„ 21	3,270·0	1,768·8	295·7	...	5,334·5
„ 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
„ 11	3,240·0	1,903·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6

THE MONEY MARKET

SUSTAINED stringency has returned to Lombard Street in the past week. The market has been "in the Bank" on each of the first three days of this week and also on Thursday before the week-end. The amounts involved have not been large, and have affected only one or two houses yet, in spite of the repayments on Thursday and Friday of the heavy borrowing at the half-year end, the Bank return shows a fall of only £1.9 million, to £27.7 million, in discounts and advances over the week to Wednesday last. The banks have been able to edge up their buying rates for September and October maturities from 3⅞ per cent and 3 29/32 per cent last week to 3 15/16 per cent at periods of stringency this week.

The market made no change in its bid of £99 0s. 2d. per cent at the Treasury bill tender on Friday last; but as total applications were up by £20 million to £403.8 million and the offer was down by £10 million to £280 million, the markets allotment fell from 67 to 56 per cent.

Sterling has been steady against the dollar at $2.78 7/16 through the week covered by the Bank return, though at times only after official support. Gold and silver have also been virtually unchanged in price, at 251s. 9d. an ounce and 78¾d. an ounce respectively.

The outflow of notes for holiday spending quickened to £19.7 million last week —£6.7 million more than in the previous week and £5.4 million more than the efflux in the corresponding week of 1954.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4
Banks	2½	3 months	4
Discount houses	2¾*	4 months	4
Money Day-to-day	2½–4	6 months	4–4½
Short periods	2¾–4½	Fine trade bills: 3 months	4½–4¾
Treas. bills 2 months	3 15/16	4 months	4½–4¾
3 months	3 15/16	6 months	4½–5½

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 July 14	1955 July 6	1955 July 13
Issue Department :*			
Notes in circulation	1,666·0	1,795·7	1,815·4
Notes in banking dept.	49·4	29·7	10·0
Govt. debt and securities*	1,721·2	1,821·3	1,821·3
Other securities	0·8	0·6	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department :			
Deposits :			
Public accounts	14·9	18·7	12·6
Treasury special account	8·7	0·5	0·5
Bankers	287·7	247·1	255·1
Others	67·1	68·0	67·9
Total	378·4	334·3	336·1
Securities :			
Government	323·4	274·9	298·2
Discounts and advances	7·8	29·6	27·7
Other	13·9	15·9	16·2
Total	345·1	320·4	342·1
Banking department reserve	51·6	32·0	12·4
"Proportion"	% 13·6	% 9·5	% 3·6

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,825 million from £1,775 million on June 8, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954 July 9	270·0	396·2	250·0	31 3·90	65
1955 April 7	250·0	402·4	250·0	74 5·00	61
„ 15	250·0	420·7	250·0	75 3·09	33
„ 22	230·0	385·2	230·0	77 1·08	39
„ 29	220·0	380·3	220·0	77 11·45	39
May 6	230·0	384·8	230·0	78 3·59	41
„ 13	230·0	382·4	230·0	78 4·69	46
„ 20	240·0	375·6	240·0	78 4·64	50
„ 27	250·0	389·9	250·0	78 4·37	48
June 3	250·0	370·5	250·0	78 11·80	52
„ 10	260·0	378·6	260·0	79 7·53	53
„ 17	260·0	365·6	260·0	79 5·17	65
„ 24	270·0	380·5	270·0	79 4·53	58
July 1	290·0	383·8	290·0	79 4·87	67
„ 8	280·0	403·8	280·0	79 4·60	56

On July 8th tenders for 91 day bills at £99 0s. 2d. secured about 56 per cent of the sum applied for: higher tenders were allotted in full. The offering yesterday was for a maximum amount of £260 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates July 13	Market Rates: Spot July 7	July 8	July 9	July 11	July 12	July 13
United States $	2·78–2·82	2·78⅜–2·78½	2·78⅜–2·78½	2·78⅜–2·78½	2·78⅜–2·78½	2·78⅜–2·78½	2·78⅜–2·78½
Canadian $	...	2·74¼–2·74½	2·74 5/16–2·74 7/16	2·74⅜–2·74½	2·74¼–2·74⅜	2·74¼–2·74½	2·74–2·74⅛
French Fr.	972·65–987·35	975–975¼	975¼–975½	975¼–975½	975⅛–975⅜	974¾–975	974½–974⅞
Swiss Fr.	12·15 3/16–12·33 7/16	12·17¼–12·17⅝	12·17¼–12·17⅝	12·17⅜–12·17⅝	12·17¼–12·17½	12·16⅝–12·16⅞	12·16–12·16½
Belgian Fr.	138·95–141·05	139·52½–139·57½	139·75–139·80	139·77½–139·82½	139·80–139·85	139·70–139·75	139·65–139·70
Dutch Gld.	10·56–10·72	10·63⅞–10·64⅛	10·64–10·64¼	10·64⅛–10·64⅜	10·63⅞–10·64⅛	10·63½–10·63¾	10·63½–10·63¾
W. Ger. D-Mk.	11·67 3/16–11·84 13/16	11·67⅞–11·68⅛	11·68¼–11·68½	11·68⅜–11·68⅝	11·68¾–11·69	11·68¼–11·68½	11·68–11·68¼
Portuguese Esc.	79·90–81·10	80·30–80·50	80·30–80·50	80·30–80·50	80·30–80·50	80·30–80·50	80·20–80·40
Swedish Kr.	14·37⅝–14·59⅜	14·43⅜–14·43⅝	14·43¾–14·44	14·44–14·44¼	14·43½–14·43¾	14·42⅞–14·43⅛	14·42–14·42¼
Danish Kr.	19·19½–19·48½	19·34¾–19·35	19·35–19·35¼	19·35–19·35¼	19·34¾–19·35¼	19·34¼–19·34¾	19·33½–19·34
Norwegian Kr.	19·85–20·15	20·00⅞–20·01⅛	20·00⅞–20·01⅛	20·00⅞–20·01⅛	20·00⅞–20·01⅛	20·00⅞–20·01⅛	20·00⅞–20·01⅛
One Month Forward Rates							
United States $		½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm
Canadian $		9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	11/16–9/16c. pm
French Fr.		Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis
Swiss Fr.		2¼–1¾c. pm	2¼–1¾c. pm	2¼–1¾c. pm	2⅜–2⅛c. pm	2¼–1⅞c. pm	2½–2c. pm
Belgian Fr.		⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm
Dutch Gld.		3¼–2¾c. pm	3¼–2¾c. pm	3¼–2¾c. pm	3¼–2¾c. pm	3¼–2¾c. pm	3½–3c. pm
W. Ger. D-Mk.		1pf. pm–par	1pf. pm–par	1pf. pm–par	1pf. pm–par	1pf. pm–par	2–1pf. pm
Swedish Kr.		1ö pm–par	1ö pm–par	1ö pm–par	1ö pm–½ö pm	1ö pm–½ö pm	1ö pm–½ö pm
Danish Kr.		Par–2ö dis	Par–2ö dis	Par–2ö dis	Par–2ö dis	Par–2ö dis	Par–2ö dis
Norwegian Kr.		½ö pm–½ö dis	½ö pm–½ö dis	½ö pm–½ö dis	½ö pm–½ö dis	½ö pm–½ö dis	½ö pm–½ö dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/9¼	251/9	...	251/9	251/9	251/9¼

SAFETY FIRST INVESTMENT

Share Accounts

Two and a half per cent per annum

Income Tax paid by the Society

Equivalent to £4.6.11 per cent to investors

subject to income tax at the standard rate

Total Assets exceed £213,461,000

ABBEY NATIONAL

BUILDING SOCIETY

Head Office: ABBEY HOUSE, BAKER STREET, LONDON, N.W.1

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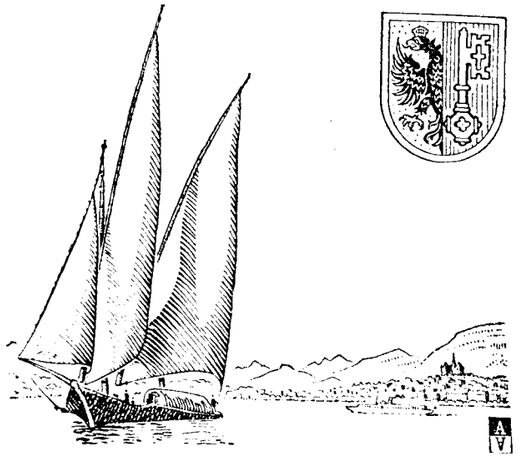

was such a great international banking centre during the 18th Century, that, in view of the loans made to France alone, the title "Bankers to the Kings of France" bestowed on Geneva's Bankers was more than justified.

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however, that since then, Geneva has become a city of great international importance. The Geneva Branch of the Union Bank of Switzerland is always prepared to place its vast experience at your disposal.

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OVER 30 BRANCHES THROUGHOUT SWITZERLAND

Capital, fully paid	Swiss Francs	90,000,000
Reserves	Swiss Francs	72,000,000
Total Assets	Swiss Francs	2,197,426,611

Cable Address for all Offices and Branches: BANKUNION

COMPANY MEETINGS

THE AUSTRALIAN ESTATES COMPANY LIMITED

CONTINUED PROGRESS

SIR DENYS LOWSON ON THE EFFECTS OF INFLATION

The annual general meeting of The Australian Estates Company Limited, will be held on July 26th, in London.

The following are extracts from the Chairman's review for 1954, which has been circulated to shareholders:

ACCOUNTS

The accounts for the year to December 31st last show that our total gross trading profit has been well maintained. This amounts to £1,259,639, as compared with £1,236,973 for the year ended December 31, 1953.

After deducting Australian and United Kingdom tax of £486,753, also depreciation and other charges, there is a net consolidated profit of £273,750.

Shareholders will note that the carry forwards of the various subsidiary companies have been increased by £72,886 and, in addition to the other allocations as set out in the Profit and Loss Account, the Board recommended a dividend of 21 per cent on the Ordinary Stock, leaving an amount to be carried forward to 1955 of £147,505.

The fifth and final payment of £A12½ millions under the Joint Organisation War-time Wool Profits Scheme was paid at the end of April, 1955. The total payments to Australian Woolgrowers under this scheme have amounted to £A90½ millions. There is a balance of about £A2½ millions held, pending settlement of claims concerning growers who sold through dealers.

This brings to a successful termination the Joint Organisation Scheme, which was formed to dispose of the war-time accumulation of wool bought by the United Kingdom Government (nearly 10½ million bales, of which nearly 7 million bales were Australian).

The 1954 season was good in most parts of Queensland; but bad in a large area of New South Wales. Conditions in Victoria were generally good.

Our Agency business had a busy year with another large turnover of wool, livestock and produce.

With a good season on the Queensland coast, both Kalamia and Pleystowe sugar mills treated their highest tonnages of cane on record.

Business conditions in Australia were satisfactory throughout the year; there was a general improvement in trading and Company profits, particularly in retail trade and consumer goods industries.

PASTORAL

Beef cattle numbers in Queensland continue to rise; over 45 per cent of the beef cattle in Australia is grown in the tropical regions, where our own properties are situated, and over 70 per cent of the beef exported from Australia goes from northern ports. Exports in the future will probably depend largely on the production of beef from the northern area, and it is for this reason that we feel our policy of improving our cattle stations is justified.

Our cattle are all Shorthorns, but for some years past we have had at Millungera an infusion of Zebu blood. Our experience so far is that the Zebu and Santa Gertrudis breeds are suitable in country where grasses lack nutriment for a great part of the year, and where ticks are bad.

Our total numbers of sheep rose slightly, although fewer lambs were marked, but mortality was also down. Owing to a bad season in New South Wales, we had to sell a considerable number of sheep in wool to lighten properties, which caused a reduction in our total wool clip; this amounted to 8,385 bales against 9,451 the previous year.

The cut of wool per head of sheep was also about one pound less in 1954 than in 1953, due to an uneven season.

The sale of rams from our stud properties was much higher than the two previous years; and our studs were again successful at many country Shows and Sheep Sales.

SUGAR

The total Australian output of bagged sugar for 1954 is expected to be approximately 1,286,000 tons, which establishes a new record.

The Queensland output will be about 1,260,000 tons—an increase of 85,000 tons—but the New South Wales production fell to 26,000 tons.

Our Kalamia mill treated 401,885 tons of cane for the season—an increase of 41,402 tons on 1953. Pleystowe mill crushed 376,460 tons as compared with 361,932 tons in 1953—an increase of 14,528 tons and a record to date for both mills. Our total sugar production at the two mills amounted to no less than 109,948 tons.

It is expected that the heavy programme of capital expenditure at Kalamia and Pleystowe will be completed early in 1956; delays having been caused through difficulty in securing machinery.

During 1954, approximately 200,000 tons of Queensland sugar were shipped in bulk, although the sugar was sent in bags to the port. Work is now proceeding at several Queensland ports on bulk installations; but it will be some years before it is possible to ship all Queensland sugar in this way.

AGENCY

During 1954, we extended our Victorian Agency organisation by the purchase of businesses in Swan Hill, Kyneton, Kilmore, Seymour, Warracknabeal and Heywood. In Queensland, sub-branches were opened at Inglewood and Wandoan. Our combined sub-branches and subsidiaries now have a very large turnover.

RESEARCH

With a view to minimising the effects of drought, we have commenced at Terrick Stud, under the guidance of the Queensland University, experiments in growing sorghum, and from the harvest in 1955 we hope to conserve some 1,500 to 2,000 tons of sorghum ensilage.

The aim of the Queensland University research is to establish drought-resisting fodder crops for storage against drought; to improve the protein content of crops by growing legumes with them; and to improve Western Queensland pasture lands with more productive grasses, possibly with the use of fertilisers or trace elements where needed.

We are continuing with the plan started some time ago of holding schools for sheep and cattle managers in New South Wales and Queensland, where we have the benefit of the attendance of technical officers from Government departments. These schools are designed to make known to our staffs the scientific work which is being intensified throughout Australia to assist primary production. We believe that in this way we shall steadily improve our own systems of management and animal husbandry.

Continuous research work is carried on at our sugar mills, and efficiency in all departments is improving each year. The enlargement of the mills, necessary to treat the high tonnages of cane assigned to us, has brought problems to engineers and chemists which are being solved with the assistance of our Research officers; though our percentage of extraction is still not as high as we would desire.

WOOL

The Australian Wool Selling Season for 1954/1955 can be regarded with satisfaction, although in comparison with the two previous years, prices moved in buyers' favour.

The Commonwealth Statistician's figures show that the United Kingdom has again been the largest purchaser. France occupies second place, although buying less than in the previous year; Japan is third; German purchases increased. Shipments to Eastern European countries declined, and demand from the United States of America was again disappointing.

During the eleven months ended May 31, 1955, 3,593,607 bales had been sold which realised £324,321,380 at an average price of 72.37d. per lb. For the same period last year 3,534,921 bales realised £360,635,165 at an average price of 82.59d. It will be appreciated that these figures and those that follow are in Australian currency.

The National Council of Wool Selling Brokers of Australia and the Australian Woolgrowers Council estimate that the quantity of wool received into Australian Brokers' Stores by June 30, 1955, would

amount to 3,849,000 bales. A comparison from the different States is as follows:

	1954-55 (Est.)	1953-54 (Actual)
New South Wales	1,350,000	1,407,011
Victoria	1,060,000	985,549
Queensland	575,000	563,342
South Australia	445,000	420,562
Western Australia	348,000	366,056
Tasmania	71,000	61,758
Total	3,849,000	3,804,278

Following are the figures for the Australian clip for the last five seasons for wool sold in Australia, including small quantities realised by organisations outside the National Council of Australian Woolbrokers:

	Bales	Gross Value £
1950-51	3,549,998	636,156,430
1951-52	3,413,805	308,107,658
1952-53	3,893,249	405,195,581
1953-54	3,846,212	390,622,263
1954-55 (estimated)	3,849,000	335,000,000
1950-51 Price per lb.		144·97d.
1951-52 " "		72·86d.
1952-53 " "		82·32d.
1953-54 " "		83·50d.
1954-55 (estimated)		72·00d.

TAXATION AND DEPRECIATION

The year 1954 was again a period of heavy capital expenditure. However, by the end of the current year the major part of the extensive scheme of improvements and modernisation which has been undertaken not only on our various pastoral properties but also for our agencies and the two sugar mills of Kalamia and Pleystowe, will have been completed. Providing, therefore, profits continue at the current satisfactory level, we may look forward to an improvement in the cash position after next year.

Meanwhile, the shareholders' equity in the business is being materially increased through the very substantial amounts which are being ploughed back into the business each year.

Shareholders will have noted the substantial allocation to depreciation amounting to no less than £455,814 for 1954. Not more than approximately one-half of this is allowed for income tax purposes; and shareholders will therefore realise, that the depreciation which has been charged is on a very different basis from that which the Inland Revenue Authorities, both in Australia and to a much greater extent in this country, think fit to allow as a charge for income tax purposes. This means that over half this depreciation figure is actually provided out of taxed revenue.

As I have previously indicated, much hardship arises from the fact that many items of expenditure in Australia which are allowed there for purposes of local taxation are disallowed by the United Kingdom tax authorities, who insist on their being treated as capital items. It follows from this that, in effect, the citizens of Australia are subsidising the British taxpayers.

It is clear from the accounts that if we were a company incorporated in Australia instead of in this country the burden of taxation which we would suffer would be reduced by approximately one-third. The estimated tax payable in this country in 1954 amounted to £151,140, against an estimated total amount of tax payable in Australia of £335,613. None of the tax payable in Great Britain would be payable by an Australian Company, whilst there would be no increase in Australian taxation.

The Royal Commission on the Taxation of Profits and Income have recommended in their recently published report that certain companies having overseas profits should be exempted from liability to United Kingdom taxation thereon. If this recommendation is accepted by the Chancellor, our company may hope to receive some mitigation of the hardships which it at present suffers.

EFFECTS OF INFLATION

During 1954 the general level of prices remained relatively stable, and the inflation, which can otherwise be described as a decline in the purchasing power of the Australian pound, was held in check. Nonetheless shareholders should appreciate the very substantial change which has occurred during the last few years in values and assets in Australia, and is now again occurring. In so far as we have expended money on improvements and modernisation of our various properties since the war, it is fair to say that to carry out a similar programme today would probably cost twice as much as we have spent to date.

The basic normal wage in Sydney for a man in 1939 was £4 1s. per week, which compares with the current figure of around £12 3s. per week, to which falls to be added the appropriate margins for extra skill, overtime, etc. Similarly, the prices of livestock have risen to four or five times the level at which they stood in 1939. This compares with the threefold increase in the Sydney basic wage.

Our advances to clients have naturally risen in proportion; in addition to which our policy of acquiring additional branches, so vital to the success of our important wool stores in Melbourne and Brisbane has itself also required additional working capital and the setting aside of a larger part of our funds.

It is therefore evident that in order to finance our business it is necessary for us to employ a substantially greater volume of cash than was necessary even five years ago. Up till now we have financed out of our own resources not only much modernisation and improvement, but also a very extensive programme of extensions and additions to our business.

It may well be that the Directors will consider it desirable during the course of the next twelve months to raise, by way of loan stock or other preferred issue, some additional working capital. The broader visible base to the Equity now proposed should help to facilitate such financing; and will allow not only stockholders, but all those doing business with the Company, to see something of the very substantial assets which the Equity now represents.

CAPITALISATION OF RESERVES

During the course of the year the Directors arranged for a revaluation of some of the fixed assets of the Company, and part of the resulting surplus has been carried to the Capital Reserve under which heading it appears in the Balance Sheet.

As a result of this survey of the Company's assets, your Directors are of the opinion that the Ordinary Stock is today represented by net assets worth many times the nominal amount of that Stock in issue; in other words, that there is this amount of capital working for the shareholders, after allowing for any balancing charges or other tax which would be payable on a termination of the business.

Your Board thought it would, therefore, be appropriate to bring the Company's capital somewhat more into line with the assets actually employed in the business, and application was made to the Capital Issues Committee for permission to distribute a bonus on a basis of £200 of new ordinary stock, for each existing £100 of ordinary stock out of the reserve arising from the revaluation.

OUTLOOK

The seasonal outlook for 1955 for both Queensland and New South Wales is generally very satisfactory. Parts of Victoria are becoming dry, though they are due for winter rains at any time.

Since the close of the year Australia has suffered from a number of severe floods, principally in New South Wales and, more recently, in Queensland. I am glad to say that, through the foresight and energy of the various station managers, our stock losses have been negligible. Although naturally the country must suffer from any such flooding, it is hoped that we will be able to make good the damage to fencing and other properties during the course of the current year.

The price of fat and store cattle has fallen considerably in Queensland, owing to the reduced export price of beef. The Commonwealth Government has decided to pay a subsidy of 1½d. per lb on export hinds and crops from May 1st. We have just heard that this has been extended to September 3rd next, which will help to cover the greater part of the export season.

We expect that the cane crushings at the mills will be lighter this year, due to peak restrictions, and unfavourable weather.

STAFF

We again record our thanks to the whole of our own staffs and those of our subsidiary organisations. In spite of increased competition, our various agency and subsidiary companies have been able, not only to maintain their business, but also to increase their turnover; and all station and sugar staffs and employees have, once more, given loyal and faithful service.

GENERAL

The Vice-Chairman, General Revell-Smith, spent some three months in Australia in the autumn of last year. During that time he visited the whole of our properties in Queensland, covering most of the substantial distances involved by aeroplane, and also saw a number of our other stations and properties in New South Wales and Victoria. His personal contact with so many parts of the organisation has been of inestimable value, and we owe him a great debt of gratitude for all the work which he has undertaken on our behalf, often in uncomfortable, difficult, and even hazardous conditions.

As shareholders will remember, we had the pleasure of a visit from Mr Colman, our General Manager in Australia, during the summer of last year, and much benefit and assistance was received from the discussions which we were able to hold with him. Since that time we have also welcomed in this country Mr Frank Hill, our partner at Bendigo, Mr Dibdin, our Manager in Brisbane, Mr Gosney, our Melbourne Branch Manager and Mr Keiran McNamara, Director and General Manager of our subsidiary company, John McNamara & Company Pty. Limited; to all of them we have extended a warm welcome and we have received great benefit from our various talks with them.

I cannot conclude this review without again expressing our best appreciation and thanks to our General Manager and Australian director, Mr Colman, for all that he has done to continue and enhance the prosperity of the Company, and to guide us through the many problems which constantly arise in a business of this magnitude. Stockholders again owe him a debt of deep gratitude, as they have done for more than twenty-five years past.

HEAD, WRIGHTSON AND COMPANY LIMITED

STEADY AND CONTINUOUS PROGRESS

INCREASING CAPITAL STRENGTH

FULLER ORDER BOOKS

MR RICHARD MILES'S STATEMENT

The sixty-fifth Annual General Meeting of Head, Wrightson and Company Limited, Engineers, was held on July 13th at the registered office, Teesdale Iron Works, Thornaby-on-Tees.

The following is the Statement by the Chairman and Managing Director, Mr Richard Miles, which has been circulated to shareholders:

At this our sixty-fifth annual meeting, when we are approaching our one-hundredth year as an industrial entity, it gives me pleasure again to be able to report steady and continuous progress. I can also give you reasonable assurance that, unless anything unforeseen occurs, such progress should be maintained in the immediately foreseeable future. We are, of course, dependent on world trade. This, in turn, depends largely on political developments. We all hope that wise political guidance will assist us to continue to use our resources—our improving equipment, our increasing capital strength, and more especially the ability of our staff and workpeople—to play an appropriate part in the trade of this country and overseas.

ORGANISATION

As you know, our organisation can be roughly divided into four parts. First, and of growing importance, are the four companies and divisions providing consulting and contracting services for the winning and processing of coal, iron and steel, non-ferrous metals, oil and chemicals, also for nuclear energy. Secondly, our heavy engineering manufacture comprising four divisions and companies serving these and other industries. Included is a works devoted to making aluminium alloy structures. The third main activity is our traditional production of iron, steel and alloy castings, and of drop forgings, again for the same industries, and for those providing various forms of transport by air, sea, rail, road, and pipeline. Four companies and divisions compose this group. Finally, in addition we have works or are associated with works in South Africa, Australia and India.

Though all our subsidiary companies and divisions are in competition with companies engaged in their specialised trades, there is no organisation equivalent to ours commanding a similar range of services. This should be a source of strength, especially as we attach great importance to technical development, not only in the individual companies and divisions concerned, but to the whole sequence which contributes to the overall efficiency of the plant and equipment supplied by us.

DEVELOPMENT

During the year under review, we have secured the remaining land between our property and the River Tees adjacent to our engineering works at Thornaby. We have moved our old drop forgings division from Thornaby and consolidated our drop forgings production in new plant at Seaton Carew. The last of our old iron foundries at Thornaby has been dismantled, and now all our iron foundry production takes place in new plant at Egglescliffe. Considerable improvements have been made to all our works; our Head Office is being extended. After the end of the year under review, negotiations with The British Metal Corporation Limited resulted in our acquiring Colliery Engineering Limited of Sheffield, with which we intend shortly to amalgamate our Colliery Equipment Division. Included in this property is a small company, The Cupola Mining and Milling Company Limited, engaged in the production of minerals primarily to maintain supplies of heavy media for our coal-preparation plant, but with further possibilities for development. A small company in Scotland has been also acquired and is now known as Head Wrightson (Scotland) Limited. Most of our various provincial offices are now centres of considerable technical activity, as many difficulties attend the concentration in one area of the increased technical staff requirements.

In the past HM Ministry of Works and more recently the UK Atomic Energy Authority, has made use of the services we provide for engineering design and construction of reactors and ancillary work connected with nuclear energy. Amongst other contracts being undertaken by Head Wrightson Processes Limited, our subsidiary concerned, are three reactors for this country, and we are also in the process of negotiations with the Australian Government in connection with the first reactor in Australia. We have also been entrusted with the contract for the design and erection of the large heavy water plant which will form part of the scheme for using the steam from the geothermal springs in New Zealand.

Our work in this and in other chemical fields, coupled with our appropriate manufacturing facilities, resulted last year in our being invited by the oldest and leading manufacturers of modern prime movers, C. A. Parsons & Company Limited, to join a consortium for the production of complete nuclear power plants. Under the leadership of Sir Claude Gibb, the chairman of C. A. Parsons & Company Limited and A. Reyrolle & Company Limited, we hope to take a prominent part, in this country and overseas, in the schemes envisaged in the recent White Paper on the subject.

ACTIVITIES

It is not easy to give a succinct and comprehensive picture of our work because our range is so extensive, and often more than one of our companies and divisions contributes to the completion of the plant we make. I can, however, indicate the high lights.

Coal.—We have several major schemes in hand for the National Coal Board, including the opening out and equipping of two completely new mines in South Wales. Two other large projects are on the point of completion. We have seven washeries under construction including one in Australia. We co-operate with the Dutch State Mines in a friendly and useful manner on technical subjects. Our Colliery Engineering Limited, and our Colliery Equipment Division, are able, we believe, to give comprehensive services to coal mining and treatment, second to none.

Iron and Steel.—Good progress is being made in the construction of the Spanish national steelworks. We have been successful in obtaining contracts for the supply of the major sintering and gas cleaning installations recently ordered at home. German competition in these fields is severe, especially in the Commonwealth.

The strike of the members of the Constructional Engineering Union—they are "outworkers" assembled mostly at the various sites and not our regular employees—held up our work on the second blast-furnace for John Summers & Sons Limited, for many weeks.

One of our senior technicians has just returned from India where the Government Mission, of which he was a member, examined the possibilities of supplying a complete new steelworks from this country for the Indian Government.

Oil and Chemicals.—A catalytic cracking plant was completed on the Continent. Important work is in hand for chemical and heat exchange equipment for the oil industry in many parts of the World. Our friends in the chemical industry are making increasing use of our comprehensive services.

Aluminium Alloy Structures.—In addition to the important fundamental work I mentioned above in connection with nuclear energy, our subsidiary company producing aluminium alloy structures is also serving the UK Atomic Energy Commission. This company during the year completed the exceptionally large hangar doors at the London Airport, and an interesting all-aluminium cargo lighter. Our advanced knowedge and experience in this field has resulted in our being employed as consultants to one of the largest USA producers of aluminium. Generally, however, the continually increasing price of the raw material militates against a great advance in the use of aluminium for general structural purposes, though its use for special purposes is increasing.

Water Cooling Installations.—We have completed, and have in hand, a number of cooling tower installations, designed in collaboration with our American associates the Fluor Corporation, which replace conventional types.

Engineering.—We are one of very few undertakings who specialise in dock gates and are busier in this department than we have ever been. We also make special rolling stock, and are participating in the new programme of capital improvements of British Railways.

Iron Castings, Steel and Alloy Castings and Forgings.—Our proportion of special alloy steels to carbon steels increases year by year, and the new programme for the automobile trade is already having its reflection in the increased activity of our drop forgings company.

Overseas.—In South Africa, though the works are busy, competition is severe, and prices are poor. In Australia, import restrictions and other difficulties have not yet enabled us to settle down and extend local manufacturing in accordance with our long term programme. In Canada, we are making slow progress. The outlook in India is brighter, but not unattended with difficulties.

ACCOUNTS

Our trading profits for the first time in our history have exceeded one million pounds. Our turnover was also a record.

In December last year, the issued ordinary share capital of the Company was doubled by a free scrip issue to members of one fully paid ordinary share for each ordinary share held by them. The issue was paid up by the capitalisation of a corresponding amount from reserves.

At that time, your Board authorised a statement that they hoped to be able to recommend the payment of at least 12½ per cent for the year. Your Board now recommend a final dividend of 12½ per cent making, with the interim dividend of 5 per cent already paid, a total of 17½ per cent for the year.

A further few observations may be of enlightenment on some of the figures. The favourable cash position is adventitious, and will be reduced in the normal course of business. As you can imagine, the swings in our day to day cash position are very substantial, and it so happened that the balance was struck at the top of an exceptional upward swing.

The investment allowances introduced in April, 1954, to encourage expenditure on new industrial buildings and plant are helpful, and the taxation charge on the profits of the year is reduced by approximately £16,000 in this respect. We shall take further advantage of them to improve our works and equipment. The small reduction in the standard rate of income tax is also a step in the right direction, and is consequently welcomed.

GENERAL

All this implies buoyancy. Our order books today are fuller than at a corresponding period in any previous year. I am glad to say our staff and workmen are happily responding and our thanks to them should be recorded. We give much attention to training all grades of personnel. Our amenities are continually being improved. We contemplate, as our resources permit, increasing our fairly heavy programme of expenditure on equipment.

I conclude, as I started, on a note of optimism, tempered only by those unknown factors to which all business, and especially that of this country, and of your Company, is subject.

The Report and Accounts were adopted.

LONDON & OVERSEAS FREIGHTERS

A YEAR OF PROGRESS

EVER-INCREASING COST OF NEW TONNAGE

MR BASIL M. MAVROLEON ON QUESTION OF FIXED PRICES

The Seventh Annual General Meeting of London & Overseas Freighters Limited was held on July 11th at the Baltic Exchange, St. Mary Axe, London, E.C.

Mr A. E. Hodgkins, MC, presided.

The following is the circulated statement of the Chairman, Mr Basil M. Mavroleon:

EARNINGS

The Operating Surplus for the year is £248,354 greater than the previous year at £1,444,803 and is in line with the expectations of your Board. The "LONDON PRESTIGE," which joined the fleet at the beginning of the financial year, has contributed materially to the Company's revenue. It is trading under a charter entered into nearly two years before the keel was laid which, barring accidents, will produce highly satisfactory returns for several years to come. The "LONDON INTEGRITY," which was accepted from the Builders on March 30, 1955, but did not commence trading until early in April, is provided with employment on an equally satisfactory basis and should substantially augment the Company's earnings during the current year. It should be remembered, however, that with the passage of time even long-term fixtures come to an end, and the continued prosperity of the Company is dependent upon securing continuous profitable employment for our vessels. Our fleet renders an essential service to the oil industry of the world, which is itself increasing year by year, and I am confident that there will be a demand for such ships as ours for many many years to come.

TAXATION

No Income Tax is payable in respect of the profits of the year under review, but approximately £1,200,000 would have been payable to date had it not been for the incidence of Initial Allowances in respect of expenditure on building new ships. The sum of £125,000 has, therefore, been added to £1,075,000 already standing to the credit of Taxation Equalisation Reserve.

DIVIDEND

Last year I made it clear that your Board holds the view that, consistent with maintaining adequate reserves and the financing of our commitments under the building programme out of earnings, you, the proprietors of the undertaking, should participate in the Company's fortunes from year to year. Accordingly, it has been decided to recommend the payment of a dividend of 10 per cent (less tax) for the year ended March 31, 1955.

FLEET AND BUILDING PROGRAMME

With the addition of the "LONDON PRESTIGE" and the "LONDON INTEGRITY" during the year the fleet now comprises eleven modern motor tankers totalling 200,000 d.w.t. The delivery of the "LONDON INTEGRITY" marks a temporary halt in the continuous expansion which has taken place in the Company's tanker fleet during the last 4½ years, no new ships being due for delivery during the current financial year.

One is apt to talk of the building programme as if it is cut and dried, unchanging and, what is more, limited to orders actually placed. In fact, the building programme as embodied in contractual obligations to build certain ships over the course of the next few years merely represents that part of the Company's plans which have crystallised into actual commitments. Your Board is constantly reviewing the changing demands and opportunities in the world of shipping, both for oil and other cargoes, and visualises a continuous process of adding new vessels to the fleet and of replacing ageing units with new ships. In so doing, it is necessary to measure the capital cost involved against the probable reward and one always comes up against the problem of the ever-increasing cost of new ships.

Last year I said that I felt sure workers and employers in the shipbuilding industry would co-operate to their mutual long-term benefit. They have indeed co-operated, witness the recent increase in wages, but to their mutual short-term benefit. Between them they have managed to drive away their century-old customers, such as the Norwegians and the Greeks, to the German and Japanese shipyards. Scores of ships have been ordered away from this country in the last six months, not, as has been stated, because of the earlier deliveries which the foreign shipyards could guarantee, but because these shipyards could and have given fixed prices. British shipbuilders could not and will not quote fixed prices.

It seems to me that it is always the shipowner who pays in the long run. We are, in effect, asked to give a blank cheque for a ship to be delivered at some indeterminate date in the future. This state of affairs cannot go on for ever. I do not profess to know the solution to this problem. Shipowners must continue to build new ships in spite of the difficulty of providing for replacements out of profits, but there must come a time when a halt must be called to the ever-increasing cost of new tonnage.

MR W. F. PASCOE, OBE

I am pleased to record that Mr W. F. Pascoe OBE, has become a Director of your Company at the invitation of the Board.

PERSONNEL

The year's progress is a tribute to the hard-working efficiency of the Company's employees. There exists throughout the organisation, almost without exception, a will to give of one's best, and it is our aim to maintain, and improve upon, the very high standard which is demanded from those who wish to join the Company. On your behalf I take this opportunity of putting on record our appreciation of the efforts of all concerned.

Addressing the meeting, the Acting Chairman said: The Operating Surplus for the three months ended June 30, 1955, slightly exceeded £434,000, compared with approximately £350,000 for the corresponding period in 1954 and £1,444,803 for the year ended March 31, 1955.

At June 30, 1955, the Company's fleet had a book value of approximately £8,050,000 and payments on new buildings stood at £244,000. The amount advanced by the Company's Bankers was £1,600,000.

The report and accounts were adopted.

WIGGINS TEAPE GROUP

(Wiggins Teape & Co. (1919) Ltd.)

ANNUAL REPORT AND ACCOUNTS OF THE WIGGINS TEAPE GROUP FOR 1954

PRODUCTS

THE GATEWAY RANGE of

(a) Watermarked papers for commercial use—Writing, Ledger, Air Mail, Index Board, Blotting, Cheque, Stamp, Office Systems, etc.

(b) Printing and Drawing Papers—Coated Art Paper and Board, Chromo, Gummed, Cartridge, Detail, Tracing, Dyeline, Ferro Prussiate, Chart and Recording, etc.

PACKAGING PAPERS

Glassine, Greaseproof, Pure Vegetable Parchment, Glazed Imitation Parchment, Tissue, M.G. Sulphite, etc.

TOILET TISSUE

INDUSTRIAL BASE PAPERS

Photographic, Plastic Laminate, Abrasive, Oil and Air Filter, Leathercloth, etc.

COMMERCIAL AND PERSONAL STATIONERY AND ENVELOPES

Salient Points

Net Profit (including adjustments in respect of previous years £367,458) after Taxation and Minority interests...	£2,239,913
Debenture Interest	149,467
Preference Dividend	85,137
Ordinary Dividend (17½%)	743,683
Net Profit retained in the Group	1,261,626
	£2,239,913
Net Current Assets	10,798,549
Fixed Assets (less Provision for Obsolescence and Renewals)	9,782,486
Trade Investments	899,446
Total Capital Employed (including Debentures and Loans)	£21,480,481

Extracts from the Speech of Mr. L. W. Farrow, C.B.E., Chairman

SALES: The demand for our products has exceeded our productive capacity, notwithstanding the additional capacity provided by our acquisition of the Thomas Owen Group of mills. In order that our customers should each get their fair share of our products, we were compelled to introduce a scheme of allocation in the latter part of the year, which scheme is still in operation. Our Export Sales again show a considerable increase on previous years and our main problem has been to meet the demands of our established customers.

PRODUCTION: The volume of the production of paper at your Group's mills during 1954, without taking into account the output of the Thomas Owen mills, was a record in the history of the Group.

POST-WAR PROJECTS: In the immediate post-war period, the Chartham Mill was rebuilt to make tracing paper, a second papermaking machine was laid down at our Glory Mill to manufacture photographic base paper and an entirely new mill with three papermaking machines to make tissue paper was constructed at Bridgend, South Wales. It is with great pleasure your Board is able to tell you that these three projects have proved unqualified successes.

PROJECTED NEW DEVELOPMENTS: The demands, both present and anticipated, for our products continue to exceed our manufacturing capacity. Your Board has, therefore, decided to increase the Group's output capacity for the types of paper mainly in short supply in the field of our productions. (a) We have placed an order for a third machine for the manufacture of photographic base paper at our Wooburn Green Mill and it is hoped that it will be in production early in 1956. (b) Orders are also being placed for a new unit for the manufacture of the papers made at our Dartford Mill. (c) For some years past, we have been examining the possibility of producing woodpulp in this country on an economical basis. As a result of these investigations, we have been satisfied that all the elements for such manufacture are present in this country. We propose to erect a pulp mill, using primarily home-grown hard woods as its raw material, at a site near the entrance of the Severn Tunnel on the North West side of the River Severn.

PROSPECTS FOR CURRENT YEAR: The profits for the opening months of this year show a considerable increase over those for the similar months of last year. This increase is mainly due to the improved results of the mills of Thomas Owen & Co. Ltd., to the increased output of our Bridgend Mill and to the increased merchanting business we are doing. Provided the present general trading conditions continue during the rest of the year, we should again be able to report a satisfactory profit for the year.

C. C. WAKEFIELD AND COMPANY

ALL PREVIOUS SALES RECORDS SURPASSED

HOME AND OVERSEAS TRADING EXPANSION

MR L. W. FARROW ON BOARD'S PROGRESSIVE POLICY

The thirty-eighth annual general meeting of C. C. Wakefield and Company Limited was held on July 8th at Winchester House, Old Broad Street, London, E.C.2, Mr L. W. Farrow, CBE (the chairman), presiding.

The Secretary (Mr L. Colkett) read the notice convening the meeting and the report of the auditors. The following is the statement by the chairman which had been circulated with the report and accounts:

Since our last Annual General Meeting, Mr Alonzo Limb ceased to be Managing Director of the Company with effect from September 30, 1954, owing to ill-health. Mr Limb has been associated with the sale of CASTROL from its earliest days and his inspiring confidence and contagious energy have provided the motive force of what must be a unique record of progress founded equally on public acclaim and the goodwill of the distributive trade. I am happy to say that the benefit of Mr Limb's extensive experience and wise counsel remains with us as he is continuing as a Director of the Company.

Mr Limb has been succeeded as Managing Director by Mr Leonard M. Broadway, who joined the Company in 1920. Mr Broadway was appointed Secretary of the Company in 1938 and joined the Board in 1947, becoming Assistant Managing Director five years later. We are indeed fortunate in having such an able successor to Mr Limb.

Arising out of the expansion and development of the Group's overseas trading interests, your Directors decided to strengthen the Board by appointing Mr L. G. Packham, the Group's Overseas General Manager, an additional Director. Mr Packham has a wide and varied knowledge of the Company's affairs, acquired during thirty years of service.

I deeply regret to report the sudden death on March 22, 1955, of Mr S. G. Jarvis, the Company's Secretary since 1952. Mr Jarvis had rendered loyal and outstanding service over a period of thirty years and his passing at the early age of 45 is a great loss to the Company.

HIGH QUALITY OF PRODUCTS

It gives me pleasure to be able to announce that for the second year in succession our Group has achieved results which surpass all previous records in its history. The Group trading profit for 1954 amounted to £3,860,107, an increase of £585,657 over 1953, due principally to an increase in sales both at home and overseas which were higher than ever before. It is gratifying to note that these results were obtained despite intensified pressure on the part of our competitors during the latter part of the year, particularly in the home field of branded motor oils where CASTROL continues to predominate, proving the confidence that the major proportion of the motoring public has in the high quality of our products.

In the industrial field, the close association of the Wakefield/Dick Industrial Lubricants Division and W. B. Dick & Company Limited, our principal subsidiary in the United Kingdom, has resulted in this side of the business making a valuable contribution towards the Group's profits.

Last year I made reference to the fact that we were manufacturing large quantities of chemical additives and I am glad to add that during 1954 production by our Stanlow Plant increased considerably. I am also pleased to report that our exclusive turbine oils containing our patented load-carrying additive are now in full-scale service, where their use in a number of large vessels has eliminated serious troubles previously experienced with the main reduction gearing when conventional oils were in use. This superior product of your Company has also been specified for service in a number of naval vessels.

OVERSEAS TRADING

As regards the Group's overseas trading, 1954 marked a firm step forward in the policy mentioned in my last Statement of establishing in certain selected countries subsidiary companies instead of agencies to market our products. During the year, Belgium and Germany were added to the list of those countries where our operations are carried on through a subsidiary company, thereby giving us control over the trading policy in these countries and, with our resources behind the organisations, greater facilities for an expansion of business. In 1954 a Company was registered in Canada to take over as a going concern our Branch business in that country. We are further developing this policy and in the current year have set up Subsidiary companies in Austria and Italy.

I am sure stockholders will be interested to learn that we have recently acquired a bulk installation, blending and filling plant in New Jersey, USA. This will ensure our supplies to the many overseas markets fed from our company in New York and at a lower cost. Your Directors are confident that all these developments and others that are envisaged in furtherance of their progressive policy will be of great benefit to the trading interests of the Group.

EMINENTLY SATISFACTORY FINANCIAL POSITION

I now turn to the Accounts for 1954 which embody the changes in Capital approved at the Extraordinary General Meeting held on November 22nd last, and I am sure that all stockholders will agree that these show an eminently satisfactory financial position.

The Consolidated balance sheet of the Company and its Subsidiary Companies shows an increase in Total Shareholders' Interests from £6,404,138 to £7,533,127, which has resulted mainly from the further pursuance of your Directors' policy of ploughing back profits to provide for the future expansion of the Group's business. This Balance Sheet also reveals an increase of £281,990 in the net book value of the tangible Fixed Assets of the Group and a further substantial improvement in Group liquid resources, the excess of Current Assets over Current Liabilities being £6,452,048 as against £5,600,459 on December 31, 1953.

With regard to the Consolidated Profit and Loss Account of the Group, I have already referred to the increase in the Group's Trading Profit and the source of these additional earnings. Those recurring charges showing the largest increases over 1953 are Staff Superannuation Schemes and Depreciation. Stockholders will appreciate that these increases have arisen out of the expansion of the Group's business. Your Directors have considered it prudent to provide a further £61,000 for allowances granted supplementary to the pensions of those Directors and employees whose pensions were inadequate in relation to their salary immediately prior to retirement and to their length of service. After all charges, including taxation, the Consolidated Net Profit reached the record figure of £1,528,361 compared with £1,011,163 in 1953, an increase of over 50 per cent.

APPROPRIATIONS

In view of the satisfactory results achieved during the year your Directors have recommended a Final Dividend on the Ordinary Stock of 20 per cent, less Tax, making a total for the year equivalent to 27½ per cent on the Capital as increased by the 100 per cent free scrip issue in November 1954, which compares with the equivalent of 21½ per cent paid last year. The other appropriations recommended by your Directors are set out in the Consolidated Profit and Loss Account and include the transfer to General Reserve of £1,124,034, of which £1 million is applicable to the Parent Company. After allowing for these appropriations the balance of Group Profits carried forward is £645,668 as against £692,700 in 1953. It will, therefore, be seen that in all we have retained in the Group an amount exceeding £1 million. In view of the continued growth of the business of the Group it is necessary to retain a considerable proportion of the profits earned to finance the capital expenditure and additional working capital required.

Since my last Statement to you, there have again been reports of rumours that our Company is negotiating or considering an amalgamation with or absorption by one of the petrol companies. I said then and would now repeat that none of these reports has any factual foundation whatsoever. I would add that we are a British Company and the largest independent organisation specialising in the production and distribution of lubricants throughout the world.

THE OUTLOOK

We face the future optimistically, confident in the high quality of our products and the continued support of the millions of users of our lubricants throughout the world. I am happy to be able to tell you that despite greatly intensified competition sales so far this year continue at a very high level and if this trend is maintained the results for the full year should again be satisfactory.

In conclusion it is my privilege and pleasure on your behalf to thank the Directors and all members of the Staff at home and overseas for their industry and loyal co-operation during the year, without which the record results disclosed in the Accounts now before you could not have been achieved.

The report and accounts were adopted and the final dividend of 20 per cent, making 27½ per cent, was approved. The retiring directors, Mr Alonzo Limb, Air Commodore W. Helmore, CBE, PhD, MSc, and Mr L. G. Packham, were re-elected and the other formal business having been duly transacted, the proceedings terminated.

GOODLASS WALL AND LEAD INDUSTRIES

GROUP'S STRONG POSITION

MR J. L. McCONNELL ON STEADY AND REASONABLE ACTIVITY

The twenty-fourth annual general meeting of Goodlass Wall and Lead Industries Limited was held on July 7th in London, Mr J. L. McConnell (the Chairman) presiding.

The following is an extract from his circulated statement:

I am pleased to be able to report that the Group profits for 1954, before taxation, at £2,713,185 show an increase of £240,399 over the figure for the previous year. Full provision has been made for taxation on the year's profits, and after deducting the sum of £1,360,106 in respect of this item and certain adjustments for earlier years and £65,488 representing the interests of outside shareholders in Subsidiary Companies, the net consolidated profit amounts to £1,287,591.

In the Company's own Balance Sheet you will observe that the issued ordinary stock has been increased to £3,614,032 by the scrip issue of one for two in September, 1954. There is an increase of £481,893 in shares held in Subsidiaries, the greater portion of which is represented by the purchase of the whole of the Ordinary Capital of Fry's Diecastings Limited, which we acquired towards the end of the year, and the balance of the capital of Champion Druce & Company Limited, London, of which we already held the majority of shares. The latter is a small but old-established Company and has now come entirely under our management.

UNITED KINGDOM COMPANIES

The year under review was one of reasonable and steady activity in all departments and the satisfactory results which we have achieved can be attributed mainly to the favourable conditions of UK trade as a whole and to the wide diversity of our manufacturing operations. Our policy, designed to develop the use of modern types of ready-mixed paints of high quality, based upon white lead and especially suited for outside work, has again been justified. Our Smelting and Refining Department has had a satisfactory year and has played an important part in providing a high proportion of our metal supplies. We are again able to report an improvement in deliveries and earnings of our Antimony Department. Our Export Company managed to increase its tonnage of both lead and antimony products and, in spite of very competitive conditions which persisted in Europe throughout the year, to make a larger contribution to our earnings than in the previous year. The narrowing of margins affected the profits of Fry's Metal Foundries Limited, but the trading of their subsidiaries showed an improvement.

I am particularly glad to be able to report that the earnings of our Liverpool Paint business showed a substantial increase over those for 1953, itself a record year, and all concerned are to be congratulated. The results reflect, in the main, better trading conditions in the paint trade generally and the steady development in our sales to the highly competitive retail market in which our "Valspar" 2-4 hour Lacquer and other "Valspar" products have not only now become well established but meet with an ever-increasing demand.

OVERSEAS LEAD COMPANIES

Deliveries of our White Lead, Lead Oxide and Zinc Oxide Companies in Calcutta showed a satisfactory overall increase over 1953 and, although in some directions margins were lower total results were better: competitive conditions may bring about some reduction in earnings during the current year. Our Durban subsidiary once again had a good year.

OVERSEAS PAINT COMPANIES

Goodlass Wall & Company Pty. Limited, Melbourne, have shown improved earnings and have taken steps to introduce "Valspar" products to the Australian market. The results of our Company in Bombay were, in existing circumstances, satisfactory. Harringtons & Goodlass Wall Limited, Cork, have had an excellent year and our best thanks go once again to our colleagues there: measures have been taken to increase plant capacity.

DEVELOPMENT

Our Zircon and Special Chemicals Divisions have completed their development stage and can be looked upon as being fully established and very satisfactory progress in output and earnings has been made in the period under review. Plant capacity has been increased in both departments. The use of lithium salts in this country is increasing, demand has outstripped supply and dollar imports are necessary, and a decision was taken at the end of last year to install plant for their manufacture. Our Research Departments at Perivale and Kirkby have had an active and most useful year.

In pursuance of our policy of broadening the scope of the Company's operations whenever suitable opportunity permits, on October 31st last the whole of the issued Ordinary Capital of Fry's Diecastings Limited was acquired for cash. This Company operates from three freehold Works in the United Kingdom, and produces pressure diecastings in zinc, aluminium and magnesium alloys, as well as gravity diecastings in aluminium-bronze alloys and brass, and serves a large number of varied industries. It is noted for its ability to supply the larger and more complex castings in light alloys. It is our intention to expand operations and to take advantage of the development now taking place in the diecasting industry generally. The Company is a prosperous one, possesses a first-class reputation and its acquisition should, by further diversifying our interests, prove a source of additional strength to our Company.

TRADE INVESTMENTS

It will be observed that the income from these is the substantial figure of £215,000. The principal contributors to this total are British Titan Products Company Limited, who have again done well, and BALM Paints Pty. Limited, Sydney (the new name of British Australian Lead Manufacturers Pty. Limited), who have had a record year. An issue for cash at par of Ordinary Capital by the latter Company has been made and we have applied for, and are taking up, our quota at a cost of about £188,000 sterling. Our Associated Company, Enthoven Fry Limited, Johannesburg, has again had a good year and a maiden dividend has been declared.

Your Directors have, on this occasion, decided that a final dividend of 11½ per cent, less tax, on the Ordinary Stock, making a total for the year of 14 per cent, less tax, should be recommended. The total dividend declared in respect of 1953 was 16 per cent, less tax, or the equivalent of 10⅔ per cent, less tax, on the Ordinary Stock as increased by the scrip issue of one for two last September. Your Board intends, in the absence of unforeseen changes in trading conditions, to increase the interim dividend payable in November, with a view to reducing the disparity between the interim and final payments.

It is also recommended that a transfer of £404,677 be made to General Reserve and that the sum of £495,403 be carried forward to 1955.

GENERAL

The usual close personal touch has been maintained with our organisations abroad. Mr S. Cahn and Mr A. P. Low have visited South Africa and Mr G. W. Gibson, the Managing Director of Fry's Metal Foundries Limited, has recently returned from a visit to India.

At all centres, relations with our workpeople have been excellent and we continue to receive their full co-operation in our endeavour to hold manufacturing costs at a reasonable level. I view, however, with some misgiving the general acceleration in the rate of increase of wages throughout the country where these are not accompanied by increased productivity; if this state of affairs continues, the stability of our currency will surely be threatened. The strength and influence of any country, in my opinion, depend largely upon its ability to maintain the value of its currency.

Business has continued at a satisfactory level so far this year but it may be optimistic to anticipate that profit margins in all departments will be maintained at recent levels. Given favourable general trading conditions, however, I look forward to the current year with confidence.

The report and accounts were adopted.

SWEARS & WELLS LIMITED

RECORD RESULTS

The twenty-eighth ordinary annual general meeting of Swears & Wells Limited was held on July 11th, in London, Mr Cyril J. Ross, OBE (chairman and joint managing director) presiding.

The following is an extract from his circulated statement:

The trading results are the highest ever recorded by the Group to which all sections of the business have contributed. The Consolidated Profit for the year was £724,360 and compares with last year's figure of £534,400. The directors recommend a final Ordinary dividend, at the rate of 12½ per cent, which makes a total of 20 per cent for the year compared with 12½ per cent for the previous year.

Your Board have striven always to deal with a variety of commodities within their sphere of trading and to manufacture and offer them for sale in their many retail outlets including Departmental Stores throughout the United Kingdom, Eire and Canada and recently in the United States of America. This spread of our activities, both in commodity and locality, in the opinion of your Board, is a safe course ensuring an even keel of profits and avoiding seasonal and regional fluctuations. With this in view your company has further increased its holdings in its Subsidiaries owning Departmental Stores.

It is pleasing to report that all sections of the organisation are profitable and show an excellent return on the sums employed therein.

The trading for the period since January 31st last shows an increase compared with the same period last year and accordingly the company's adoption of the payment of an interim dividend which was inaugurated last year will be continued. From the trading results to date it is anticipated that we shall be able to maintain the rate of dividend on the Ordinary Capital as augmented by the recent Bonus Issues.

The report was adopted.

STREAM-LINE FILTERS LIMITED

19TH ANNUAL GENERAL MEETING

In presenting the Accounts for 1954, Mr C. S. Garland, Chairman and Managing Director, said that the Directors regarded the results as satisfactory. They accorded with the forecasts given at the last Annual General Meeting when it was made clear that 1953 was abnormal and that profit for 1954 would be appreciably lower.

The net profit for 1954, after depreciation and provisions for taxation, was, at £110,758, only £54,142 less than in 1953 owing to the welcome abolition of Excess Profits Levy, which in 1953 cost £77,400. Taxation consumed £106,613 as against £259,033 in previous year. As plant and machinery (replacement value over £100,000) had been written down to £2,118, a sum of £10,025 was added to replacement reserves, making total £127,906.

Results for first four months of 1955 were comparable with 1954, but effect of higher costs of raw materials, increased wages, interruption of supplies and of deliveries through transport troubles, and the difficulty of raising export prices in face of keener competition in world markets made final prospects for 1955 unpredictable.

Those who go on strike, apparently so lightheartedly, should realise the incalculable injury such disturbance of the Country's home and overseas transport does to the industries on which they as well as we depend for our livelihoods. The Company's widespread export trade had hardly recovered from the October stoppage when deliveries were again disorganised by the strike of transport men and dockers in May. Our foreign competitors lose no opportunity of exploiting to the full the alleged instability of British Industry.

Referring to the recent tentative offer for the Company's shares, he said it has been made clear that a price of 47s. 6d. per share was not acceptable to the requisite percentage of shareholders.

The Meeting paid tribute to the excellent team work of the staff and congratulated the Chairman and Directors on the results.

AMALGAMATED METAL CORPORATION

MR WALTER GARDNER'S REVIEW

The twenty-sixth annual general meeting of Amalgamated Metal Corporation Limited will be held on August 4th at Princes House, 93, Gresham Street, London, E.C.2.

The following is an extract from the statement by the Chairman, Mr Walter Gardner, which has been circulated with the report and accounts for the year ended December 31, 1954:

Expanding consumption was the chief cause of the appreciable rise in metal prices over the year. USA Government stockpiling, however, also applied to all four metals and decisively strengthened their markets.

Cash Copper on the London Metal Exchange rose from a low point in January, 1954, of £215 a ton to a peak of £310 in October and finished the year at £290 a ton. The Chilean Government continued to withhold Copper from the world's markets in the first few months of the year and in March, 1954, the American Government took over 100,000 short tons of Chile's unsold stocks. In the period August to October there were prolonged strikes at major Copper producing plants in the US and Chile and they brought about an acute shortage of Copper.

The market backwardation reached £23 at one time and on every market day of the year cash Copper was quoted higher than three months Copper. Despite the much higher "outside" price, the primary producers in the US held their price, to domestic consumers, at 30 cents per lb (£240 a long ton) throughout the year, though unofficially 40c. or more has been paid since then.

Spot Lead rose from £89 at the beginning to £107 at the end of the year and Zinc from £74 to £84 a ton. In the first half of the year, American producers were much concerned at what they considered low prices ruling in Europe and pressed their Administration to increase the rates of import duty into the US. President Eisenhower rejected this "solution" in August and, instead, made known his decision to order larger purchases of American domestic Lead and Zinc for the national stockpile. When these two decisions were announced, the Lead and Zinc markets rose sharply. The consumption of Lead and Zinc generally was good and in particular, despite some slackening in the Autumn, the demand for High Grade Zinc was marked throughout the year.

Cash Tin rose from £650 a ton at the beginning of 1954 to £820 in April but sagged in the second half of the year and closed at just under £700 a ton. The market peak was reached at a time of optimism that the International Tin Agreement would shortly be signed by a sufficient number of countries. Whilst this was, in fact, achieved by the end of June, 1954, ratification by some of the signatory nations is still outstanding and the long delay has restrained the market. However, American Government purchases, as in every year since 1948, absorbed the surplus of production over consumption and served to hold up Tin prices.

The metal markets have continued very firm so far during 1955. The main general influence is that business in the US has continued to expand. If there is no serious upset from now on, it looks as if world usage of the metals in 1955 will rise to fresh high levels.

RUBBER NATURAL AND SYNTHETIC

The average price for spot Rubber in London during 1954 was 20⅛d. per lb, as compared with 20d. during 1953. The price rose steadily throughout the year from a low of 15⅝d. in January to 30½d. in December. This improvement in price was due mainly to an unexpectedly close balance between supply and demand. World production was approximately 1,800,000 tons; consumption 1,740,000, in addition to which there were certain purchases by Government stockpiles.

Present estimates are that USA consumption will reach an all-time high record of approximately 1,400,000 tons, of which approximately 575,000 tons will be Natural, the balance being Synthetic. The higher price for Natural is now affecting the ratio of consumption. Whereas the ratio of Natural had reached nearly 50 per cent when prices were low during 1954, the tendency is now for an increase in the percentage of Synthetic, and we expect that it will settle down, whilst the price of Natural remains substantially higher than Synthetic, at about 60 per cent Synthetic and 40 per cent Natural.

Consumption outside the USA continues to be good, and for the year 1955 we expect there to be little or no world surplus. It would seem that, if world demand continues at its present rate, all the production both of Natural and Synthetic which can be achieved during the next few years will be required.

The British Metal Corporation recently completed the sale to Head Wrightson & Company Limited of the total issued capital of Colliery Engineering Limited and its subsidiary Cupola Mining & Milling Company Limited.

During the year the Corporation acquired a minority interest in Harris & Graham (Shipping) Limited, Chartering Agents and Shipbrokers of London.

MINERAL OPERATIONS IN GREAT BRITAIN

In conjunction with mining friends, the British Metal Corporation is engaged in preliminary exploration work in several parts of Great Britain, in the hope of discovering and exploiting worth-while deposits of non-ferrous ores.

The Corporation is, with the assistance of technical friends, engaged in the production of Lead and Zinc concentrates arising from the treatment of substantial tonnages of dumps, left over from earlier operations, in Northumberland and adjoining counties.

During the year the British Metal Corporation (Australia) sold its shareholding in Sydney Smelting Company to its partners in that Company, Consolidated Tin Smelters Limited.

The British Metal Corporation (Central Africa) has acquired a controlling interest in Fral Agencies (Pvt.) Limited, Bulawayo, a company engaged in the import trade into the Rhodesias.

COCOA

The operations of Henry Gardner and Company have continued to expand in a widening field. Amongst other new activities it is engaged in the Cocoa market, and its business in this commodity with World consumers is growing satisfactorily.

SHEFFIELD TWIST DRILL AND STEEL COMPANY

INCREASED DEMAND, PRODUCTION AND PROFITS

MR A. DORMER ON THE OUTLOOK

The eighth annual general meeting of The Sheffield Twist Drill and Steel Company, Limited, was held on July 14th at Sheffield, Mr Alexander Dormer, chairman and managing director, presiding.

The secretary (Mr Lionel Barber, FCA) read the notice convening the meeting and the report of the auditors.

The following is the chairman's statement circulated with the report and accounts for the year to December 31, 1954:

During 1954, the demand of your Company's products increased, and by the end of the year our production had been stepped up very appreciably, thus resulting in a gratifying increase in our profits from a net £489,623 to £585,581. Despite the increased business, we have been able to satisfy the demand of our ever increasing clientele by recourse to overtime, and engaging what extra staff we can. Our subsidiary Company, Miller Tools, is making steady progress, and we trust that this rate will be progressively increased.

WIDENED RANGE OF PRODUCTS

During the year, we have continued our policy of developing and automatising our own machine tools, and there is no doubt that this has been a contributory factor to the above results. We are determined to widen our range of products, and several new lines have been and will be placed on the market.

Your Board feels that the labour supply position in Sheffield is temporarily exhausted, and consequently, these new lines can best be made in a separate factory where labour might be more readily available. For this reason, we have purchased a site at Worksop in Nottinghamshire, and this will be developed during this year. It is hoped that the factory will be in operation by mid 1956, and the new lines will be exhibited at the Machine Tool Exhibition at Olympia in June, 1956.

EXPORT TRADE IMPROVING

I am glad to announce that our export trade is improving, and as I have recently returned from a trip to our main markets in Africa, I can claim first-hand knowledge as to the popularity of your Company's products. We are still faced with markets which are virtually closed to us, owing to the desire to protect local industry. However, we hope to re-enter these markets as and when the respective Governments realise that competition is the only way to stimulate an economic home production. Wherever there is a free market, your Company's products have a ready sale.

I have already referred to automation in our own Works. Automation is taking place throughout the whole of the engineering industry, and there is developing a demand for higher quality tools which will give trouble-free runs. Without these tools, automation is of little use, and it is in this field that your Company's products are becoming pre-eminent.

Your Company's financial position continues to strengthen. The net current assets of £1,147,424 show an increase over last year of £143,930. Every effort is made to lead in the application of new methods and the whole of the Plant and Machinery is maintained to obtain economic production of the highest quality.

TRIBUTE TO STAFF

This year to date, your Company's turnover is increasing, and we can look forward to another very satisfactory year if progress is maintained. For the first time, we are able to improve upon the rather empty compliment of paying a tribute to our staff and employees. All senior office staff and foremen have been presented with a special bonus of £30. All other employees who have been with us since January 1, 1954, receive £20, and all junior staff under 18 years of age who have been with us for the same period, receive £10. Nearly a thousand employees have benefited from this.

The report and accounts were adopted; the proposed final dividend of 1s. 8d. per Ordinary Stock Unit, making 2s. 4d. per unit for the year, was approved; the retiring director, Mr Lionel Barber, FCA, was re-elected and the remuneration of the auditors, Messrs Franklin, Wild & Company, was fixed.

LAPORTE INDUSTRIES

PROGRESS OF OPERATING COMPANIES

GROUP'S IMPROVED STRENGTH

The forty-eighth annual general meeting of Laporte Industries Limited was held on July 7th in London, Mr L. P. O'Brien (chairman and managing director) presiding.

The following is an extract from his circulated statement: My most recent communication to members was in reference to the offers to acquire the issued stock and share holding in The Fullers' Earth Union Limited. The offer was accepted, and today the total issued share capital of FEU is owned by our Company. Before the acquisition of the capital of FEU, that company—similarly as with our own company—had made a bonus issue of one free share for every three Ordinary shares of 5s each then held. The effect of the bonus issues and the merger terms has been to increase the nominal amount of our issued capital to £2,732,561.

During the year, your Company bought for cash the total issued share capital of The Cleckheaton Chemical Company Limited. CCC manufacture hydrochloric and sulphuric acids, sodium sulphate, sodium sulphide, ferric chloride and other chemicals. Some of these chemicals are manufactured by other companies within the Laporte Group, and the combination makes for greater strength and the possibility to co-ordinate manufacture and sales.

OPERATING COMPANIES

Your directors are satisfied with the progress of each operating company, and I propose to refer to them individually as follows:

Laporte Acids Limited: LAL took over the assets and liabilities of The Cleckheaton Chemical Company Limited and the Bierley Chemical Company Limited at the close of the financial year of the three companies, and, therefore, their accounts have been consolidated.

A considerable amount of new capital has been invested in LAL in recent years and up to date the acquisition and further development of the Yorkshire manufacturing plants have been well justified. During the past year record manufacturing and trading results have been achieved.

Laporte Chemicals Limited: The trading surplus for this Company is not much increased over that earned during the preceding 12 months, nor is there likely to be great improvement during the current financial year, because completion of the programme for extensive plant additions which are being made to the hydrogen peroxide manufacturing capacity is not expected until January, 1956, rather late in this current financial year to have significant effect.

Furthermore, there have been no increases in the selling prices of hydrogen peroxide and of sodium perborate since the beginning of 1952, despite the heavy increase in costs of production, research, administration and transport that have occurred.

The Directors are of opinion they should continue for as long as it is possible to combat inflation by increasing sales and adopting more efficient methods of manufacture.

Laporte Titanium Limited: There was a progressive increase in output of titanium oxide and turnover during the past year.

The growing demand for titanium oxide is unsatisfied in the United Kingdom and abroad, and although competitive manufacturers are extending their plants, we are confident that the increased output which will result from the extension of our manufacturing capacity will be absorbed.

The Fullers' Earth Union Limited: The prosperity of this Company has continued. It has increased its sales tonnages and the improvement is spread over all departments. This has been achieved as a result of a progressive programme of increasing plant capacity and improving methods of manufacture, thereby keeping abreast of users' requirements, both as regards quantity and quality.

In the near future an important project for the modernisation of the plant for the preliminary treatment of earth will be undertaken, with the object of decreasing costs of production to offset in some measure the ever-increasing charges affecting FEU. In view of this and the building of new laboratories there will be a fair amount of additional capital expenditure.

FEU has not increased selling prices since January, 1952, on the other hand, there have been price reductions of some grades.

Laporte Chemicals (Australia) Pty Limited: Completion of plant extensions was unfortunately delayed during the past trading period, and also interfered somewhat with production. However, the Company is now set fair to cope with increased output of various chemicals which are in good demand, and should improve its earnings during the current year.

Laporte Chemicals (Canada) Limited is making progress in this market which has such great potentiality for industrial development.

GENERAL REMARKS

The total capital commitments of the Group amount to approximately £791,000 but additional capital commitments are under consideration which will involve quite considerable expenditure. As a result, it may be necessary to communicate with stockholders again on this subject at a later date.

The forward plans of the Company should result in increased employment on the commercial, technical and works staffs, under good conditions. We may be disturbed temporarily by outside influences, but provided we pull together as in the past, the Group should continue to make progress.

The report and accounts were adopted and the total dividend of 16 per cent for the

SMITH'S POTATO CRISPS

RECORD PRODUCTION AND SALES

MR FERMIAN LE NEVE-FOSTER'S SPEECH

The twenty-sixth ordinary general meeting of Smith's Potato Crisps, Limited, was held on July 8th in London.

Mr Fermian Le Neve-Foster, chairman, in the course of his speech, said: The Net Profit of the Group, before taxation, amounts to £407,972 compared with £364,971 for the previous year. The Net Group Profit, after taxation, is £214,138 compared with £141,575 for the previous year, an increase of £72,563.

The volume of production and sales again constitutes another all-time record in the history of the Company.

The Directors have come to the conclusion that, having regard to capital developments, it will be in the interest of the Shareholders to conserve resources on this occasion and maintain the rate of Final Dividend of 20 per cent plus Cash Bonus of 5 per cent, making a total distribution of 32½ per cent, the same as for the past 17 years.

At the same time, the Board are recommending that a sum of £45,523 10s. of the Profit and Loss Balance should be applied to the payment up in full of 182,094 shares of 5s. each to be distributed among the Ordinary shareholders in proportion to one new Ordinary of 5s. for every ten shares held.

During the year we have spent £175,735 on new freehold factories together with a sum which, after writing off depreciation for the year, shows an increase of £40,861 for machinery and equipment and additional Motor vehicles to handle the increased throughput. This is a large sum and the benefit to be derived from it has not yet been fully realised because it takes some time to get new factories fully equipped and staffed and running on a real economic basis.

Our policy in undertaking this programme of factory expansion is based on the firm belief that there is still a considerable unsatisfied demand for our product and that if we are to maintain our business on a National basis and meet this demand it is imperative to provide additional productive capacity. It is essential, too, to locate the factories in strategic positions to handle the local demands in the most economic way and with the minimum of transport costs.

SALES

I am happy to report once more that the demand for our product continues unabated though at last, with the increased production which we can now envisage, we can have some hopes of meeting it and providing to our customers more adequate supplies than have been possible in the past few years. It is unhealthy to leave demand unsatisfied too long because it encourages competitors to step in or we may become prejudiced by inferior products. The Slogan "There are no Crisps like Smith's" still holds good and I make no apologies for repeating it. When customers can get them, we believe, they will always prefer Smith's to other makes.

The popularity of crisps is remarkable and to the public crisps usually mean Smith's Crisps. Quality is always the watchword of Smith's and this is well appreciated by the public. I have every confidence that with the dominating position we have established in the trade and under the progressive policy which we are pursuing this company will continue to give a good account of itself and add to the fame of our product, Smith's Potato Crisps.

The report was adopted and the capital proposals were approved.

DENNISTOWN RUBBER ESTATES, LIMITED

The twenty-second annual general meeting of this Company was held on July 12th in London, Sir Harry Townend, chairman, presiding. The following is an extract from his circulated statement:

Although the accounts show an increase in profit from £9,655 for the previous year to £15,411, it is disappointing to record that the crop harvested was a poor one. Fortunately we had the benefit of more remunerative prices towards the end of the year, although it should be borne in mind when considering the accounts that the average market price for the whole of 1954 was only a fraction above the average for the previous year.

It is satisfactory to note, however, that a not inconsiderable reduction was effected in estate expenditure, which is down from £61,361 to £51,419. It is to this that we can attribute the increased profit for the year. The crop harvested of 1,003,407 lb is 128,225 lb less than the previous year.

After allowing for various items and providing £12,700 for taxation and £38,000 for replanting, we were able to pay a dividend of 8 per cent against 5 per cent last year, and carry forward £8,780.

The recently published Malayan Government's White Paper on Replanting and Taxation at last gives official recognition of the need for aid to Malaya's primary industry.

It is estimated that a crop of 1,025,000 lb should be attained during the current year. Up to April 30, 1955, 375,200 lb have been harvested as compared with 296,100 lb for the same period last year.

The report and accounts were adopted.

TELEPHONE MANUFACTURING COMPANY LTD.

The twenty-fifth annual general meeting of Telephone Manufacturing Company Limited was held on July 11th in London, Mr Fred T. Jackson, OBE, CompIEE (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

Activity in all branches of your Company's business was maintained at a high level.

Export business continued during the year at the rate of 20 per cent of our turnover with incoming orders at a slightly higher rate, though in many cases the prices are unremunerative as a result of intense competition.

The supply of Subscribers Apparatus, i.e., Telephone Instruments, Manual Switchboards and allied Apparatus to the British Post Office has been at a somewhat higher level during the year under review and it is good to know that at last there is to be some relaxation in the Treasury restrictions on the activities of the British Post Office.

In March this year there was another Wage Award in the Engineering Industry. It has to be realised by those concerned that these Wage Awards which have become an annual feature, unless accompanied by an increase in the productivity of each individual can only result in higher prices and a lowering of the standard of living. Furthermore, there is a danger of pricing ourselves out of the export markets on which this country depends for its survival.

The report was adopted, and a total dividend of 10 per cent was approved.

CROWN ZELLERBACH CORPORATION

(Incorporated in the State of Nevada, United States of America)

MANUFACTURERS OF PULP, PAPER AND ALLIED PRODUCTS, LUMBER, PLYWOOD AND OTHER FOREST PRODUCTS.

CONDENSED SUMMARY OF CONSOLIDATED RESULTS FOR THE YEAR ENDED APRIL 30, 1955.

	1955	1954
Net Sales	$306,326,000	$297,959,000
Income before taxes on income	$56,340,000	$52,978,000
Net Income	$32,657,000	$26,828,000
Dividends paid	$16,625,000	$14,166,000
Earnings retained in the business	$16,032,000	$12,662,000
Shares of common stock outstanding	7,353,129	7,240,644
Per share of common stock outstanding:		
Income before taxes on income	$7.48	$7.38
Net income	$4.26	$3.65
Dividends paid	$2.10	$1.85
Earnings retained in the business	$2.18	$1.80
Federal, state and other taxes (excepting social security taxes)	$28,445,000	$30,861,000
Additions to properties:		
Acquired with new subsidiaries	—	$43,818,000
Other additions and improvements	$30,403,000	$17,808,000
Working capital	$94,860,000	$99,201,000
Ratio of current assets to current liabilities	4.1 to 1	4.6 to 1
Consolidated long term debt (excluding current portion)	$51,075,000	$55,022,000
Production of paper and paperboard—in tons	1,102,849	1,058,809

Copies of the Annual Report for the year ended April 30, 1955, may be obtained from the London Transfer Agents, The British Empire Trust Company, Limited, 3, Lombard Street, E.C.3, on application.

Residents in the British Isles, whose shares are not registered in their own names, and other interested parties, who wish their names placed on the mailing list for future communications, should notify the London Transfer Agents accordingly.

VENNER LIMITED

CONTINUED PROGRESS

OUTLOOK ENCOURAGING

The forty-fourth annual general meeting of Venner Limited was held on July 12th at New Malden, Surrey.

Mr Arthur A. Rowse, CBE, MIMechE, MICE, MIEE (the chairman), presided and said:

The Shareholders will have had the opportunity of perusing the Directors' Report and the Statement of Accounts which have been circulated and I trust I may take them as read.

It is a pleasure to be able to report that for the fourth year in succession the output has shown a progressive increase; both the turnover and the profit are the highest in the history of the Company.

When introducing the Accounts for the year ended December 31, 1952, I referred to the adverse effect of the Excess Profits Levy. It is gratifying to report that arguments against this Tax, with its retarding effect on industry, have been recognised and the Tax has now been removed. In 1952 the Excess Profits Levy absorbed £10,050 and in 1953 £10,480—a total of £20,530. This amount should have been available for adding to the Company's resources and the Board have taken the first opportunity after the withdrawal of the Tax of correcting the position in some measure by allocating the amount of £30,000 to General Reserve.

The profit for the year, after depreciation, amounted to £97,821, an increase of rather more than £14,500 over that for 1953. Taxation, due partly to reduction in the standard rate, absorbed a lower proportion of the Profit at £47,752, being £38,252 Income Tax (less the benefit of certain allowances) and £9,500 Profits Tax. The balance available is £50,069.

The balance brought forward from 1953 was £16,609, making an amount available for distribution of £66,678, compared with £45,719 last year.

The Directors recommend that this should be allocated as under:

To Dividend on 8 per cent Cumulative Preference Shares for Year ended September 30, 1954, less Income Tax	£1,320
To Addition to General Reserve ...	£30,000
To a Dividend of 15 per cent on the Ordinary Stock, absorbing, less Income Tax	£18,630
Leaving to be carried forward to next year	£16,728

ADEQUATE FINANCIAL RESOURCES

During the year it became increasingly apparent that in order to sustain the high level of output and, in particular, to finance the volume of debtors consequent on expanding foreign trade, it was essential for the Company to have additional cash resources. An unsecured loan of £200,000 at 5¼ per cent redeemable between 1963 and 1967 was arranged. Although the Balance Sheet shows no bank overdraft, substantial facilities are in fact available and the current cash resources are adequate for present operations.

ADDITIONS TO PLANT

Considerable additions to Plant and Machinery and to Loose Tools were made during the year. The additions to fixed assets generally have proved a remunerative investment and contributed towards the increased profit.

The plant has again been maintained at a high level of efficiency and improvements in methods of production have been introduced wherever possible.

Sales increases were recorded in all departments of the Company's activities during the year. Export sales were, in the main, confined to the Time Switch and Instrument Division and accounted for 25 per cent of the output.

PARKING METERS

Deliveries of Parking Meters to the Commonwealth started in 1954. During the current year interest is becoming more marked and the outlook remains encouraging. The interest in and the success of the Parking Meters overseas reinforces the view that there is a useful market for the Meters at home when legislative action is complete, and the advantages of the Meter and of the Metering system generally are appreciated by the public. Meanwhile, the Meters have been fully standardised and flow production methods established.

The Battery business continues to make encouraging progress. It operated on a profitable basis during the year and results for 1955 indicate a substantial advance in sales.

The Company's Electronic Marker Buoy continued to sell in 1954 and enquiries for increased quantities are in hand.

In the field of precision engineering the efforts of the Company in regard to specialised aircraft equipment have been successful. The volume of work is expanding and additional factory space and further equipment have been arranged.

As regards the current year, the order position is satisfactory and output to date compares favourably with last year in all departments. The rail strike and the dislocation brought about by the dock strike render any prediction impossible at this stage; but given a reasonably early settlement of these problems and in the absence of factors outside the Company's control there is every reason to expect a satisfactory year.

It is obvious that the results shown in the Balance Sheet could not have been achieved without the loyal co-operation of all the staff and of the works employees during the year. They deserve the thanks of the shareholders and I am sure that these will be accorded to them.

The report and accounts were adopted.

BRIXTON ESTATE, LIMITED

The annual general meeting of Brixton Estate, Limited, was held on July 7th in London, Lieutenant-Colonel Sir Francis Humphrys, GCMG, GCVO (the chairman), presiding

The following is an extract from his circulated statement:

Properties: The properties have been well maintained during the year.

Gross Income: Shows an increase of £8,574 to £155,445, and net profit, subject to tax, has risen from £92,318 to £100,319, an increase of £8,001.

Net Revenue: Of this profit of £100,319 taxation takes £49,192, leaving a net revenue of £51,127, an increase of £9,718.

General Reserve: The sum of £21,000 has been allocated to the revenue reserve, which now stands at £51,000.

Future Prospects: The erection of the factory at our Brixton property has now been completed. Owing to the fact that building licences are no longer required, our associated company is now able to develop its sites. They will not become revenue producing until 1956. As and when they are let out associated company should be able to increase its distribution.

Ordinary Dividend: Two interim dividends amounting to 15 per cent, less tax have already been paid on the ordinary share capital, and a final dividend of 10 per cent less tax, is now recommended.

Bonus Issue: It is proposed to make a further free issue of bonus shares of one ordinary share for every four held. The new shares will rank for the second interim and final dividend for 1955.

The report and accounts were adopted and the proposed scrip issue approved.

THE ALEXANDRIA WATER COMPANY, LIMITED

R.C.A. 48

PAYMENT OF DIVIDEND

At the Annual General Meeting of the Company held on June 24, 1955, the dividend of Twelve Shillings and Three Pence per £5 share proposed by the Directors was duly declared in respect of the year ended December 31, 1954, but it was decided that Ten Shillings only of this amount should be paid as from July 5, 1955 leaving payment of the balance in suspense.

In accordance with this decision Notice is hereby given that a dividend of Ten Shillings per £5 share on Coupon No. 128, less Egyptian Government and Alexandria Municipal Taxes amounting to s. 1/10.44d., will be paid on and after July 5, 1955, at the National Bank of Egypt in Alexandria at Rue Toussoun, or in London at 6 King William Street, E.C.4.

By Order of the Board.

ALEX L BENACHI Chairman and Adm Délégué

Alexandria, June 24, 1955

CITY OF JOHANNESBURG

5 PER CENT REDEEMABLE STOCK, 1959-62

Notice is hereby given that in order to prepare the Warrants for Interest due September 1, 1955, the Transfer Books of the above-mentioned stock will be closed from August 1st until August 8th, both dates inclusive.

For Barclays Bank D.C.O. (London Registrars of the above stock).

G. A. D. HARRISON, Manager.

Circus Place, London Wall, E.C.2 July 11, 1955

EXPERT POSTAL TUITION

For Examinations—BSc(Econ) LLB and other external London University Degrees Law Society; Bar: Accountancy: Banking: Secretarial; Civil Service; Commercial; General Certificate of Education etc. Also many non-examination courses in business subjects.—Write today for free prospectus and/or advice mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

NORANDA MINES LIMITED

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that an interim dividend of Fifty Cents (50 c.) per share, payable in Canadian funds, has been declared by the Directors of Noranda Mines Limited, payable September 15, 1955, to shareholders of record at the close of business, August 15, 1955.

By Order of the Board.

C. H. WINDLER, Secretary.

Toronto, July 12, 1955.

THE ROYAL BANK OF CANADA

DIVIDEND NO. 272

Notice is hereby given that a Dividend of 37½ cents per share upon the paid-up capital stock of this Bank has been declared for the current quarter and will be payable at the Bank and its branches on and after September 1, 1955, to shareholders of record at the close of business on July 30, 1955.

By order of the Board.

T. H. ATKINSON, General Manager.

July 13, 1955.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited. Dept 99, Lenham, Maidstone, Kent. Harrietsham 381

"TURN AGAIN "—Exhibition by MARS (Modern Architectural Research) GROUP. A selection of the world's best modern architecture with the object of raising the architectural standards in the City. Opened at 12 noon, July 12, by the Lord Mayor in the Courtyard of the Royal Exchange. July 12-30. Mon.-Sat. 10 a.m.-5 p.m. Admission free.

BEFORE YOU BUY those shares, see what the *Investors Chronicle* has to say. It is the best-informed and widest read financial weekly. Two issues free of charge from 30 Grocers' Hall Court, London, E.C.2.

STRICTLY confidential, impartial and complete investigations made by specialists in such work into the future prospects of engineering and textile companies on behalf of their Chairmen/Majority Shareholders.—Reply Box 125.

LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

(UNIVERSITY OF LONDON)

STUDENTSHIPS IN INTERNATIONAL STUDIES

Applications are invited from graduates (including this summer's graduates) in economics, history, law, philosophy or international relations, for Studentships of £400 for advanced study within the field of international studies, for the session 1955-56, with possibility of renewal. Closing date, August 1st.—Apply for particulars to The Secretary, London School of Economics and Political Science, Houghton Street, W.C.2.

LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

(UNIVERSITY OF LONDON)

FELLOWSHIP IN INTERNATIONAL STUDIES

Applications are invited for a Fellowship (value £1,000), tenable for the session 1955-56, with possibility of renewal. The Fellow appointed will be required to carry out an approved programme of work within the field of international affairs broadly interpreted. Closing date, August 1st.—Apply for particulars to The Secretary, London School of Economics and Political Science, Houghton Street, W.C.2.

AUSTRALIA—UNIVERSITY OF NEW ENGLAND

ARMIDALE, NEW SOUTH WALES

Applications are invited for the positions of Senior Lecturer and Lecturer in Economics. The Lecturer appointed will be required to prepare and conduct correspondence courses in the subject of Economics for the B.A. degree. He will be encouraged to assist in internal teaching, in addition to correspondence duties, and to engage in research work. The Senior Lecturer will be required to teach internally and to assist in the administration of the Department.

The commencing salary for the Lecturer will be within the range, £A1,200-£A1,750 per annum, according to qualifications, with annual increments of £A80. The commencing salary for the Senior Lecturer will be within the range, £A1,800-£A2,150 per annum, according to qualifications, with annual increments of £A70. The salary of the Lecturer and of the Senior Lecturer will be subject to deductions under the State Superannuation Act.

The Lecturer will be expected to take up duties as soon as can be arranged after the date of appointment; and the Senior Lecturer on or after January 1, 1956.

Conditions of appointment and additional information may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36, Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in Australia and London, is August 29, 1955.

HER MAJESTY'S OVERSEA CIVIL SERVICE

Applications are invited for the following post:— STATISTICIAN, DEPARTMENT OF STATISTICS, FEDERATION OF NIGERIA.

Qualifications required are a good honours degree in mathematics or economics, with some practical experience of statistical work.

The appointment is on contract terms at an appropriate point in the salary scale, £627 to £1,419 per annum, plus an expatriation allowance of £180 to £300 per annum. A gratuity of £25 to £37 10s. for each period of three months' service is payable on satisfactory completion of contract. Government quarters provided when available at a rental of 10 per cent. of basic salary. Free passages on appointment and leave for officer, wife, and up to two children under 18 years of age.

Apply in writing to the Director of Recruitment, Colonial Office, Great Smith Street, London, S.W.1, giving briefly age, qualifications and experience. Mention the reference number, BCD.59/14/02.

A DIRECTOR OF TRAINING will be appointed to the headquarters in London of the BRITISH ASSOCIATION FOR COMMERCIAL AND INDUSTRIAL EDUCATION (BACIE).

This appointment will be made on or before January 1, 1956, and applications from suitably qualified persons are invited. BACIE is a voluntary association of member firms, education institutions and authorities, government departments, trade associations and others, formed in 1919 to promote the education, training and methods of selection of persons engaged in industry, commerce or public administration. The Director of Training will be the most senior member of the Association's permanent staff. His duties will include the organisation of a number of short full-time courses for those responsible for the promotion, planning and development of education and training in industry, commerce or the public service. He must have had sufficient experience of employee education and training to be able to give practical advice on this subject to members.

Salary will be in the £1,750 to £2,000 p.a. range, and the position is pensionable. Only men of outstanding ability and experience will be considered.—Application Form and detailed Job Description may be obtained from Sir Ronald Nesbitt-Hawes, CBE, Honorary Secretary, BACIE, 8, Hill Street, London, W.1. Envelopes should be marked "Director of Training."

ASLIB invites applications for a senior post carrying the rank of an Assistant Director. The duties will include investigations into various aspects of communication and specialised information services in industry and elsewhere, consulting work in the special library and information field and some general administrative duties. Salary on a scale £900—£1,200 p.a., plus superannuation, starting point on the scale to depend on qualifications and experience. Further particulars from the Director, ASLIB, 4 Palace Gate, London, W.8.

THE INSTITUTION OF CIVIL ENGINEERS

VACANCY FOR ASSISTANT SECRETARY—£1,560-£1,950

In order to cope with the greatly increased activities of The Institution, Council has approved the appointment of an additional Assistant Secretary in the salary range of £1,560 to £1,950 per annum. There is a Superannuation Scheme.

Applications are invited from members who are interested in the advancement of the profession and the work of The Institution.

The appointment will be mainly concerned with the development of The Institution and will include Education, Training, Membership, Research, Library and Technical information, and matters concerned with public relations. Applicants must be Corporate Members of the Institution, personable, and have administrative ability, initiative, and energy.

Applications will be treated in the strictest confidence and should be in the hands of the Secretary by September 15th, marked "Personal—Asst. Secretary appointment."

NORTH EAST INDUSTRIAL AND DEVELOPMENT ASSOCIATION

Researchers required to carry out a survey of Tees-side. Applicants should have a degree in Geography and/or Economics. Research experience desirable.—For details, apply Secretary, N.E.I.D.A., 9, Eldon Square, Newcastle-upon-Tyne, 1, by July 30th.

ACCOUNTANT

A young Chartered Accountant, not over 28 years of age, is required by a leading Industrial Company. The successful applicant will be expected to undergo a period obtaining the experience necessary to undertake duties of a responsible nature. In addition to professional qualifications a University Degree would be considered an advantage although not essential. An adequate salary will be paid during the preliminary period, but the prospects of the appointment are outstanding, including remuneration of £2,000 per annum within five years of being confirmed in the appointment. Thereafter further advances may be expected as increased responsibility is assumed.—Send details of qualifications and experience to Box 131.

CHARTERED or Incorporated Accountant required by leading Building and Civil Engineering Company to take charge of the Accounts and Office Management of their subsidiary Company in Canada. Salary, depending on qualifications, but not less than 6,000 dollars per annum. Company operating both in Montreal and Toronto. Excellent prospects both in Canada and the Group, for right candidate who should have experience in Industry, knowledge of Canada and Contracting Industry also helpful.—Please apply, stating full details of experience, to Box 133.

PERSONAL ASSISTANT (male), age 30-40, required by Chairman of large firm of Contractors. Good appearance and pleasing personality essential. Able to take shorthand notes and collate information. Must be willing to reside on south coast. Commencing salary in accordance with ability. Contributory pension fund.—Write Box 137.

AN Assistant is required in the Staff Dept., London, of a large Company. Preference will be given to graduates aged up to 30 years. Duties will include the application of job evaluation and grading techniques, interviewing and staff selection. Only first-rate men need apply.—Box 132.

UNIVERSITY OF LONDON

The Senate invite applications for the Readership in Social Administration tenable at the London School of Economics and Political Science (salary £1,300—£1,550—£1,800 a year). Applications (10 copies) must be received not later than September 19, 1955, by the Academic Registrar, University of London, Senate House, W.C.1, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of ASSISTANT LECTURER IN ECONOMIC STATISTICS. Salary scale £550—£650 per annum, with membership of the FSSU and Children's Allowance Scheme. Applications should be sent not later than August 6, 1955, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for posts as ASSISTANT AGRICULTURAL ECONOMIST in the Department of Agricultural Economics. Candidates should possess a degree in Economics or Agriculture with Economics. Appointment will be for one year in the first instance. Salary scales: Men £460 x £25—£560 x £30—£760 per annum; women: scale is under review. Initial salary according to qualifications and experience. Applications should be sent, not later than July 25, 1955, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF HULL

Applications are invited for a research appointment in the Department of Economics and Commerce to conduct a three-year investigation into the economics of fish distribution. Applicants must possess suitable academic qualifications and experience. Salary scale, £650 x £50—£1,000, together with F.S.S.U. and children's allowances. Further particulars may be obtained from the Registrar, with whom applications (five copies) and the name of two referees must be lodged not later than July 23, 1955. candidates short-listed will be interviewed on July 27, 1955. Special application forms will not be issued.

UNIVERSITY OF NOTTINGHAM

ASSISTANT AGRICULTURAL ECONOMIST

Applications are invited for the above appointment in the Department of Agricultural Economics at the School of Agriculture, Sutton Bonington. Candidates should be graduates in Economics and/or Agriculture. Salary scale: Men £450 x £25 to £600 x £30 to £745; Women, £450 x £20 to £590 x £25 to £640. Form of application and conditions of appointment may be obtained from the undersigned.

H. PICKBOURNE, Registrar.

CIVIL ENGINEER

A large company with an international market has a managerial opening for a civil engineer. High professional qualifications are required, and candidates should have had wide experience of large-scale contracting. An interest in administration is essential as the handling of a large staff is involved. Salary will depend on experience. It will not be less than £2,500 a year and offers excellent prospects. The post will be located in the Manchester area. Details of career and qualifications should be addressed to Box 116. All replies will be acknowledged and treated in confidence.

A WELL-KNOWN Industrial Company requires a Chartered Accountant, experienced in Management Accounting, to fill a responsible vacancy on its permanent staff. Those who have held positions of responsibility in Industry will be considered and a University Degree is desirable but not essential. The prospects are outstanding. A commencing salary up to £1,500 a year will be paid, but the successful applicant would be expected to reach upwards of £3,000 within five years. The appointment is pensionable. Applications are invited from Accountants not over 35 years of age, giving full details of qualifications, posts held, etc., in confidence, to Box 129.

FORD MOTOR COMPANY, LIMITED are increasing their Finance Staff in connection with the major expansion programme which is now under way. Men of high calibre and exceptional ability, between the ages of 25 and 35 are required for financial analysis and control functions. Opportunities for advancement will be exceptional for the right men. Applications are invited particularly from university graduates, qualified accountants (especially honours men) and public administrators. Salaries and conditions of service are amongst the best in industry. Please apply to Salaried Personnel Department, Dagenham, quoting C.C.C.

THE OVERSEAS DIVISION of a long-established internationally famous Company with headquarters in the U.S.A., is urgently seeking to increase its Marketing staff. The need arises from the big expansion plans with which the Division is now going ahead. The positions envisaged could either be with the Associated Company in Britain or with the Associated Companies on the Continent.

Suitable candidates will be between 24 and 30 years of age and of good education, preferably to University degree standard. In the case of those at the higher end of the age bracket, their previous business experience need not have been in the Marketing field.

All the men selected will receive their preliminary training in England, but may thereafter continue their career in Britain or on the Continent. To men who have a particular interest in working on the Continent, it will be an advantage to have a second European language.

A good salary will be paid from the start, and future earnings will keep pace with increasing responsibilities.

Applications, which will be treated in strict confidence, should contain full details of education and career to date.—Apply Box 138.

STOCKBROKERS of some size, and making growth, with ample finance and every facility, but no Institutional Department, require Member qualified by experience and with some connection (and still more a vigorous potential) to join in founding same. Salary of importance and obvious prospects. Replies treated in confidence and considered in first instance only by Senior Partner.—Box 123.

THE Paris office of an international firm of accountants invites applications from newly qualified accountants and from accountants experienced in accounting and business machine installations. Interviews will be held in London.—Box 126.

CHARTERED ACCOUNTANT required for a year's preparatory training in London before taking on responsible position in central Africa. Applicants should be under 30 and must have good command of English, versatility and extensive professional experience since qualification.—Box 114.

COMPANY Secretary seeks young assistant. Applications are invited from young ladies with good education and with previous experience of accountancy and book-keeping. Permanent position. Starting salary up to £416 per annum, depending on age and experience. Annual increments, Pension Scheme, holiday fund, luncheon room, very pleasant working conditions in West End, and excellent prospects.—Write in confidence, giving full details of training and experience, to Box 127.

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If you are looking for a reliable person able to organise and run your own enterprise in Rio de Janeiro, Brazil, please contact Dr. Moreira Lopes, who is both commercial lawyer and chartered accountant. English spoken. Highest references. His own office and telephone may be shared by your company.—Please write to Dr. Moreira Lopes, Rua da Assembleia 93—sala 305, Rio de Janeiro, Brazil.

MANAGING Director, British, mid-forties, with over twenty years' experience in the Shipping business, especially the operation of first-class liner Agencies, Conference work, Owners representation, dry cargo tramp and tanker chartering, Ship sale, etc.; accustomed to visiting Principals and Clients in various countries at highest levels; valuable connections and experience in U.K., East, Far East, Europe and U.S.A.; for private reasons desires change to position of widest scope and responsibility in similar business at home or abroad but preferably in temperate climate. Confidential inquiries, giving outline of possible terms, etc., to Box 130.

ECONOMIC HISTORIAN (Ph.D. Cantab.) available immediately for University or other post (e.g., writing history of firm or industry). Good references, numerous publications, plus experience of teaching and research.—Box 134.

SCRIPT-WRITER in B.B.C. with flair for publicity seeks opening with opportunities in industrial or commercial concern.—Box 128.

SENIOR EXECUTIVE.—B. Com., A.M.I.I.A., 44 years, desires change for personal reasons, seeks position as General or Assistant General Manager in progressive industry, showing opportunity for expansion. London area or home counties preferred. —Box 135.

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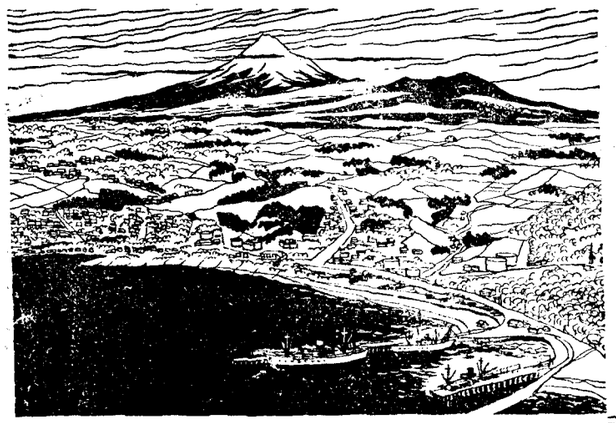
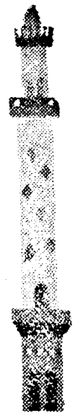
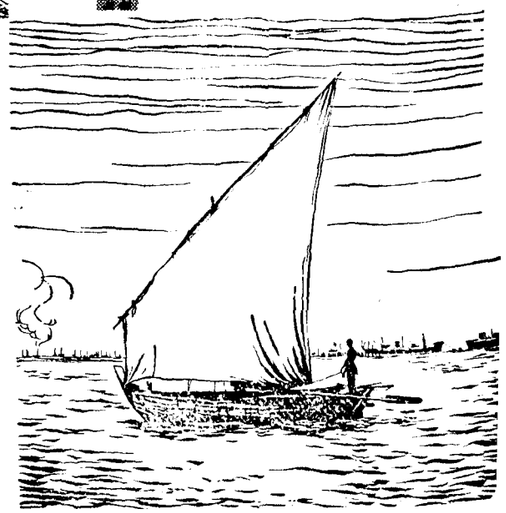
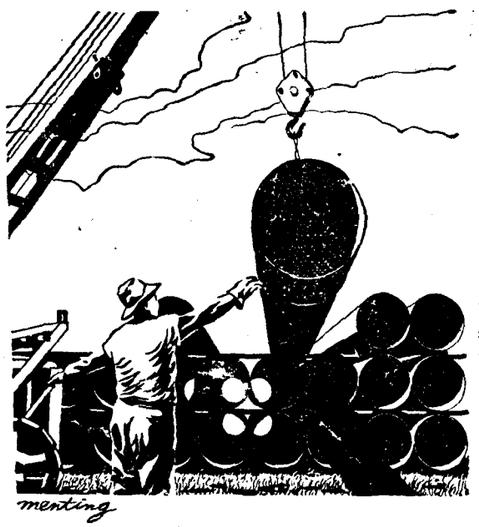




BAHRAIN—The contrast of old and new in this colorful shaikhdom is shown graphically here. The Bahraini's lateen-rigged dhow, Bahrain's traditional fishing and pearling craft, sails gracefully through the waters of the Persian Gulf. In the background we see a modern refinery and Sitra Wharf where tankers take on refined oil products for delivery to markets halfway around the world.

NEW ZEALAND—Near majestic Mt. Egmont lies New Plymouth, largest city of Taranaki Province. This scenic land is the world's largest exporter of dairy products and lamb, ranks second in exports of wool. Caltex is proud to be a part of this scene . . . glad to help an enterprising country take its place in the modern world.





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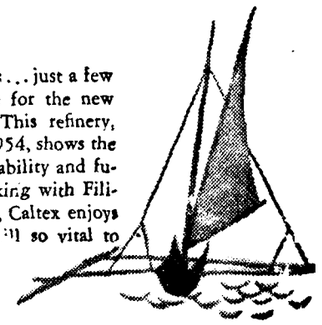

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VOLUME CLXXVI · NUMBER 5839

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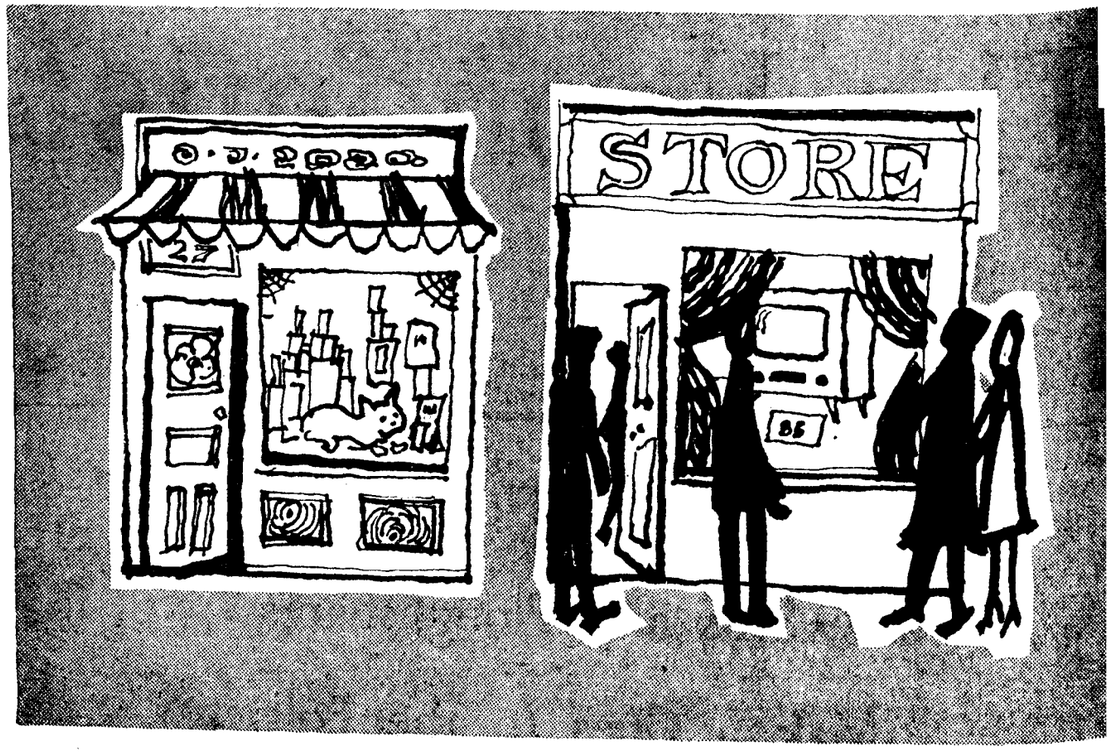

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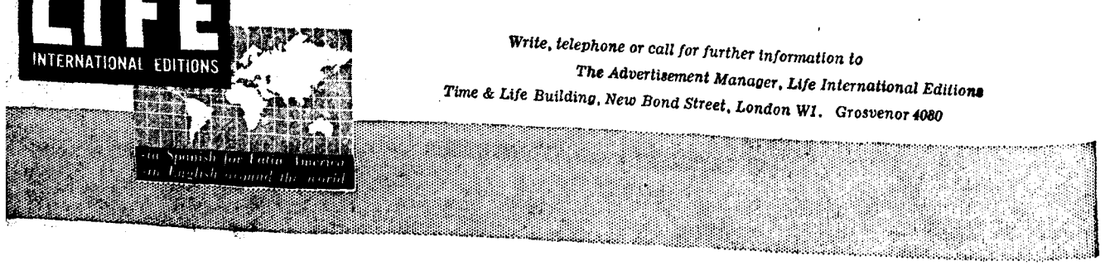

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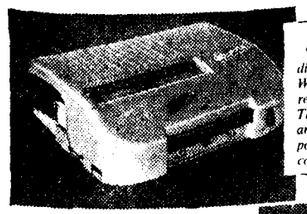

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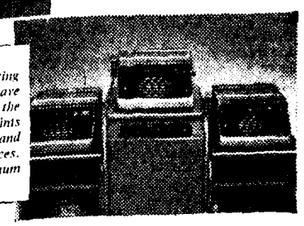

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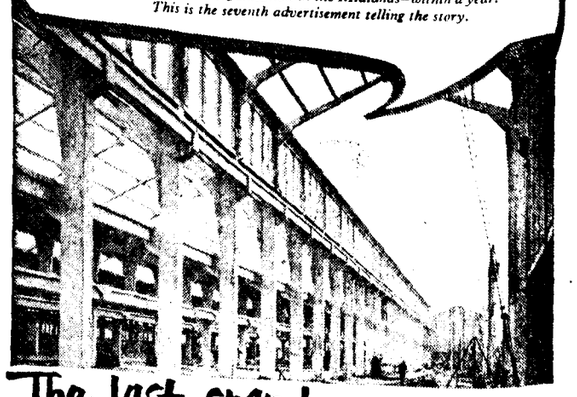

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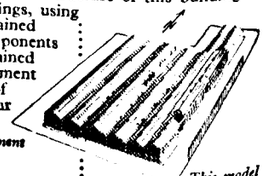

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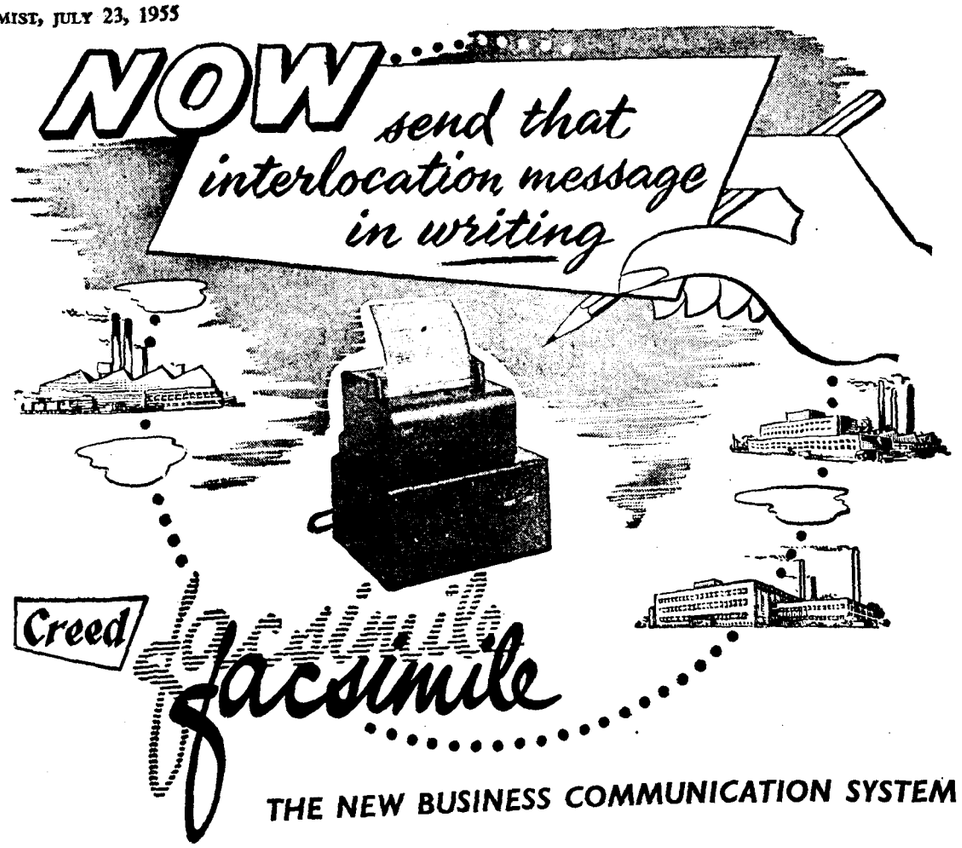

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Whatever your business, large or small—if you have an accounting problem, the Burroughs man can help you solve it. Burroughs make the world's widest range of Adding, Calculating, Accounting, Billing and Statistical Machines and Microfilm Equipment.

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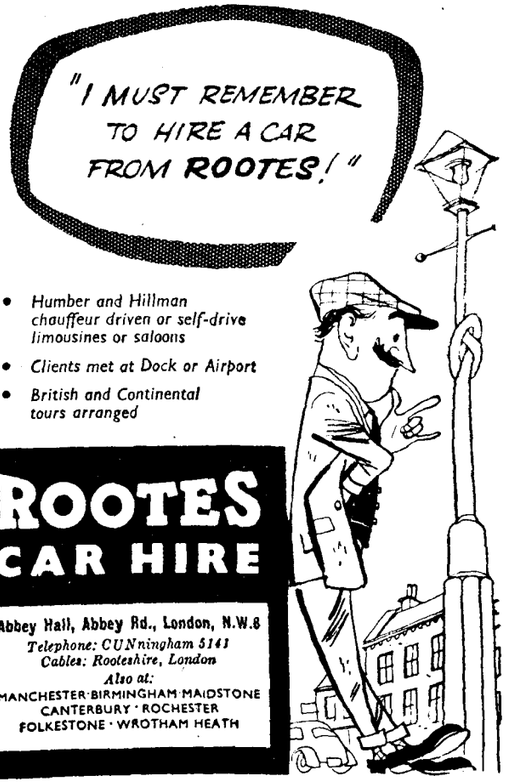

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110 in the Boiler Shop

IN MATTERS OF sound measurement the word 'phon' will crop up very often, because this is the unit of measurement which acoustic engineers use to assess the loudness of sounds.

Let's look at a few examples of noises expressed in terms of phons. A pneumatic tool nearby would have a phon value of about 105, whilst a quiet street gives only 45; in an express train the reading would be about 80, compared with 20 for a rustle of leaves. In a boiler-making shop, the high rating of 110 makes the noise almost unbearable.

The human ear compares noises on a logarithmic scale so that a noise of 70 phons sounds 50% below one of 80 phons.

Those examples are perhaps sufficient to show the extent to which noise is with us most of the time. But sound, like heat, must be kept in its place, and much can be done in factories and offices to ensure that excessive and unwarranted noise is reduced to a reasonable level. The best way to do this is by sound absorbing treatment of the walls and ceilings because these surfaces intensify noise by reflection. By way of example, the normal painted plaster wall to be found in many offices absorbs only 2% of the sound impinging on it.

Compare this with a modern acoustic tile which has an infinitely higher sound absorption.

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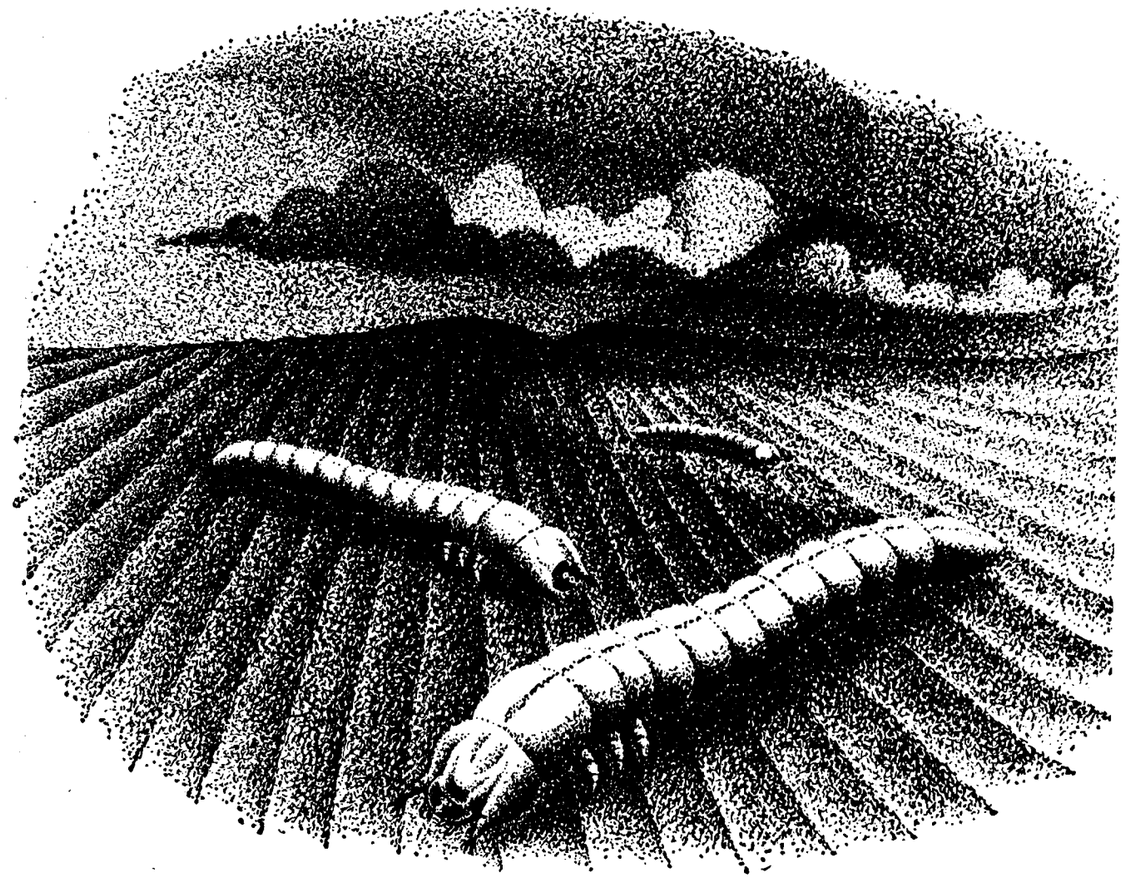

Between sowing and harvest

On British farms last year the equivalent of nearly 2 million acres of crops just faded out. That means about 50,000 farm workers worked in vain! This waste was due, not to bad farming or even bad weather, but to pests, diseases and weeds.

However, there is a brighter side to the picture....

Every year millions of tons of crops are saved by insecticides, fungicides and weed killers; and the development of new and better chemicals for agriculture never ceases. In the forefront of this effort to reduce crop losses is Shell, with a wide range of highly effective weapons.

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The Economist

FOUNDED 1843

JULY 23, 1955

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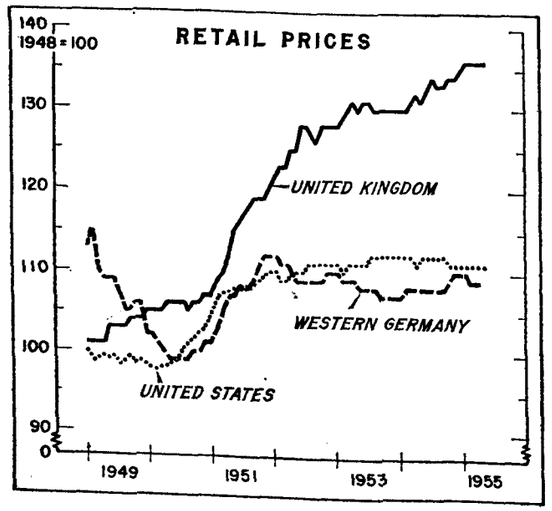
Fixed or Floating?

THE flurry of acute anxiety about the immediate future of sterling which passed through the continental markets a few weeks ago appears to have abated. The episode had some peculiar features. It has been widely known for more than three years that the British Government's *intention* of making sterling more *readily convertible* by its (*non-British*) holders into other currencies included a proposal to permit the market quotation of the pound to fluctuate more widely than the narrow official range of $2.78 to $2.82 that has been maintained for the last few years. "Convertibility" and "a floating rate" have been the twins of discussion, and though no official disclosure of the plan has ever been made, nor has "floating" ever been defined, one *would have* supposed that everybody concerned with the world's currency exchanges had had a long time to get used to the idea. Nevertheless it seems that the "floating rate" part of the British proposals was never taken as seriously on the Continent as the "convertibility" part, until Mr Butler surprised his colleagues at the June meeting of the Council of the Organisation for European Economic Co-operation by insisting on the door being left open for fluctuating exchange rates in Europe's future currency arrangements. The result was to convince some speculators and traders that a depreciation of sterling was in the immediate wind, and there was something of a small-scale run on sterling until the official denials succeeded (as they have not always done) in allaying the rumours. It remains to be seen whether or not they will be revived by the persistent Labour questioning of the Chancellor of the Exchequer in the House of Commons on Tuesday and by Mr Butler's answers, which were firm enough in principle, though he rightly refused to give any binding pledges as to the content or timing of any moves that the Government may make.

This bout of nervousness suggests two reflections. The first is that the affair could not have attained even such dimensions as it did, on such a slender basis of ascertained fact, if there were not a certain apprehension, largely induced by the recent labour troubles, about the economic course that Britain is pursuing. The British public may feel quite satisfied by the long continuance of boom conditions in this country; but it is worth at least noting the fact that outside observers view the outlook without complacency.

The second conclusion to be drawn is to underline once again the peculiar dilemma that bedevils all discussions about the future of currencies. To discuss an eventuality, even hypothetically or as a future contingency, is to run a risk of bringing it about at once. What, then, should be the course of governments—to reach their decisions in private and spring them without warning or preparation on a public that may well reject them; or, by being good democrats and throwing the whole matter open for public discussion, to run the risk of having the decision snatched out of their hands by events? The British Government has clearly been very conscious of this dilemma. At the

start, three years ago, there may have been something to be said for the tactic of the swift imposed decision. But when matters have gone as far as they have now, it is better to argue the matter out. Furthermore, that course is made the safer by two considerations. The first is that there is no intention of hasty action of any kind. Mr Butler's statements in Parliament this week should at least have made it clear that no substantial change in the present state of affairs is intended for quite a long time to come. Secondly, and in particular, no government, however much it may be convinced of the virtues of a floating rate of exchange for its currency, will choose to introduce it except when the conditions are such that it will float upwards, at least initially. Speculators who sell sterling in anticipation of a floating rate are clearly asking for trouble ; the more rational tactic, if the change were thought to be imminent (which it is not), would be to buy.



It should therefore be made quite clear that any discussion of the respective merits of fixed and floating rates for sterling will continue for some time ahead to have a large hypothetical element in it. Unfortunately, much of the discussion is not only hypothetical but also academic, since it concerns the merits of fixity or fluctuation for some ideal and abstract currency that behaves as all good currencies do in the text-books. Regarded abstractly in this way, the advantages of a regime of fixed exchange values are quite overwhelming. When the currency in question is one that, like sterling, is widely used for the settlement of trade between third countries and as a general medium of international settlement, then there is nothing on the abstract plane left to argue about. But there is a basic assumption in all these discussions that needs to be laid bare. If it is to be possible (let alone desirable) for two currencies to exchange with each other at constant ratios, then their internal purchasing powers must not get badly out of line with each other. If a pound sterling buys steadily less and less in terms of shoes and ships and sealing-wax than two dollars and eighty cents, or eleven and three-quarter Deutschemarks or twelve and a quarter Swiss francs, then no power on earth can permanently keep the exchange rates between the currencies at these official rates. It is not necessary for the parallelism between the internal values of currencies to be absolute or permanent ; but the divergences cannot be too large or progressively increasing.

★

Can this necessary assumption be made about sterling ? The diagram supplies the answer—at least so far as any answer can be given at present. It plots the movement of retail prices in Britain, in America and in Germany over the past six years, and though there are technical objections to the use of any particular index number for this purpose, the emerging conclusion is too clear to require any technical proof. Though each of the three countries felt the impact of the economic disturbances of 1949 and 1950, Britain's two main competitors have since found the means to give their currency a stable value ; Britain, under either party, has not. So long as this continues to be true, it will be a waste of breath to dispute over which would be the best exchange system for Britain to adopt. No system, in such conditions, will work well, and the only freedom of choice will be to pick out the least bad.

Will these conditions continue ? Will sterling go on being noticeably less stable than other currencies ? It is difficult to be very confident. It is true that there is a determination, stronger than for many years past, to bring the domestic economy under control. It is true that a Government with a majority in Parliament is drawing on the right armoury of weapons and is declaring itself resolved to eschew the easy recourse to " controls " which palliate but do not cure. It is true that it is far too early to form any judgment about what can be achieved by credit policy, firmly pursued. There is some comfort in all these things. But one thing still seems to be missing, and that is a public opinion that is really scared of the perils of inflation and determined to prevent them. There is too much shrugging of shoulders, with the catch phrase " We live in an inflationary world." Even if that were true, it would be culpably complacent. But it is not true. We do not live in an inflationary world. We live in an inflationary country. Public opinion, which binds the Government, is neither prepared to contemplate a definition of full employment less extreme than the present nor to do anything effective about the excessive pressure for rising labour costs that overfull employment sets up. Until there is a choice of one or the other it is difficult to see how any promise of convertibility of sterling at a fixed rate can be given.

Perhaps it is wrong to make the argument turn too completely on the present circumstances of sterling. These things tend to run in cycles (though the cycles are sometimes of long duration), and in another period

it may be here that the conditions for stability of value exist and in other countries that they are lacking. But the essential point remains. Currency arrangements for the second half of the twentieth century will have to be devised for a world in which it is very unlikely that all the leading currencies will always, or even usually, be stable in their relative purchasing powers. It is this world that will have to choose between fixed and floating exchange rates.

No imagination at all is required to realise the disadvantages of fluctuating rates ; nothing that is written here should be taken as denying or belittling them. But the practical question, as always in the real world, is a blunt one: What is the alternative? What does a country do that is committed to a fixed rate of exchange for its currency and also, for domestic political reasons, to a falling rate of purchasing power for the same currency ? It imposes a higher and higher Bank rate, or stiffer and stiffer import restrictions, according to the preconceptions of the party in power—or possibly both at once. Perhaps for a time these things will work. But if the fundamental conditions do not change, they cannot work for ever. So the ultimate choice for such a country is not between fixity and fluctuation in the exchange value of its currency, it is between a day-to-day (or month-to-month) fluctuation, using and conserving the reserves, and a long period of financial and commercial restriction, culminating, when the reserves are gone, in a large-scale depreciation *à la* 1940, followed by a further period of restriction while the reserves are rebuilt. For such a country there is no prospect of fixity ; there is a choice only between two different forms of fluctuation, which are distinguished chiefly in that one would permit a far higher average degree of freedom for trade and payments than the other. The choice, in these conditions, is almost as obvious as the theoretical preface, even in ideal conditions, for fixity.

Thus everything is seen to turn on the basic assumption. Disputation about currency systems is almost as great a temptation to the twentieth-century mind as theology was to the seventeenth. But it is a distraction from the real issue, which, for this country more than most, is domestic and political. When we have mastered our money and tamed it to perform its functions dutifully—which is only a fanciful way of saying when we have conquered our own bad economic habits—then and then only can we expect our external arrangements, be they fixed or floating, to work satisfactorily. So long as we continue as we have been going in the last few years, the only choice before us is a choice of evils.

Swords and Ploughshares

AT first glance, the discussion at Geneva about using resources saved by disarmament to help backward countries must seem a little unrealistic, a little unoriginal and a little disingenuous. To achieve even a modest degree of general disarmament has so long proved a baffling task that it may well be asked what purpose is served by debating the disposal of the savings before they have been saved. And when M. Faure outlined on Monday his project for an international fund to help develop the world's poorer regions, he frankly acknowledged its kinship with the pledge given by Mr Eisenhower as early as April, 1953, when the President declared that

> This government is ready to ask its people to join with all nations in devoting a substantial percentage of the savings achieved by disarmament to a fund for world aid and reconstruction. The purpose of this great work would be to help other peoples to develop the underdeveloped areas of the world, to stimulate profitable and fair world trade . . . We are ready, by these and all such actions, to make of the United Nations an institution that can effectively guard the peace and security of all peoples.

In August of the same year, the Economic and Social Council of the United Nations adopted an American proposal envisaging the creation of a UN fund for this purpose, and the 1953 General Assembly also endorsed the project. And this week, in his first speech at the Geneva conference, President Eisenhower reverted to the same theme. Nor are the French and American delegations likely to prove its only champions at the " summit "; the Russians as well as the British may be expected to join them, for none of the powers is reluctant to appear as the poor nations' friend.

Yet, granted that the general concept is not an immediately practicable one, that it is not new, and that it is not purely altruistic, it still calls for serious consideration. The fact that it has been on the files for over two years is no argument against reviving it now if the possibilities of at least some degree of general disarmament are thought to be brighter than before. And a swords-into-ploughshares plan offers two particular attractions in present circumstances. First, it may yet prove to be not a mere sequel to disarmament, but a means of bringing disarmament nearer. Secondly, it might contribute towards ensuring that " competitive co-existence " is a fair competition—which is essential if this relationship is to breed greater trust between the nations rather than greater mistrust.

There is now widespread scepticism about the effectiveness of any purely restrictive system of international control over disarmament. There may also, very reasonably, be doubts about some specific points in the argument that M. Faure advanced this week. But there is a solid truth in it too. If each great power were required to contribute a definite amount of money or material resources to a world pool of aid, and if these

quotas were increased in proportion to the degree of disarmament agreed, any government that sought to violate the disarmament agreement by clandestine activity would have to make its taxpayers carry a double burden. Mechanism of this kind ought to prove particularly effective while the Soviet economy is under the severe strain that afflicts it at present. (It would be effective at any time in the West, where the taxpayer can freely express his distaste for excessive burdens.)

To transform arms into aid in this way would also be a sizeable improvement on the proposals for world development funds hitherto most widely canvassed. Most champions of these proposals have fallen into the common habit of applying a "double standard" to the major powers, taking it for granted that the United States and other western nations are morally obliged to help poorer countries, but making no corresponding demand on the Communist regimes. Even those in Asia and elsewhere who swallow Moscow's claim to be the true friend of the poor, and its propaganda about the superior achievements of its economic system, usually, and with supreme lack of logic, turn to the callous and crisis-ridden western capitalist when they really need help, and complain bitterly if he does not dig deep enough in his pockets. It is worth reviewing the record of recent years in this field. The western powers have not only made generous efforts to help poorer countries through bilateral and group arrangements such as the American Point Four programme and the Colombo Plan; they have also shouldered the main burden of financing the specialised agencies of the United Nations concerned with health, education, labour and child welfare, and of the UN technical aid programme, all of which provide the poorer countries with help without strings. The Soviet bloc, in contrast, has not been content to hold aloof from these co-operative acts of goodwill; it has first poured scorn on them, and then, seeing its mistake, sought to gain cheap kudos by offering help in unacceptable forms.

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Russian and Chinese opposition has not been directed solely against direct western aid, although the Communists' misrepresentation of this has been vitriolic enough to draw surprisingly tart protests from Indians and other Asians. Both before and after Stalin's death, Moscow also opposed the idea of a stringless UN development fund. In the summer of 1953 its representative on the Economic and Social Council, Mr Arutiunian, bluntly declared that the under-developed countries did not need more capital, and the Moscow *News* denounced the proposed UN fund at length:

> All the fine words said about it are only meant to conceal its true purpose . . . It is a new variant of the abortive [*sic*] Marshall Plan . . . This kind of aid aggravates the financial difficulties of recipient countries and leads to deterioration of living standards.

As an alternative, the Russians repeatedly held up before the eyes of free Asia visions of vast but intangible benefits, such as the three billion roubles' worth of capital equipment which Mr Nesterov promised to South East Asia in 1952. But when the Burmese and others approached these mirages, they faded; and in the end only the Afghans, presumably because of their strategic importance, actually obtained a modest amount of genuine economic aid from Moscow. Meanwhile the obvious popularity of the UN technical aid programme compelled the Russians to change their attitude to it. Having boycotted it for four years, they blandly announced in 1953 that they had "always given positive support" to it, and announced, with flourishes of trumpets, a contribution of four million roubles (nominally about £360,000). The satellites duly tagged along behind.

★

But these much publicised roubles proved to have chains rather than strings attached to them. At first the Russians made conditions about their use that conflicted so sharply with the fair-shares system of the UN programme that the money could not even be accepted. After months of patient explanation by UN officials, Moscow relented on this point; but it continues to insist that its contribution (which, even at the artificial Soviet exchange rate, is less than half the British and less than a twelfth of the American) must be used only to hire Soviet technicians or to send foreigners to train in Russia. There have been few takers on these terms, even among the most "neutral" countries, and only last month the departure for Russia of fifteen Indian trainees marked the first translation into fact of the Soviet promise made a full two years ago.

If there is now to be any question of a new international fund composed of matching contributions from the powers, deliveries will have to be made in essential goods or convertible currencies, not in card tricks such as the Russians have practised on the United Nations. Strict rules of this kind are the only fair basis, for international suspicion will not diminish while card-sharping continues. The free nations have no interest in granting the Communist powers a breathing space and enabling them to gather strength again for fresh adventures in military or political pressure, which might well be the outcome of a temporary reduction of armaments under inadequate guarantees. Nor can the free nations be expected to welcome the idea of digging deep into their taxpayers' pockets for the benefit of under-developed countries which, human nature being what it is, are unlikely to reward them with much gratitude, if the Communist rulers are left free both to maintain their massive armaments and, without missing a single Moscow or Peking banquet, to continue posing as champions of the poor.

There are, of course, other pitfalls to be avoided in any approach to a new world development fund. Too many "expert" missions have touted spectacular plans through the tropics, distracting local politicians from urgently needed reforms and enterprises that could be

carried out with local resources or with only a modest helping hand from outside. Not only does the prospect of manna to come weaken the will to earn one's own bread; the proliferation of foreign advisers sometimes enables sluggard governments to relax, to conceal their own ignorance and incapacity, and to put off the evil hour of actually making decisions by calling in more and more consultants, planners and committees.

The international control over any contemplated programme ought to be firm enough to concentrate aid on sound projects, helping those who are clearly helping themselves, and thus encouraging self-help instead of sapping it; at all costs the fatal habit should be avoided of handing out funds all round simply in order to evade "invidious" discrimination. The UN technical assistance organisers, whose latest annual record of modest but valuable work has just been published, have on occasion readily admitted that the limitations of their fund enable them tactfully to rebuff thoroughly undeserving applicants who might otherwise have to be given a slice of the cake just to keep them quiet. All that being said, the swords-into-ploughshares approach to world development remains a better one than some that have been canvassed, serving as it does not only the interests of the poorer countries but also the purpose of creating international trust and fostering true co-existence on fair terms; and it calls for thoughtful exploration both at Geneva and thereafter.

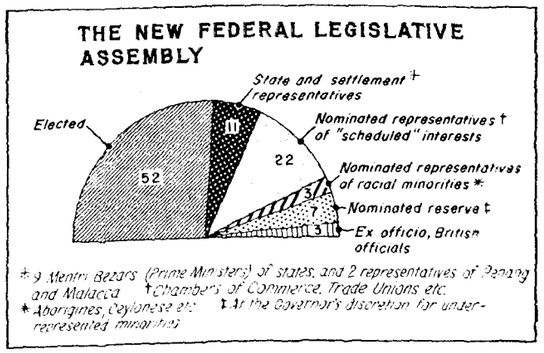
Malaya Goes to the Polls

THE strikes and riots that have confronted Singapore's first elected government, and the political troubles of that colony, culminating this week in the dramatic threat of the Chief Minister, Mr David Marshall, to resign, have distracted attention recently from the affairs of the Federation of Malaya next door, from which the island of Singapore is now constitutionally quite separate. But Malaya deserves its place in the limelight, for it, in its turn, is to hold its first general election next week, and take its first big step towards independence down the prescribed and signposted path leading to parliamentary democracy on the British model. As in the case of other colonies, it can be said that the route to independence looks a good deal straighter and shorter than the route to parliamentary democracy, off which there branch so many seductive side turnings. But the Malayan elections are unlikely to usher in a time of political troubles as dramatically as those that put Mr David Marshall's Labour Front in power in Singapore. On the other hand, the Federation elections may indicate that the wellmeant goal of British policy for Malaya—a single nationhood for a plural or multiracial society—is a delusion. If so, it will not be a happy omen.

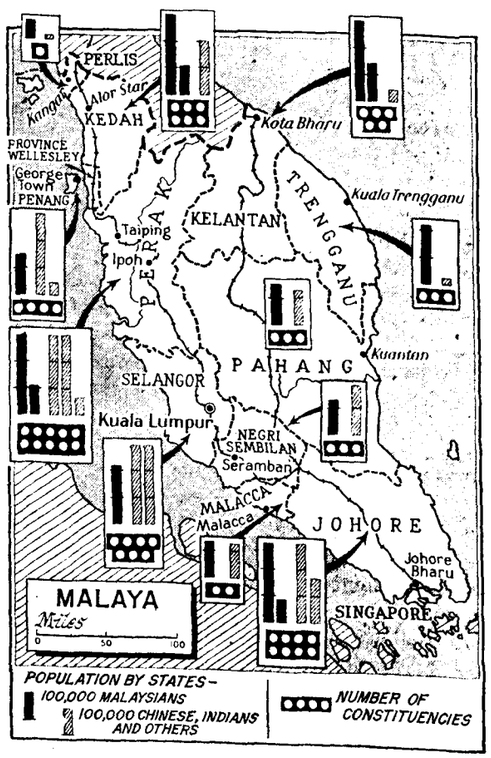
Where will power reside after the elections? To answer this question two important facts must be understood at the outset. The first is that the new constitution gives only a very narrow majority to the elected members—52 are elected in a Legislative Assembly of 98; and, of course, a variety of parties are putting up candidates. The second fact is that some ninety per cent of the electorate is Malay: out of about 1,280,000 voters, only some 180,000 are Chinese. The Chinese and Indian minorities are so poorly represented partly because even when they have the right they so often fail to register, but also because so many of them have no rights of citizenship.

Thus, although Malayan nationhood demands that the Chinese and Indian communities should be woven into the political fabric, as they irrevocably are into the economic, the political appeal is almost wholly to the Malay voter. Much will depend on whether he puts into power men pledged to deal justly with all the races, and to represent all of them even when elected on mainly Malay votes; for though under the new constitution it is open to the Governor to nominate representatives of minorities or of special interests, the whole tendency of colonial parliamentary evolution is for organised public opinion to assume that the elected members are the true representatives of the people's will—the others at best a temporary expedient, at worst nominees of the colonial power. The most humane arguments for the rights of minorities from a nominated member, in moments of political emotion, are dismissed as variations on the theme of "*divide et impera.*" The Malayan parties are at one in demanding that the present constitution shall very quickly be superseded by one which would remove all members with any official British taint from the legislature—though not those who are nominated to represent the Malay rulers.

Nonetheless, the main Malayan political group is the "Alliance," made up of all three races' communal party organisations—the United Malays National Organisation, the Malayan Chinese Association, and the Malayan



Indian Congress. The administration tips it to win—conceivably with the same misplaced confidence that the Sudan government felt for the success of the pro-British Umma party in the Sudan in 1953, or the Singapore government's belief that the conservatives would come out on top last March. The Alliance is fighting every constituency, and among its 52 candidates are 15 Chinese and 2 Indians, but it required the threat of resignation from the UMNO leader, Tengku Abdul Rahman, to achieve such a multiracial front. Undoubtedly the Alliance, backed by Chinese money, is strong, though it got an attack of nerves when on May 9th a motion rejecting the unlimited use of cars by candidates in the elections was carried by one vote in the old Legislative Council. The Alliance was counting on deploying its vast superiority of transport resources. After the vote, the members of the Executive Council belonging to the two chief parties in the Alliance, the UMNO and the MCA, resigned to devote themselves to electioneering, an indication that they feel the going will be hard.



The threat does not come from the Left, though the Labour party is putting up four candidates; it comes from resurgent Malay nationalism. A group of parties are bidding strongly for the Malay vote by appealing to traditional suspicions of the other races, and to the traditional, and very strong, loyalties to the Malay states and their Sultans. Of these parties, by far the most important is Party Negara, formed by Dato Sir Onn bin Jafar, when he broke away from UMNO for its lack of a strong enough "Malay" line. Party Negara is now exhibiting some signs of strength. Its most powerful electioneering agent is Dato Sir Onn himself, often toiling through the villages on his bicycle. It is putting up 30 candidates. Little less nationalistic in their approach are the Pan-Malayan Islamic Party, with 11 candidates, and the regional National Association of Perak with 9 candidates. There are a number of smaller parties with a similar outlook. It may be significant that of the 15 Chinese candidates put up by the Alliance—many of them well-known and popular men—ten are opposed by Malays, either of the Party Negara, the PMIP or by independents. Fortunately for most of them, the forces against them are generally divided.

Even in the framing of party manifestos, the Party Negara has made most of the running. It stands firmly by the present citizenship laws, under which Malays, and other citizens of the Federation, are first and foremost nationals of a Malay state, under the unchallenged sovereignty and title of a Malay ruler; it certainly repudiates any conception—towards which the Alliance was supposed to be working—that a person born in Malaya is automatically a citizen. It pledges itself to call a constituent assembly to work out plans for an independent Malaya by 1960—a Malaya in which Malay will be the sole national language, the new civil service will be "Malayanised," the Malay peasantry will receive first consideration, immigration will be curbed and the country's economic resources will no longer be used "as a pawn in the international struggle for power."

This manifesto, which made no reference whatever to terrorism, appeared before the Alliance, which had been working on a policy for a year, had been able to publish the results of its labours; and when the Alliance's platform appeared in June, it had clearly been rewritten to compete with Negara's "Malays first" attitude. The Alliance has little to say on citizenship now; it promises to appoint a commission, but it has retreated from the idea of *jus soli* completely, embarrassing as this must be for its Chinese and Indian wings. It has, moreover, suddenly come out for independence by 1959, and promises to set up a new two-house legislature meanwhile; it also promises to make Malay the national language ("in ten years"); it says all the right things about the Rulers, all the woolly things about the need to keep the communities in harmony, and plenty of sharp things about the present administration to give the whole a flavour. Like Negara, it has plans to find land for the Malay peasants. It does, however, recognise the emergency; it commits itself to work for an amnesty and to repeal some of the emergency legislation. If an amnesty fails, the Alliance blithely undertakes to "wipe the terrorists out."

The Alliance programme is evidently the more realistic of the two. But like the Negara programme it has little of sense to say about the economic problems of Malaya; it calls for commissions of experts to survey the country's resources, but—like Negara—it turns down flat the most important recommendation made in the expert survey that has just been completed—the proposal made in the World Bank report that taxation should be increased to pay for additional services, and, above all, to finance the modernisation of the country's industries, giving rubber the first priority.

Even the prospect that the Alliance would sweep the polls, therefore, would not be entirely reassuring, since, though a multi-racial party, it shows itself so conscious of the pressure of Malay nationalism, and feels so obviously hindered in facing Malaya's basic needs—economic growth and racial partnership. The result is likely to be a compromise, since Negara could not win outright; the significance of the election results will lie in the exact pattern of nationalism which emerges in the new House. If the Alliance gains most of the 52 seats, that will be a mandate for a progressive, non-communal policy. But it will be tragedy if only the Alliance's UMNO candidates are successful, for that, though the Governor can redress the balance when appointing nominated members in consultation with the elected members, will indicate that racial disunity, rather than unity, is the prospect before Malaya. Because the 52 elected members are likely to be divided among several parties, government will have to be by negotiation and coalition—but again it must be remembered that the 9 states' representatives constitute a fairly solid nationalist bloc. However influential the administration may be, the new government will in fact take its power from the Malay people, their rulers and traditional institutions. This does not mean that much of the party programmes can be implemented or that Malaya can get independence either in 1959 or in 1960. It does mean that the traditional task of the High Commissioner and senior British officials in educating the new ministers and elected representatives to a sense of moderation and responsibility in the realities of power may be no less difficult than in colonies in which the result of the first really "general" election has been a swing leftwards. And it is a particularly heavy task in a country where Communism is still under arms but seeking means to find new points of entry into civilian life at a time when racial suspicions show signs of growing, and economic problems, aggravated by the long-sustained insurrection, call for quick and courageous decisions.

Free Trade Press

THE basic economics of newspaper or periodical publishing is generally understood: the editorial matter attracts the circulation which brings in the advertisement revenue which, in turn, permits a selling price well below the real cost of producing and distributing the editorial material alone. It is an industry with "overhead income" and with relatively small overhead costs. The purchaser thus gets a heavily subsidised article, and the art of making a paper pay is the art of attracting enough circulation to attract enough subsidy. *Hoc opus, hic labor*—for it is generally a strenuous art; and it is therefore a development worthy of interest that at last a number of publishers have discovered how to dispense with the cost and worry of it entirely, circulating at a very satisfactory profit periodicals which consist of nothing—or of almost nothing—but advertisements paid for at stiffish rates.

It would be asking rather much to expect readers to pay for such periodicals, though (for respectability's sake) some of them carry a price on their covers. They have what is known as a "controlled circulation"; that is to say, they are distributed free to the sort of readers who might be expected to buy the products advertised in them—and these readers are reputedly the most hard-headed of all periodical readers: businessmen. The new controlled circulation journals specialise in some well-defined branch of manufacture or even trade, and they exist solely as billboards for advertising the sort of equipment which that branch of manufacture or trade purchases. Equipment for running factories, building equipment, packaging equipment, office equipment, agricultural equipment, and many more are the themes of the new trade press. The "controlled" circulation is guaranteed, at least so far as correctly addressed wrappers can guarantee it. The "subscribers" consist of all the interested firms listed in directories and reference books. And with so concentrated and interested a readership, the advertisement rates are correspondingly graded. The market for some types of equipment may run to a circulation of 50,000 or more; 15,000 may be an average.

It would not be entirely true to say that these periodicals carry no editorial matter at all—as is the case with at least one weekly which sells readily on bookstalls as a useful medium for advertising small wants of every kind. There are a few journals with controlled circulations which carry a fair proportion of editorial features, some of it informative and palatable. But the new "equipment" papers do not devote space to journalism in this sense at all; they simply separate the columns of paid advertising by descriptions of the new or remodelled types of machinery, plant or services. Sometimes these are given code numbers and further details may be had on request; but whether the descriptions are simply the makers' claim or independent experts' appraisals, it might be indelicate to inquire. At any rate the editor's job is to list and describe all the new products, which in modern industry come in a bewildering rush from the cornucopia of inventiveness; then the manufacturers or importers can keep their

products regularly before readers' eyes by taking space.

It is evidently a useful service, for there is no difficulty about getting advertising. Some dozen papers have been started, and new ones are springing up. One that was started for a few hundred pounds some years ago is reputed to have changed hands for £20,000 or so and to have made as much in net profits in the year after sale. This is not surprising, seeing that a quite moderate venture of this type may carry advertising worth £3,000 in every issue. The only costs are those of printing, circulating and getting the advertisements—with perhaps some sort of inquiry service to buyers and purchasing officers.

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The new "controlled circulation" paper is, in short, simply the traditional technical periodical with nine-tenths of the editorial matter—the supposedly vital service of technical information to manufacturers—left out, and the highly profitable remainder distributed free. But the fact that it is promising well is a somewhat caustic comment on the state of at any rate part of the technical and trade press. It suggests that businessmen are just as happy to get a budget of advertising and puffs for all the use technical journalism is to them. In effect, all they want to know is who is making what, at what price, and what it will do. A regularly compiled up-to-date directory suffices them. It goes to the buying and technical departments; top executives keep their desks clear for more important information.

For the trouble with so much of the technical press is that, though its advertisement rates are based on the claim that it is read in the board room and the research and development departments, it tells the average manufacturer little that he does not know already. Real technical news is passed round in a dozen different ways before it gets into print in a commercial technical journal; outstanding contributions to science and technology are first made in the journals of the learned institutions or in privately circulated papers. All but the limited range of first-class commercial technical papers get their technical news at second hand or, if at first hand, the "news" is relatively trivial. Their search for industrial news is hampered by the reticence of the British businessman to part with any information except the specifications of his latest product, and the proprietors' fear of offending advertisers, who are generally the keenest and most critical readers. To produce a technical periodical that sells because it is read requires an expensive editorial staff, and even then newsgathering is far harder in Britain than in America. There are such papers, but they are fewer than they should be, and it is significant how many businessmen turn first to the American technical journal, if they read a technical journal at all.

Many technical journals are in fact produced because it is as easy to get advertising as it is difficult to get readership. The profitable formula has been very simple. First, find a new line or speciality in industry. Find a name for it. Get an editor who knows a little about it. Have some articles written and a dummy prepared; circulate this to all prospective advertisers. Assure them that everyone in that speciality needs a paper devoted to their interests. Book space, usually by the dozen insertions at £30 to £40 a page. Mail the new periodical to all the firms in the industry free for a few months, then ask them to subscribe. If the proportion is small, keep mailing. Many a profitable publication has been floated on a paid circulation of a few hundred. It is only when an effort is made to raise it to thousands that it threatens to cost money. In the past advertisers, and some advertising agents, have been complaisant about circulation claims, rarely pressing awkward questions. But this is changing. More and more publishers of the weaker journals see in a "controlled circulation" a tempting answer. And to do some of them justice, they are ready to provide a better editorial service once they have frankly come out in the open with the admission that people will not subscribe for a particular technical paper—but might read it if it were supplied free.

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The new free trade press might provoke a refreshing change in technical journalism and publishing. The "equipment news" free-distribution paper may become an important branch of technical publishing, and supersede the mediocre papers which are in fact published for their advertising alone, though they do not admit it. On the other hand, the better papers will meet the challenge of the free papers by incurring the editorial costs necessary to make themselves really worth reading, and recouping themselves by pointing out to advertisers that a paper with a real paid circulation is more likely to be read than one which is an advanced kind of direct mail advertising. The result would be, on the one hand, a group of first-rate technical periodicals, edited without fear or favour, and printing the news of an industry whether the firms in it liked it or not (which would mean they would read it); and on the other hand, a group of papers produced frankly as a medium for selling goods and nothing else. Between vigorous journalism and honest catalogue-making, much dead wood could be cut out. Nor is it impossible that the "controlled circulation" papers, having made handsome profits, might finance the big investment in a better technical press which is needed in this country.

It is needed here because America has it; because a first-rate technical press is essential to a country that depends for a large part of its living on the sale of advanced technology. This has not been apparent to many technical publishing houses. If the free trade press forces them to change their ways, by revealing the indifference of businessmen, by exposing the mockery of unaudited circulations, and by drawing off advertising from papers that cannot justify their existence, it may do a great deal of good.

Notes of the Week

Babel Mountain

JUST before reaching the "summit," the Soviet Prime Minister expressed his aim as being "to find a common language" there. One wonders whether Marshal Bulganin understood the full importance of what he was saying. The differences between Communist and free nations are indeed intimately bound up with conflicting interpretations of words. The Marshal himself illustrated the problem by the very manner in which he issued his statement last Friday: he read it out to a gathering of reporters at what the Russians called a "press conference," but no questioning was permitted (Mr Molotov, who has boldly exposed himself to ordeal by question twice in the last decade, could have told his chief what a real press conference is). But much more vital words are involved. Can the world regain trust and secure peace when it cannot even agree on the meaning of words like democracy, free elections, international control, co-existence, or even trust, security and peace?

This is no mere hair-splitting academic exercise; would that it were. Western (including German) doubts about Russia's real intentions have been directly fostered by Russia's vague dogma that a reunited Germany should have "free elections" partly derived from the "free" electoral system of the Soviet zone, and should be "democratic" and "peaceful"—words which, in Moscow, are applied only to Communist regimes. Again, what the Soviet rulers mean by "international control" has never been clearly revealed in the course of years of patient probing, and this evasiveness has contributed to the tangle over disarmament as well as over German elections. And "co-existence," which, as even Mr Chou En-lai once agreed, means living together, has in practice been interpreted by the Communist world as iron curtain *apartheid*. As Mr Shishkin, one of Moscow radio's star commentators, rightly remarked last week: "The re-establishment of confidence is a considerably more difficult job than the cultivation of dissension." A good start might be made by restoring their original meaning to some of the key words in international parlance.

Collective Insecurity

THE opening speeches of the four heads of government made it plain that all the western statesmen regarded German reunion as an "urgent need," in Sir Anthony Eden's phrase, while for Marshal Bulganin it was "not yet ripe" and to be achieved only "step by step." The Russians' approach to the German question was, indeed, almost brutally frank. They were not interested in discussing free elections; they showed no trace of readiness to abandon the Ulbricht regime; they directed their fire upon Nato and Western Union, and outlined a "two-stage" plan for Europe the effect of which was to rule out German reunion until the western alliances had ceased to exist. At least this was more honest than usual. Germans need no longer suppose that Russia will readily grant them unity if they merely quit Nato; its price is the destruction of Nato.

The familiar Soviet alternative for Europe, a "security" system consisting of multilateral guarantees and requiring the removal of all American forces from Europe, was again Marshal Bulganin's centrepiece, and again singularly failed to convince any of his audience. The Marshal himself pointed to its hollowness when he brushed aside Sir Anthony's proposal that the "Big Four" and a reunited Germany should exchange guarantees, saying that powerful states were not interested in guarantees; and Sir Anthony's prompt inquiry how the Soviet plan differed from an exchange of guarantees was pertinent enough. Indeed, the first few hours at Geneva fully confirmed the impression that the object of the cloudy Russian "security" plan is not to make Europe safer but to smash the Atlantic alliance; that "security," in Mr Molotov's vocabulary, means increased insecurity.

It was thus hardly surprising that the Russians showed little interest in the British proposal for a five-power security pact and for reciprocal control of arms in Germany and neighbouring countries, or in the American offer of "further reciprocal safeguards," or even in the French suggestion that while a reunited Germany should remain in the Atlantic system, a general security organisation open to all European states could be "superimposed" on the existing ones. M. Faure's further suggestion that eventually the existing organisations and the proposed general one might fuse together may, however, appeal more to the Russian palate; and it is to be hoped that the French Prime Minister will not fail to draw the lesson of this week's exchanges, and realise that Moscow is interested in hypotheses of this kind solely as a means of squeezing the Americans out of the European picture, if not immediately then in a few years' time.

Soldiers and Barriers

HUGS and hearty handshakes are the order of the day at this year's Geneva conference. The *bonhomie* described in an article on page 318 contrasts strikingly

with the frigid scenes in the same city a year ago, and Mr Eisenhower seems to be leaving Sir Anthony Eden and M. Faure standing in the sunshine stakes. In itself it is excellent that the by-products of the H-bomb should include smiles at the "summit" as well as fine weather in July for the masses. But just how deep does the wide Khrushchev smile go? When Mr Eisenhower, addressing Marshal Zhukov "as soldier to soldier," assures him in simple language that neither he nor Nato as a whole has any thought of starting a war, he gets in return the threadbare sophistry that Nato *must* be aggressive because Russia, although a wartime ally, has not been invited to join it. This invites the equally absurd retort that the Sino-Soviet alliance must also be aggressive since it excludes the United States and other allies in the Japanese war.

The President's straightforward sincerity received an equally devious rebuff when he asked for the removal of barriers to ordinary human contacts, saying: "We frankly fear the consequences of a situation where whole peoples are isolated from the outside world." In effect, he was echoing Mr Nehru, who told the Jugoslavs earlier this month: "Let us open the windows and let in fresh air and light. . . . The world is now too small for any nation to lead a separated life." And Mr Nehru, who had just taken a good look at Russia, was in turn echoing Ernest Bevin's appeal at the United Nations in 1948: "Let us open up the world and let light and knowledge come in."

On Monday Marshal Bulganin quickly and smoothly assured the President that nothing lay nearer to the Soviet rulers' hearts than the lifting of barriers to human contact and knowledge. Was the Marshal really quite unaware that his police have been systematically "jamming" not only western radio reports on Geneva but even broadcasts from London made by official Soviet delegates to Britain? He may well not have heard of the tearful women who watched a British cruiser leave Gdynia a few days ago; but the Soviet Premier presumably knows something of the little band of western wives now being released from Eastern Europe after years of effort. These belated and grudging "acts of grace" unfortunately only prove the rule to which they are the exception. For the Communists, free human contact and movement is something to be approved specifically in each case—not, as in the West, a general principle only to be departed from in specific cases. The world of "mutual trust" will arrive only when people no longer have to await invitations to visit, or permits to leave, the Soviet sphere.

Opposition to Some Purpose

MR ATTLEE'S construction of a full shadow government, complete with senior and junior "Ministers," is an interesting experiment in the art of opposition. In dealing with the complex issues of modern administration, any Opposition is at some disadvantage when arguing with Ministers who can call on unlimited supplies of Civil Service briefs. Labour's failure to make itself a constructive force in the last Parliament was partly the result of inefficient machinery for transferring to the front bench the expert knowledge of back bench specialist groups. The new system is designed to correct this weakness. The new "Ministers" will not invariably be the front bench spokesmen on their various subjects—in this week's coal debate, for instance, the new Fuel "Minister" took no part—but they will report to the shadow cabinet on the views of their respective groups.

In picking his team Mr Attlee has confined himself to the elected shadow cabinet and to ex-Ministers. He has assured his followers that the list can be altered, that those named have no exclusive interest in their respective subjects, and that no arrangements of this kind can bind a future Labour Premier. Yet the man in possession will have a head start when the next Labour Government is formed, and it is to the Labour party's interest that some of the younger people who have not been Ministers should have a chance. By the next election Labour will have been out of office for at least eight years, and it will then need to present to the electors an embryo government very different from the dismal team of 1951.

Mr Attlee himself will have gone by then, and part of his purpose may be to ease the transition. He has, in effect, by-passed the elected shadow cabinet, with its growing emphasis on political brawn rather than intellect, in order to give status to the younger ex-Ministers who find it difficult to wield hatchets with the fervour necessary to win election to the shadow cabinet. The general distribution of responsibilities strikes a balance between the various sections of the party; if it is a little hard to envisage Mr Robens as a future Foreign Secretary, at least he would be an advance on Mr Morrison, and there will be plenty of time for his potentialities to be judged.

Mr Lloyd Holds His Ground

THE debate on the coal industry this week was a critical one for the Minister of Fuel and Power. Though the government reshuffle may not be round the corner, it will not be long delayed; Mr Lloyd himself is not one of the most popular members of the front bench in the Tory party; and he has been in trouble with the Tory Fuel and Power Committee for a long time. But in the event, ordeal by Nabarro did not prove very serious. Mr Lloyd made an effective defence of the Government's fuel policy (discussed in a later Business Note) against critics on both sides of the House. One clear virtue of Mr Lloyd's stewardship has been his success in keeping coal out of politics. He dealt very faithfully with Labour's exaggerated fears of an impending attack on nationalisation, and he told his own backbenchers in straight language to stop sniping at the Coal Board. Some of their criticisms were justified, and the Fleck report confirmed that the men in the pits were not getting all the leadership they need; but Mr Lloyd was on firm ground in arguing that time is now needed before the recent reorganisation can be judged.

It looks, therefore, as if Mr Lloyd has repeated his success of a year ago when a major revolt in the Tory Fuel and Power committee was taken to the 1922 committee and there killed. But it would be premature for him to assume that he has entirely silenced his critics, even with the aid of some witticisms from Mr Crookshank. Mr Nabarro's

place in the Fuel and Power committee may not even be filled. But he managed to get a fullish House to listen to his strictures on coal policy. The general feeling at the end of the debate was undoubtedly that there are no real grounds for Mr Lloyd's removal; his is an office which could be the graveyard of any minister's reputation. The coal industry is not one that will respond easily to the most brilliant ministerial performance, nor to legislation of the interfering kind to which Mr Nabarro, so curiously for a Tory, seems to pin his faith. But one of the functions of the Ministry of Fuel and Power is to keep the peace while the administrators and technicians do their job, and the Prime Minister may well feel that a new face at the Ministry would have a calming effect and that Mr Lloyd's talents could be fitted in elsewhere.

Stirring Up Civil Defence

IT is appropriate that Coventry City Council should agree to resume its statutory duties in civil defence just as there appears a report on the subject by a Labour party joint committee, of which Mr R. H. S. Crossman is a signatory. For the report is a notably realistic document, and the burden of its recommendations is that the country should not despair—as Coventry did—but should plan a survival operation in which all the pathetic paraphernalia of fire-fighting, first-aid and rescue operations in an H-bomb age will (with military control and martial law) have their part to play—if only on the far periphery of the fireball. It rightly calls for, at any rate, preliminary instructions to the public from the Home Office.

We think it remarkable that in less than twenty months after the explosion of the first hydrogen bomb the Government had been able to come to a decision as to the future of the Suez Canal zone base and Middle East defence; yet they are still only "re-examining" the effects of the bomb on the structure of home defence.

It is not really remarkable, for it is one thing to conclude that an army would be wiped out in a base, but quite another to decide in detail what to do with the population of a city under the same threat. Nonetheless, the immense difficulties of working out what would happen if H-bombs fell—involving the sorting out of so many independent variables—does not absolve the Government from putting out the facts, and a set of conditional instructions. The Labour committee is in no doubt that urban populations must be dispersed over the countryside to cut down the heavy losses of life that are certain even with such dispersal; it also accepts the corollary that as this will reduce production and transport to a minimum, there must be dispersed stocks of everything from food to standby power plant, from clothing to medicines, from shelter to fuel.

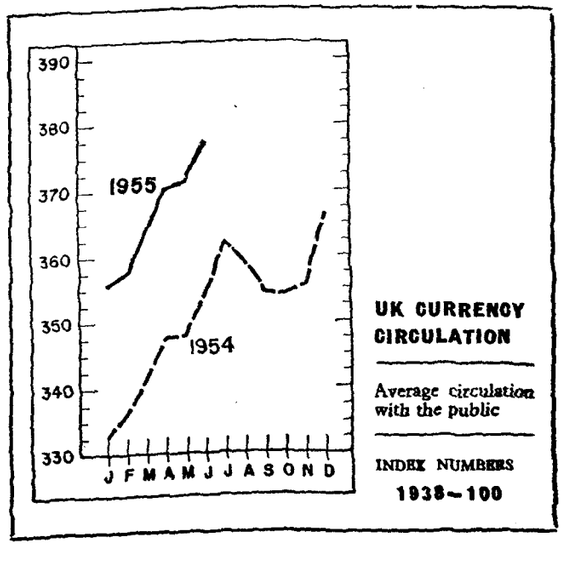
But the Labour party's committee says nothing whatever about the cost of such stockpiling, which would certainly involve a drop in the national standard of living meanwhile. Civil defence preparations could cost anything; it depends on estimates of the effects of "a thirty-day war fought out of stocks" and the number of survivors to be fed and rebuilt into a productive community thereafter. The Labour committee seems somewhat optimistic about the warning of attack—and the scale of the aid that might come in by sea afterwards. Otherwise its report faces the grim facts, and it is now time that the Home Office should show the public that it is doing the same. There is a need for a Manual of Survival—at least to H-day plus 30.

Signor Segni's Programme

SIGNOR SEGNI has won his vote of confidence in the Italian Chamber of Deputies by 293 votes to 265 with twelve abstentions. His margin of success was narrow, but it is unlikely that he hoped for anything much better; he gained the support of the four centre parties while extremists of both Right and Left joined in voting against him. At the time of writing, the vote in the Senate has not yet been taken, but it is confidently expected that Signor Segni will win that too.

The programme that the new Prime Minister presented to parliament last week was a judicious, middle-of-the-road, well-presented affair. It did not arouse any very strong emotions but it should have calmed those who feared either that Signor Segni might lean too far to the Left or that he had been forced to jettison his own liberal ideas in order to placate the conservative Liberal party. He did not mention the extreme Left, but was no doubt thinking of them when he pledged his government to observe the principle that all citizens are equal before the law and coupled this with a firm declaration that democratic institutions must be defended. His support for the Atlantic alliance was strong and categorical; his economic policy is to be based on the familiar principles of the Vanoni plan.

Signor Segni has promised to carry on with the land reforms which he himself initiated, and although he has had to make some concessions to the Liberals over peasant farm tenancies, he has not, so far as can be gathered, seriously compromised his own principles on this thorny problem. He has quieted a good many fears by reassur-



ances that no oil concessions to foreign companies will be signed until the new Mineral Law has been passed by parliament; and although Signor Tremelloni is no longer in the cabinet, the modest tax reform which he unsuccessfully tried to pilot through parliament is not to be allowed to fall by the wayside. Signor Segni has also promised to complete the constitutional structure of the Republic, and in particular to set up the constitutional court the lack of which has prevented the clearing away of a good many remains of Fascist legislation. In short, Italy's new Prime Minister has got off to a creditable start even though it has not been greeted with much applause. He deserves—although he may not get—a good run for his money.

The Bundestag Asserts Itself

THE Federal German parliament has scored a triumph over Dr Adenauer and his cabinet. The Volunteers Bill was passed by the *Bundestag* last Saturday, after being changed completely in committee. The original draft was a brief, vague blanket regulation giving power to appoint the first cadres of the German army, administration and training forces, with the provisional status of civil servants on probation. As amended, various provisions are made for control by the legislature; and appointment of colonels and generals is to be subject to the approval of a large, perhaps too large, and powerful body of public men. The rights of the *Länder* have also been observed. Christian-Democrats were among the members who asserted parliament's authority, and Dr Adenauer made no effort to prevent the drastically amended bill from being passed. Though he likes exercising his personal authority, he is anxious to secure all-party co-operation in building up the new German forces on democratic lines.

In fact, the Social-Democrats are collaborating in defence measures. They sit on the various *Bundestag* committees, whose power is very considerable. The amendment of the Volunteers Bill was partly their work, though they voted against it on the final reading, on principle. They objected to the interim measure being rushed through on the eve of the Geneva conference.

It is an excellent thing that the German Socialists should help to keep the new army under democratic supervision. But there is some danger that their efforts may lead to extreme measures which will be unworkable. If the British can counsel moderation to a country full of its new sovereignty, they should do so. Germany needs all the combined help and wisdom that it can be given.

Wool Over French Eyes

THE French army is committed to a busy future in North Africa. Already, it is containing rebellion in eastern Algeria; now it must also man Morocco's largest city, Casablanca, to prevent a repetition of fights between Frenchmen and Moroccans in which the French police had taken sides. Unfortunately, many of the men in the army's ranks are out of love with colonial operations since Dien Bien Phu; it was undoubtedly to heighten their morale that the Defence Minister, General Koenig, told them in a broadcast last week that the troubles in North Africa were not spontaneous, but "are inspired and upheld by a powerful coalition of widely varying interests." Among these interests, most Frenchmen in their minds, and some in actual statements, include not only broadcasts from Budapest and Cairo, but also "British machinations" and "American propaganda."

But no Minister talking on the air can confine his remarks to one set of ears. Is it wise thus to mislead all other French listeners, who include the deputies and voters in whose hands decisions lie, and from whom it could be fatal to conceal the magnitude and main cause of the problem France faces in Algeria and Morocco?

For the root of the trouble is neither peculiar to French territories, nor is it of foreign manufacture. It is the fever that is sweeping the whole of the world's under-developed belt as it experiences development. The fountainhead of this development is the education, good health and investment in which France takes legitimate pride, but the inescapable outcome of this endowment is a desire on the part of the pupil to run things for himself. The crux of the trouble is that newly educated men want new outlets—votes, jobs, ministerial portfolios. Fulfilment of this wish is at its least simple when the way is blocked by a posse of European settlers who once ran child-like natives, liked the job and did it well, and who do not now want to surrender their supremacy. The clash between these two elements was seen at its most naked in Casablanca last weekend, when European rioters assaulted Moroccans, and Moroccans retaliated; at least 32 people were killed and 250 wounded.

Naturally, foreign influence plays some part in fomenting these African emotions. For instance, the wartime broadcasts from the West, extolling ideals that were the antithesis of Hitler's, of course fell on African ears as well as on those of the European resistance movements. So does the postwar news from Indonesia, Libya, the Sudan and West Africa. But these foreign tidings merely oversow a field already tilled, harrowed and sown during the *lycée* education that is the backbone of France's "*mission civilatrice*." All this may sound obvious, but it needs saying more often than it is said. Otherwise, astounded British tourists will go on being accosted in French *bistros* by honest Frenchmen who ask them why Britain is "deliberately undermining" France's position in North Africa.

Transfer of Power

THE decision of the London County Council to transfer some of its powers to the metropolitan borough councils is as sensible as it is surprising—for big authorities are rarely so altruistic. The LCC is grossly overloaded, while the metropolitan boroughs are underworked; they have in fact only a small part of the powers of a county borough, yet are nearly comparable in average population and wealth. The purpose of the transfer is to help to revitalise the boroughs, which are suffering from diminished public interest.

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In principle, the right kind of services are being transferred, even if the initial list is modest. The main services affected are maternity and child welfare, day nurseries, and certain minor health services, together with the delegation (not transfer) of some aspects of planning and building control. Such services call for local knowledge and an intimate approach, yet are not among the most expensive to operate. About 3d. will be saved on the county rate, but the poorest borough will not be worse off by more than a 3d. rate, while the richer ones will gain. Standards should not, therefore, deteriorate.

Nevertheless, the transfer is bound to provoke doubts about the wisdom of this further fragmentation of the health services. For not all the functions imposed on local health authorities by the National Health Service Act are being transferred to the metropolitan boroughs. The LCC will, rather oddly, retain the duty to provide home nurses; both it and the borough councils will be employing health visitors, the former in connection with the school health service and the latter for mothers and young children; and the LCC is to retain the prevention of illness and the care and after-care of sick persons and mental defectives—in fact, all its existing mental deficiency and mental illness duties. The council stresses the importance of co-ordination, but there is a danger that a London family in distress will be subjected to the attention of even more authorities and agencies (or, worse still, will fall between them all), just when it is being realised that there are already far too many in the field. The probability that similar transfers or delegations of powers will soon be arranged for all counties suggests that the working of the social services needs to be examined, with a view to greater co-operation between them than exists at present.

Gold Coast Portent

THE defeat of the Convention Peoples' Party candidate in a by-election in the Gold Coast last week is an indication that the main opposition to Dr Nkrumah's rule, the National Liberation Movement, is now strong enough to win elections and to develop its case in a parliamentary manner. By the same token, it proves that some of its allegations against the CPP's methods of intimidation are unfounded; a comfortable majority of that small fraction of the electorate which voted felt safe to vote against Dr Nkrumah. It is true that a large police force was at hand, and that precautions on such a scale would hardly be possible in a general election. But intimidation is not a monopoly of the CPP local party organisations; hitherto the National Liberation Movement has made most of its stir by demonstrations which have degenerated at times into violence. The most constructive outcome of the election would be for the NLM to develop as a properly constituted opposition. This alone would settle allegations, made both in the Gold Coast and in Britain, that the CPP is turning the Gold Coast into a one-party state.

The NLM has a point of view and could offer sensible alternative policies if it wished. But it has hitherto been as weak in organisation as it has been noisy in voicing impracticable demands. It has called for a Royal Commission, a Constituent Assembly, and now it is asking for an expert like Sir Keith Hancock to deal with its constitutional grievances. If the United Nations decide on a plebiscite for Togoland, it is all too probable that some Ashantis will demand one, too, ignoring the fact that its status as a mandated territory puts it on an entirely different footing.

Undoubtedly, there has been too much centralisation—a legacy of efficient British rule—and some local oppression; the charge of corruption, however, can be levelled at all parties. The opposition leaders, and the Ashanti chiefs, now need to realise their responsibilities. They hotly deny that they are tribal or feudal; they can prove it by becoming a modern political party. Once they can hope to form a government at the centre, the chances are that some form of regional devolution will satisfy them.

Turn Again

AN exhibition with this pleasing title, sponsored by the Modern Architectural Research Group, was opened last week in the Royal Exchange by the Lord Mayor of London. Its object is to protest against the low architectural standards so woefully evident in the rebuilding of the City of London, and its method to show photographs of what has been done elsewhere with public buildings and offices. The bus station in Dublin, offices in Milan and New York, the railway station in Rome, the Peter Jones building in Sloane Square, are all there to point the moral.

The Minister of Housing has lent his support to the protest with a letter to the Lord Mayor. He points out that although buildings that fill in gaps have to be in keeping with their older neighbours, when rebuilding large derelict areas there is no such limitation. "The opportunity is there of exciting modern conceptions planned and executed on the grand scale." Why is it that the opportunity has so far been missed? How, after all the talk about new architecture, all the visions of better cities, have architects been found to produce massive neo-Georgian blocks that might have been designed in the thirties?

The blame must be laid partly on the City Corporation, which has been far too ready to accept any designs that were submitted, provided that they conformed to its rulings about height and so on. It has also allowed piecemeal development, and permitted individual developers—as a compensation, perhaps, for waiting so long for their licences—to build for the maximum amount of floor space and with little regard for any other consideration, even that of relieving traffic congestion. This piecemeal building, however, is giving place to comprehensive projects for areas of several acres, under the corporation's guidance; the area round St Paul's is being planned as a whole by Sir William Holford. Moreover, under the constant lash of the Royal Fine Art Commission, and of publicity such as the Modern Architectural Research Group exhibition provides, there is hope of an improvement in designs. But the fair vision of a new City is sadly impaired.

Summer in Brussels

M. SPAAK has lost no time in organising an array of committees and sub-committees to investigate the ways and means of carrying out the Messina decisions on further economic integration in Europe. Except for a fortnight's breathing spell in August he will keep the experts hard at it all summer, a necessary punishment if the deadline of October 1st for the final report is to be met. Each Tuesday a steering committee presided over by M. Spaak and composed of representatives of the Six, a British representative, and an official observer from the High Authority of the Coal and Steel Community will review progress and give new instructions to the subordinate committees that are studying the practical possibilities of further integration in transport (including air transport), conventional power, and atomic power, and looking more generally at the issues involved in the establishment of a broad common market.

The British position at the meetings is different from that of the other participants, in that the British Government has not accepted the "goal" of economic integration which the Six endorsed at Messina. M. Spaak has explained that the British members are neither "delegates" nor "observers," but "representatives"; a position which although neither definitive, nor unique, seems to satisfy everyone.

Although supra-nationality has of late been played down, the Benelux countries make no secret of their belief that any serious attempt to integrate Europe economically means more of that strong medicine. As yet, however, there are no hard and fast positions; but there is enough conviction that some new steps are necessary to carry the conference profitably, if warmly, through the summer. And the appearance of Professor Hallstein at the opening session to underline German support for the "European" approach of the Benelux countries strengthened the prevailing feeling that the Brussels meetings will be something more than a mechanical review. As the establishment of WEU showed, once the need has been demonstrated and stultifying preconceptions have been broken down, there is still the will, and the ingenuity, to experiment with new forms of organisation.

The Perils of Perón

THE situation in Argentina remains unstable enough to alarm neighbouring Uruguay, but it is clear that President Perón is trying both to retain power and to conciliate those forces that nearly overthrew his regime on June 16th. At first it appeared as if the president might be reduced to a transitional figurehead in a government essentially run by a *junta* of officers headed by General Lucero. Several ministers closely identified with *Peronismo*, among them Sr Borlenghi, Minister of the Interior, and Sr San Martin, Minister of Education, were dismissed. On July 5th, moreover, President Perón appealed to his political opponents for an "armistice," and ten days later he went so far as to promise that political freedom would be restored. At the same time, the Argentine government let it be known that it was prepared to negotiate with the Vatican for a concordat, that its anti-Catholic campaign would be quietly dropped and that steps would be taken to punish the "Communists" who had set fire to nine churches.

But beneath an outward show of conciliation and a genuine effort to ease tension in a bitterly divided country there is President Perón's obvious intention of regaining power. Once before, after troubles had broken out in April and May, 1953, he showed that negotiations with the opposition could be used to gain time. No doubt President Perón owes his present salvation to the army and has respected its wish that he should end the church-state fight. But the army is divided within itself and is in no position to take over the government or to deal with the pro-Perón General Confederation of Labour. The Radicals, moreover, who are now the only organised opposition party of any importance, are traditionally anti-clerical and cannot make a common front with Catholic interests. It is these divisions among his opponents that have allowed President Perón to return to some of his old ways; once again demonstrators are being arrested wholesale, alleged Communists are being mishandled by Peronista police, and Admiral Olivieri, implicated in the revolt of June 16th, is being held in close captivity.

It is not easy, even in Argentina, to promise freedom and then revert to all the trappings of dictatorship. But unless President Perón's opponents cooperate and channel public unrest towards a genuine call for reform, *Peronismo* may weather yet another crisis.

Economic Realism in Belgrade

THE Jugoslav government is to be congratulated on the resolution and good sense with which it is now tackling its economic problems. These are, indeed, serious and urgent. In particular, the balance of payments crisis has grown worse; during the first five months of the year exports were 2,200 million dinars lower than during the corresponding period of 1954, whereas, according to the planners, they should have increased by roughly that amount. There have been some increases in industrial production, but the prospects for any further increases are admitted to be gloomy because exchange difficulties are holding up imports of essential industrial raw materials.

Last week the Jugoslav authorities decided to increase the price of bread, flour and tobacco, to remove the subsidies on fats and to raise railway fares. Wages, pensions and children's allowances are to be increased, but the government, anxious no doubt not to increase inflationary pressures, does not pretend that these will do more than partially offset the higher prices. Its chief aim is to reduce food imports—and its present dependence on American generosity—and to build up agricultural exports. It hopes that the increase in the price of bread, which has been kept disproportionately low, will both stimulate grain production, which even in years of good harvest has remained below the prewar average, and gradually encourage the Jugoslav people to vary a diet that at present contains a very high proportion—69 per cent—of bread. The subsidies on fats have in practice served to increase consumption rather than stimulate production; it is hoped that their removal will eventually lead to a reduction in fats imports, which now amount to some 33,000 tons annually.

It cannot have been easy for the Jugoslavs to introduce measures which, whatever their welcome from the farmers, can hardly be popular with town dwellers already grappling with shortages and an alarming increase in the cost of living. Nor can it have been easy for a Communist government to admit openly that the full operation of the free market would help to solve its economic difficulties, and that the abolition of "administrative interference" would, in the words of Mr Vukmanovic-Tempo, Jugoslavia's chief economic expert, "favourably influence production and trade." It remains to be seen whether the government's economic realism has gone far enough—in particular, whether the peasants' tenacious suspicions are yet dispelled. But at any rate agriculture is no longer to be the Cinderella of the Jugoslav economy. It is receiving an increasing share of investment, and next autumn a special session of the federal parliament will consider measures for agricultural development.

Economising on Remploy

THE unhappiness of the halt, lame and blind offers excellent opportunities for political indignation, and the debate on a motion criticising the Government for restraining Remploy from taking on more disabled persons contained a few fine emotional passages. But industry in general employs hundreds of thousands of people with some degree of disability; Remploy is simply an organisation—really part of the social services—for running 90 small factories to give work, and above all self-respect, to some 6,000 "Section II" disabled people who need specially sheltered employment. Nor is this a fixed figure, for many who start in Remploy factories are fitted to move on to "unsheltered" industry. The burden of the Opposition case was that there are still many disabled persons who could only hope to find employment in a Remploy factory—perhaps another 3,000—but who are kept out by the Ministry of Labour's failure to expand the scheme. It was, indeed, admitted in the course of the debate that another 50 factories might be needed, since disabled persons are scattered all over the country and even the existing wide distribution of Remploy factories is not wide enough.

But before Remploy can be expanded, there are a number of questions to be asked. The number of registered disabled persons is falling—has been halved since 1948. It does not follow that every disabled person could take a job even in Remploy if one were available. The Ministry of Labour's decision to make a survey of the numbers of unemployed disabled persons before siting new factories or incurring greater costs—and it costs £6 to £8 a week to employ a "Section II" cripple—is obviously the right one. The survey should be published, and then a debate may be useful. Meanwhile Remploy is employing more people than ever, except for the short period early this year in which numbers rose to 6,500.

How Many Colonial Universities?

SOME wise and restraining words have been said about proposals to establish new universities in the colonies by the Inter-University Council for Higher Education Overseas in its recent report (Cmd 9515). The political or racial reasons for setting up a new college in the Eastern region of Nigeria as a counterpart to Ibadan in the west, or for creating a specifically "Chinese University" in Singapore, are painfully obvious. But they are not necessarily associated with the need to train a professional cadre and to maintain academic standards. As the Inter-University Council points out, local pride and support are essential to the success of a university, but too many institutions, set up for the wrong reasons and competing for scarce resources, could gravely injure an enterprise of whose remarkable success the council has no doubts. The new universities and colleges are expensive, especially in the initial stages when the capital costs are being incurred and the ratio of staff to students is high, and they need all the money available for higher education whether from benefactions or government grants. They need to grow to keep alive; if the present impetus were lost, the best men would leave and a deterioration in quality, of which the council is in some respects the jealous guardian, would set in.

This would be a tragedy; for the high standards achieved by the "special relationship" between the colleges and London University is the real guarantee that in years to come the colonies will be served by administrators and technologists of firstrate abilities, with degrees accepted everywhere in the world. The importance of this is indicated by the dubious status of the degrees awarded by some Indian universities. Therefore the colonial colleges need to be sustained by money and care, and preserved (the council notes) from improper pressures or from being overstrained by tasks at present beyond their strength. The council does not think that higher education in the colonies is unduly dear, and it resists comparisons with the cost of training colonials in Britain; moreover it believes that the cost per student will decline as facilities improve and as the new secondary schools turn out more pupils of university calibre. But it has no doubt that "another quinquennium" of capital assistance from Britain will be needed—and that it will prove amply worthwhile.

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Books *versus* Publications

THE London Library provided the right background for Sir William Haley's complaint this week that reading was killing reading: that reports, documents, memoranda of all kinds were consuming the time and the eye-strength of that part of the community which is traditionally nourished on good reading. The Victorian men of affairs who created the London Library one hundred and fourteen years ago were well read besides being well informed in their own specialities; today that becomes an ever harder feat.

In so far as it is still possible, the London Library provides

the means. It possesses one of the largest areas of open library shelves anywhere in this country ; it is easier to skim and skip—which Sir William thinks the worst of modern literary habits—while strolling along its shelves than anywhere else. Its indexing is historical rather than scientific, as is shown by a glance through the recently published fourth volume of "The Subject-Index of the London Library" (listing accessions from 1938-1953). For the London Libary existed before the Dewey classification ; it adheres to the spelling "Corea," and it refuses to admit that Imp. Moskovskoe Arkh. Obsch. may have been replaced by a less regal institution.

To turn the pages of the index is to realise how much worthwhile reading cannot be got into a lifetime even unencumbered by departmental memoranda. But bibliophiles are unprepared to face the ineluctable facts of mortality. There are now over 5,000 members of the London Library, and its annual meeting, over which Mr T. S. Eliot presided with aquiline asperity, had to pass a rule "that no member shall be allowed more than 40 volumes in all at any one time."

Split Atom Conference

THE special session of the Soviet Academy of Sciences devoted to atomic energy was not, after all, attended by as many foreign delegates as originally expected. Of the 42 invitations to Moscow sent out, only half were accepted. There were the inevitable representatives of the members of the Soviet bloc, including atomic scientists from Mongolia and Albania. A mixed group from the outside world embraced Egyptians and Israelis, Iranians and Burmese, in addition to the more important delegations from India and Japan. Non-Soviet Europe was represented by Norway and its two neutral neighbours, Sweden and Finland, as well as Jugoslavia ; and with two Austrian scientists arriving at the last moment, the "neutrals" were there *en masse*.

Other western scientists, however, were conspicuous by their absence ; even the Germans did not go in the end. The invitations were sent out in a hurry and the whole thing was organised in a rush. If the aim of the Russians was to steal a march on the West on the eve of this week's "summit" conference, then they met with only limited success, partly, no doubt, because both sides are in any case to meet at the United Nations atomic conference in Geneva next month. It is to be hoped that there East and West will not be split in the same fashion.

Havana Whiffs from Moscow

HIGH marks for ingenuity must be given to the Russians for their latest attempt to get round the blockade on strategic goods. At Geneva last week the Soviet representative on the United Nations Economic and Social Council suddenly produced the long-discarded butt of the 1948 Havana Charter, and offered Russian co-operation in setting up the International Trade Organisation (ITO) that it envisaged. Russia was not even one of the 53 countries which signed the Charter, and it has been ratified unconditionally by only one of these (Liberia).

It was probably Articles 20 and 22 of the Charter which attracted the Russians' attention. These dealt with the elimination of quantitative restrictions and the removal of discrimination, and no doubt the Russians interpreted them as forbidding the sort of controls which the West applies to the export of strategic goods to the Communist bloc. But if they had delved deeper into the Charter they would have found that Article 99 specifically allows a member to do things contrary to the Charter "for the protection of its essential security interests." It is also unlikely that Communist countries would be willing to accept Article 39, which deals with the provision of prompt and full information and statistics to the organisation. And they would certainly have difficulty in abiding by the articles on state trading and on restrictive business practices. Indeed, the provisions of the Charter are so thoroughgoing in their liberalism that even in the free world few countries nowadays find them wholly acceptable.

The ITO was stillborn, but the newly-created Organisation for Trade Co-operation (OTC) should soon be fulfilling many of its functions. There is no reason why the Russians and their satellites should not become members of this new organisation and subscribe to the rules of Gatt. At present only Czechoslovakia among the Communist countries is a signatory. If the Russians have suddenly become converted to the doctrines of free and multilateral trade, it would pay the West to urge them to join not only the OTC and Gatt but also the International Monetary Fund and the World Bank. Indeed, while their Manchester school mood lasts, it might be worth while asking them to quote the rouble at a more realistic rate.

The Press and the People

The Press has become the leading power in the State, and its responsibilities are equally great. To trifle with great truths, to joke at public misfortunes, to fritter away by levity an earnest sentiment, to sneer down an individual, or wilfully to misrepresent, whether by innuendoes or plainer speaking, the acts of public men, is to commit an offence. To correct the offence is the duty of the people, and, if they neglect it, they take on themselves the responsibility of encouraging what is forbidden, and suffer, in weakened moral perceptions, in inefficient services, and in neglected duties, the consequences of their fault. Only to the people can the Press be responsible. To make it responsible to law or to Government, so far as any law has yet been framed for this purpose or any Government has taken the matter in hand, is to destroy the freedom of the Press and make it worthless. It is, therefore, the duty of the people to make the Press what it ought to be. In the sale—the encouragement or the discouragement of any particular kind of writing by the public, lies the true mode of correcting the faults of the Press. Like every other part of society, it is referred in the last result to the tribunal of public opinion and the rewards of the public markets ; and as these are, so will be the punishment or the reward of the Press, and so will the result be for the nation good or evil.

The Economist

July 21, 1855

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Letters to the Editor

Finance of Nationalised Industries

SIR—The steep increase in the price of coal should make us examine the methods by which the nationalised industries are financed. It is obviously important that we develop the most economical sources of fuel and power and put those sources to the best use. The amount of capital available to particular industries and the terms on which it can be obtained are therefore matters of general concern.

We intend, it seems, to spend about £25 million this year on works and machinery connected with the production of atomic energy. This money will be found directly by Government grant and is presumably free of any liability for interest or repayment. It is likely that £100 million, on the other hand, will be spent on collieries not for one year, but annually over the next few years. In so far as this cannot be found by the Coal Board it will be advanced by the Ministry of Fuel and Power, from whom the board have already borrowed £200 million. No explanation has been given as to why these sums are considered correct for the two industries in the current year, nor has any comparison been offered of their long-term capital developments. Indeed the Minister of Works is responsible for Atomic Development and the Minister of Fuel and Power for the provision of capital for the Coal Board. How far have they co-ordinated their plans or methods of finance?

The gas and electricity industries seem to finance themselves either by borrowing from the banks (in defiance of the Chancellor's general financial policy) or by issues at the gilt-edged rate backed by a Treasury guarantee. The oil companies finance themselves from their own resources or by public issues at the market rate.

Until there is a more closely co-ordinated capital programme (which incidentally should include the railways) and a more uniform method of finance in the nationalised industries, which at least can be compared to that available to private industry, we cannot be sure that we are making the best use of our resources.—Yours faithfully,

House of Commons J. GRIMOND

Tax Gatherer's Oyster

SIR—Far from supporting the thesis quoted from the report of the Royal Commission on taxation that this country "is already investing abroad more than it can afford," I would submit almost exactly the opposite contention. This country cannot indefinitely afford to see its citizens denied the freedom to choose the most profitable form of investment wherever it may be found.

The very existence of exchange control restrictions testifies to the urgent desire of capital funds to seek investment abroad, in spite of the second main deterrent—a system of taxation which in general discourages operations overseas as compared with most foreign-owned enterprises.

Obsession with considerations of balancing our overseas payments over the short-term future, partly derived from unrealistic political and social conceptions, tends to canalise savings into the support of outmoded or chronically inefficient industries at home whose long term yield to the national economy may be less than that of investments in industries situated overseas. The continuance of this restrictive policy will certainly lead to a further diminution of the outstanding contribution once made by British banks, insurance, trading and transport companies in handling capital projects abroad, where the capital is provided by foreign investors, or, as was formerly often the case, in conjunction with British capital resources. Suppose, for instance, that further investment in the British coal industry had been preferred some twenty years ago, to the exclusion of the development of Middle East oil by British capital, what would be the state of our balance of payments today? Other new developments, perhaps of equally dramatic impact, may be being lost to the nation through insistence on the notion expressed by the Royal Commission.—Yours faithfully, J. A. L. TIMPSON

Great Waltham, Essex

Borrowed Plumes

SIR—I feel I must protest at the very sweeping statement "dry cleaning is avoided whenever possible because it damages the fabrics" in the article of your July 16th issue.

It has been proved many times that the most constant source of damage to fibres in clothing fabrics is wear and dirt. It is estimated that approximately 1½ oz of dirt is extracted from a man's suit during dry cleaning after normal wear. Although I would not suggest that the top-hatted gentleman at Ascot succeed in collecting as much dirt as that during one day's racing, I would point out that even a small amount of dirt and dust left in a suit can harbour germs and also become an appetising hors d'œuvre for the moth. Clothes which have been cleaned are far less likely to be attacked by moth than those which are dirty because although, as is generally known, wool is a delectable dish to these pests it is that much more so when served with a little dirt as well.

One of the largest and certainly the most famous of all the dress hire firms have gone a step further in protecting their "assets" by establishing their own dry cleaning works, where they clean their hire garments after every wearing. This is not only in the interests of hygiene, but also because it helps to prolong the life of these garments. In fact they clean their hire clothes for sound business reasons and not merely to impress the customers.

Dry cleaners are the first to admit that they may have problems which arise from dyes or finishes which are employed by manufacturers and which have not been properly tested before being put on the market, but despite the publicity so often given to these minorities most garments pass through the dry cleaning works without any trouble. The chief complaint of customers is that their clothes "feel poor" after cleaning whereas in fact the dry cleaning has in no way affected the fabric, but merely removed a relatively considerable weight of dirt and perhaps some loose fibres which were either caused during wear or remained after manufacture.—Yours faithfully, VERRALL DUNLOP

London, S.W.5

Vexatious Metal

SIR—Your New York correspondent in the issue of July 9th, in discussing titanium, discusses its great importance to the aircraft industry in particular and defence in general and points out the sad fact that such an important metal is so costly to produce.

It might be of interest to your correspondent and readers to learn that The Shawinigan Water and Power Company, a Quebec corporation and one of the largest producers and distributors of hydro-electric energy in the world, through one of its subsidiaries, has succeeded in producing high-grade titanium metal experimentally on a small scale by electrolytic means. Development work has now been advanced well into the pilot stage. The process has promise of greatly reducing the prohibitive cost of producing a pure metal in quantity.

The importance of this research cannot be overestimated. Should it prove as successful as is expected, it will open the way for considerable development in the production of supersonic aircraft and possibly provide the west with a significant margin of technological development so essential in the present armaments drive.—Yours faithfully,

J. A. LOCKHART

Dominion Securities Corpn. Ltd., Victoria, B.C.

Books & Publications

Armaments Alliance

NORTH AMERICAN SUPPLY. *History of the Second World War: United Kingdom Civil Series.*

By H. Duncan Hall.

Her Majesty's Stationery Office and *Longmans.* 575 pages. 35s.

AT first sight the latest title in the civil war histories is not an encouraging one for the general reader. North American supply cannot, one feels, have the same appeal, or awaken the same memories, as earlier volumes in the series dealing with the trials of evacuation, illegitimate babies and the care of the homeless.

Nevertheless Mr Duncan Hall is to be congratulated upon producing a most readable and interesting book. The main difficulty with which he was faced was that he had to develop three themes at the same time: the North American Supply programme itself; the steps taken by President Roosevelt to prepare the United States for war; and finance, or what is now called "the dollar gap." Sometimes, finance was the overruling factor, as it was before Lend-Lease and after VE Day; sometimes, as in the later months of 1941, the American Administration's wish to develop its own war production potential. Seldom was the actual North American Supply programme the main source of difficulty. Mr Duncan Hall has dealt with the problem of how to handle his material by trying to keep the three subjects separate. This is probably as good a way as any to go about it, but it leads to some confusion about dates.

The story is divided into five periods. The first, before Dunkirk, was the period of hesitancy. The United States was neutral. Neither Canada nor the United States had any important armament capacity. Mr Hall is quite polite about the achievements of this period, but, in fact, they were small. Some machinery was set up, such as the British Supply Board in Ottawa (which did not last), and, more important, Purvis, as head of the British Supply Mission in New York, started the now famous combination with Morgenthau. The second and third periods—Dunkirk to Lend-Lease and Lend-Lease to Pearl Harbour—are the most dramatic and most interesting. After Dunkirk a number of important decisions were taken to help meet the situation created by the evacuation of the British Army and by the fall of France. The transfer of $600 million of French orders for aircraft, etc., the sale of the US Army surplus stores and the destroyer-bases deal were both important in themselves and showed the world how the United States was facing the over-running of Europe by Hitler.

But Mr Hall quite rightly emphasises that the important change in this period, as well as during the months between Lend-Lease and Pearl Harbour, was that the United Kingdom took its decision to spend its dollars fast, and Purvis, Monnet, Salter and Layton were working on both sides of the Atlantic on massive armament programmes designed to use American and Canadian capacity to the full, with a fine disregard about who might use the aircraft and weapons produced. In this they were encouraged by the President and, among his advisers, notably by Hopkins, Morgenthau and Stimson. This was the start of combination on the supply side. Later, with the financial problem solved by the Lend-Lease Act in the United States and in Canada by the billion dollar gift and Mutual Aid, the combination began to get going. These chapters concern themselves with how far a country at peace can go to prepare for war. They are intensely interesting and show the speed with which the American supply programme took shape and the part which the United Kingdom played in both its size and formation. As far as supply is concerned, the pattern was formed before Pearl Harbour and before the Combined Boards were set up.

Next comes the Grand Alliance and the Munition Harvest. Mr Hall is fair, even complimentary, to the Combined Boards and the way in which they functioned. His description of them as "traffic junctions of special importance" is apt. They were useful and necessary pieces of machinery, but never the overriding authorities they were set up to be. Their virtues and limitations are discussed at length and should provide a sound guide to what can and what cannot be done if ever America and Britain are again called upon to be partners in total warfare.

The size of the munition harvest and what it meant to Britain is well set out in a series of tables in Chapter X, which also shows the figures of British production and reciprocal aid. Mr Hall wisely refrains from trying to assess the principle of equal sacrifice in terms of American and Canadian dollars. He is content to quote Lord Keynes's view that Lend-Lease was "an act of unprecedented liberality." The volume concludes with a description of the end of Lend-Lease and of war supplies from the United States. As we know now, this was not the end of the story of combination; "the dollar gap" came back again and remains with us.

All in all, "North American Supply" is a success story. But would it have worked without the particular personal combinations that made it succeed—Churchill / Roosevelt, Dill / Marshall, Purvis, Morgenthau, Harry Hopkins and many others? It was certainly not any similarity of British and American political institutions that brought it about. One is left with the impression that it was men, even more than circumstances, that enabled two such different political temperaments to reach such a fine measure of combination.

Pictures of Russia

STALIN'S RUSSIA AND AFTER.

By Harrison Salisbury.

Macmillan. 338 pages. 21s.

"IS it now permitted for Russians, too, to take pictures in Moscow?" one Muscovite asked Mr Salisbury several months after Stalin's death. The *New York Times* correspondent, who was taking innocuous snaps in the showpiece Red Square, was struck by the situation. His record of Russia from March, 1949, to September, 1954, brings out the striking changes that followed the old master's death, but reveals also how much did not change. Photography might be officially permitted, but he was still pounced on by police or MVD men when he used his camera. People looked rather less grim in the street, but he had not acquired a single Russian friend when he left, and his wartime friends cut him dead in 1953 as in 1949. He frankly admits how much any observer is limited by this kind of *apartheid.* Yet there is much to be learned from his book, not the least interesting being the items the Soviet censors slashed from his cables.

His open eyes brought him such intriguing sights as the Muscovites who wound their daily milk queue round a church so as to worship unobtrusively; the £1,750 mink coats and £3,225 earrings offered for sale by state stores, alongside oranges at 4s. each (until the end of 1953 the censors cut all prices out of his dispatches); the hysteria that greeted the *Comédie-Française* visit in 1954 and apparently scared the government away from such experiments. He learnt that Moscow followed murder cases, especially when "good families" were involved, with a passion undiminished by total silence in the press. Just after Stalin's death he plodded the streets and found that MVD troops had sealed the capital completely—a show of power which, he suggests, made it inevitable that Beria's rivals would seek the first opportunity to bring him down. He travelled wherever and whenever he could get permission, finding, at a supposed centre for young volunteers tilling "virgin land," only collective farms dead drunk from the chairman down, and finding Birobidjan, the "Jewish" republic, lacking in Jews but thick with MVD men who, however, fled whenever he pointed a camera at them.

The ladies with parasols, veils and white gloves on Volga steamers, scandalised at the way fourth-class deck passengers were treated, and the army officers who had their men build them cottages opposite the one Mr Salisbury had rented fifteen miles outside Moscow, showed him how widespread was the urge among the new upper classes to escape into *bourgeois* privacy. But a journey through Siberia last summer provoked grimmer reflections. There he found little sign of the "new freedom": in Khabarovsk the MVD openly ruled, unconcernedly using "corrective labour" under tommygun guard in the centre of the town, providing a "taxi-driver" who had not bothered to shed his uniform trousers; in Yakutsk and elsewhere, young men silently drank themselves into oblivion ("But what else is there for them?" one Russian asked), and the police let them lie in the streets as a matter of course. It seemed to Mr Salisbury to matter little whether one was a "corrective" prisoner, a "directed" worker or a "volunteer"; Siberia itself was a scandal, and disputing the numbers in slave labour camps was like arguing about angels dancing on a needle. His careful eye-witness reports depressingly confirm his judgment.

Shortest History

BIOGRAPHY OF A NATION: *A Short History of Britain.*
By Angus Maude and Enoch Powell.
Phœnix House. 224 pages. 12s. 6d.

BOTH authors were born in 1912 and, after war service, became Conservative members of Parliament in 1950. Mr Maude has specialised in economic and social research and is joint author of "The English Middle Classes." Mr Powell is a classical scholar and a poet. From such a pair one would expect sound scholarship and good writing, which one gets, but it is a pity that they imposed such narrow spatial limits on themselves. Surely anyone who is prepared to read a "Short History of Britain" at all is prepared to read 400 pages of it. The narrative fares well enough in the early periods and the account, for example, of the evolution of parliament in the thirteenth and fourteenth centuries could not be bettered; but in the latter part of the book the determination of the authors to pack a maximum of fact into a minimum of space makes for dry reading.

The authors explicitly limit themselves to political and constitutional history: "All else is chronicle." They are particularly interested, first, in the relationships between the different peoples within the British Isles and afterwards in the build-up, evolution and disintegration of the British Empire. Thus they would appear to justify Chamberlain's surrender over Czechoslovakia on the ground that a decision to make it a *casus belli* would have been rejected by some of the self-governing dominions and thereby broken up the Commonwealth.

The authors incline to the fashionable heresy that Henry VII was responsible for the deaths of "the princes in the Tower," and in a footnote give their blessing to Grimod's theory that Saint Joan was a member of the French royal family and was never burnt. Such lapses from sobriety are, however, exceptional. The account of eighteenth century politics seems rather pre-Namierian, and Napoleon III was not responsible for adding Algeria to the French Empire. The last pages of the narrative, which carries us down to 1950, have a pleasantly acidulated flavour.

Making a Choice

UNCERTAINTY IN ECONOMICS AND OTHER REFLECTIONS.
By G. L. S. Shackle.
Cambridge University Press. 281 pages. 25s.

PROFESSOR SHACKLE is perhaps best known for his account of how an individual chooses in the face of uncertainty, when the risk involved is not of the insurable kind—how, for example, the business man makes his decisions about investment. In this collection of essays, mostly of recent date, those of Part I serve to amplify the argument of "Expectation in Economics," published in 1949, and, in particular to meet the objection of those critics who assume that behaviour is rational only if actuated by the principle of maximising the mathematical expectation of gain. It is cogently argued by Mr Shackle that, in the typical choice situation that confronts the business man, there is no case for regarding such a way of choosing as rational, and that in fact quite a different psychological process is at work, a process, incidentally, that does not involve the complex calculation on the part of the chooser implied by the theory he rejects. From this there emerges a view of the nature and role of profit that is most persuasive though not as yet widely accepted by economists.

In Parts II and III a number of topics are considered, such as interest and its relation to the pace of investment, and the general theory of employment. Unlike the bulk of the essays, these chapters are not easy reading for the non-mathematician, and will appeal only to specialists in these areas of economic theory. But the essays of Part IV are addressed to a wider public, including economists whose interests are primarily in the field of pure theory as well as those who are interested in the application of theory to current problems.

Those who have read these essays before in various learned journals will find that they have lost none of their stimulating freshness. Any who meet Mr Shackle for the first time in this book have a treat in store, even should they be unable to go with him the whole way in his theory of behaviour under uncertainty.

North of the Tweed

THE FLAG IN THE WIND.
By John MacCormick.
Gollancz. 222 pages. 13s. 6d.

THIS book is not, as its subtitle claims, the story of the national movement in Scotland. It is in fact Dr MacCormick's account of the part he has played in that movement since September 1927 when, as a student of Glasgow University, he and two friends founded the Scottish Nationalist Association. He may feel that the case for some measure of devolution for Scotland has been set out fully enough and recently enough by himself and many others so that a restatement is unnecessary. Nevertheless, the result is that the book is very slight and the uninstructed reader would find it hard to discover what all the fuss was about.

Scottish readers who have taken any interest in their country's affairs in recent years will learn little that is new to them. For non-Scottish readers the book gives an interesting and attractively written account of the author's activities and the various organisations which he has been connected with or helped to found. Dr MacCormick has pursued his aims with studied moderation and the true political art of "the possible." He has realised that the overwhelming majority of Scots reject any solution on the Eire model. Loyalty to the Crown is sincere and though the Westminster Government is at times exasperating in its ignorance of Scottish conditions and susceptibilities, or wilful blindness to them, there is little real anti-English feeling. On the other hand, he has been quick to see that Scotland had a real grievance as the power and activity of the central Government extended further into all aspects of the life of the nation north of the Tweed.

The signing of the National Covenant by over two million Scots, which is the high point of Dr MacCormick's career to date, cannot be played down as being entirely insignificant. Without question it was one important factor in determining the Government to set up the Royal Commission on Scottish Affairs. Dr MacCormick ridicules the report, but in fact it asserted the importance and reality of Scotland's nationhood as emphatically as he does himself and its recommendations were not confined to roads, JPs and animal diseases. It suited nationalist propaganda to say so and it probably suits Whitehall to allow that impression to remain. Thoughtful and patriotic Scots including Dr MacCormick might now read the report again and remind the new Government of the other recommendations and the spirit that gave rise to them.

The author does well to reproduce newspaper articles showing that the "nationalist" movement in Scotland is not an insignificant affair of a few irresponsible agitators, but has a wide if ill-defined support. Of particular interest to English readers is the fact that the highest court in Scotland through the judgment of the Lord President has found that Parliament is not unlimited in its sovereignty under Scottish Law and that the "entrenched" clauses in the Act of Union of 1707 remain entrenched so far as the law is concerned.

Economists' House Party

TRADE, AID, OR WHAT?
By Willard L. Thorp.
Johns Hopkins Press (London: *Geoffrey Cumberlege*). 239 pages. 36s.

FOR economists, particularly those in the public service, who find the pleasures of holidays pall when there is no opportunity to "talk shop," the Merrill Centre at Southampton on Long Island must run heaven a very close second. For here, each summer for the last two years, Willard Thorp, a former American Assistant Secretary of State for Economic Affairs, has gathered together forty to fifty economic experts from government, from business, and from the universities to bathe in the Atlantic, to play tennis and golf, to sit in the sun, and to discuss economic problems of immediate concern to the world. Americans have been in the majority, but an effort has been made to have the conference representative of other countries as well as of diverse economic persuasions.

The broad topic for consideration during the summer of 1953 was "Trade, Aid, or What?" the emphasis throughout being on American policy in the three fields of trade, exchange rate policy and foreign investments. In this book Mr Thorp has sought to bring together in readable form the principal ideas that emerged during the eight weeks. But the book is neither a record of discussions nor a statement of agreed conclusions. It is a reflection of a seminar. As such, it sometimes reflects the tendency of experts to become intellectually intrigued with the exceptional case. This tendency to argue the obscure point and to leave obvious ones to be assumed diminishes the book's value for the general reader. It is a matter of personal taste whether the reader with background information about the questions discussed will be encouraged or discouraged by the informality of the book's presentation.

This book, which if read through quickly is stimulating in the same way that a week or two at the Merrill Centre must be stimulating. But it would be a lot more fun to be a part of the discussion, and to sit in the sun.

Social Poet

THE POETRY OF CRABBE.
By Lilian Haddakin.
Chatto and Windus. 175 pages. 12s. 6d.

IT was in what one is accustomed to think of as the Romantic era that George Crabbe achieved fame. He outlived Keats, Shelley and Byron, dying in the same year as Scott; and as late as 1825 Hazlitt (who himself had no use at all for Crabbe's poetry) recorded that he was "one of the most popular and admired of living authors."

This is a salutary reminder that the standards of literary taste established in the eighteenth century were not suddenly dissolved by the emergence of poets with very different aims and techniques. Crabbe in his youth was patronised by Burke and Charles James Fox; and it is worth recalling that Fox read the copy of "Lyrical Ballads" which Wordsworth sent him with great interest—passing over without comment, however, all the poems later acclaimed as highly original, and singling out for praise those imbued with considerable social realism.

In his early days Wordsworth was as interested as Crabbe in making poetic use of the everyday lives of people in very ordinary circumstances. The exploration of his own mind, however, became more and more absorbing, and his theories led him to idealise the peasantry, though not of course to pastoralise or prettify them. Crabbe, whose revulsion from sentimental pastoralism was explicit, kept tenaciously to social themes throughout his life. He knew his own limitations and never went beyond them, contenting himself with the heroic couplet as his standard measure and with narratives of daily life as his staple material.

He was by no means a dull or insensitive poet. His great regard for truth extended beyond the accuracy of his observation of human types and natural objects; it informed his whole style, which aimed at actuality of relation and the avoidance of emotional distortion. In this book Mrs Haddakin has subjected Crabbe's poetic method to very careful and intelligent analysis. Her purposeful style—she keeps her eye strictly on the matter under examination—suggests that she is temperamentally as well as intellectually well equipped to deal with Crabbe. Whether her relentless eschewing of biographical frills will commend her study to the general reader is doubtful. However, brightly written lives of literary men are so much more common than sustained pieces of serious criticism that it would be ungrateful not to acknowledge the solid merits of this book.

Where the Legions Marched

ROMAN ROADS IN BRITAIN: *I. South of the Foss Way—Bristol Channel.*
By Ivan D. Margary. *Phoenix House.* 255 pages 42s.

PLEASURE for the plain countrygoer and good scholarship for the scholar are not often so happily combined as in this book. Even the pent townsman, riding his bus westwards from Oxford Street over the "high sighting point" at Notting Hill to Shepherd's Bush and Goldhawk Road, can catch something of the magic that Mr Margary distils from diggings, old records and those twentieth-century probers of the past—air photographs (of the eight reproduced in this volume, those of the Foss Way in Gloucestershire and of the Winchester-Silchester road will excite the most sluggish imagination). A Roman road marched like the legions themselves, purposeful and not to be diverted from its purpose either by difficulties or by enticements; but, unlike some of the pre-Roman tracks of Britain, it did not deliberately swing from one peak or ridge to another, and we have had to wait for the air age to reveal the full breathtaking sweep of its line across the gently rolling English countryside to the faint horizon.

Mr Margary has produced the first full and systematic survey of our Roman roads since Thomas Codrington's "Roman Roads in Britain" was published in 1903. Codrington had no aerial aids, but, as Mr Margary somewhat ruefully points out, he followed the course of the roads in his gig where no motor-car can now go, and in the intervening fifty years urban development has continued to make the explorer's task more difficult. However, the destruction done by Saxon farmer and enclosing landowner only makes the task of the modern detective more challenging and more rewarding: Mr Margary remarks, revealingly, that "where the roads have remained in use there is usually much less of interest to be found." The laziest tourist may share in this fascination, and this is a book not only for the shelf, but also for the little compartment beside the dashboard.

Studies in the Functions and Design of Hospitals

The Report of an Investigation sponsored by the Nuffield Provincial Hospitals Trust and the University of Bristol

This report is by a team which made five years' practical and theoretical research into the design of various departments in general hospitals and into ways of organizing work in them. The team included a doctor, a nurse, architects, an historian, and field workers. The approach has been predominantly architectural and the report is fully illustrated. 63s. net.

OXFORD UNIVERSITY PRESS

PROGRESS IN ELECTRONICS

Many of the fantasies of science fiction writers are being brought nearer to reality by a new invention known as a transistor. This is a tiny device which has a similar function to a radio valve, but which operates on an entirely different principle.

The basis of the transistor is purified germanium, an element whose peculiar properties permit the close control of the movement of electrons within its structure. In this respect it differs from the radio valve in which electrons are controlled within a vacuum.

The transistor needs no filament and operates at very low voltages and currents. This means that its power consumption is negligible, and it is very economical to use. Another advantage is its small size—in many cases no larger than a pea—which is opening up applications hitherto impossible with the conventional valve.

Mullard transistors are already being used extensively in hearing aids where their small size and low power requirements are resulting in instruments of match-box dimensions, which will operate for about three hundred hours from one miniature 1.5 volt battery.

Transistors are also being successfully employed in the development of equipments as diverse as computing machines (electronic brains) and portable gramophones, telephone equipment and nuclear radiation counters. And this is only a beginning. Research continues, and it is still impossible to foresee the ultimate extent of transistor applications, although potentially they appear to be unlimited. Whatever the future may bring, the Mullard organisation will play its traditional part in supplying British equipment manufacturers with electronic devices of the most advanced design and the highest quality.

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American Survey

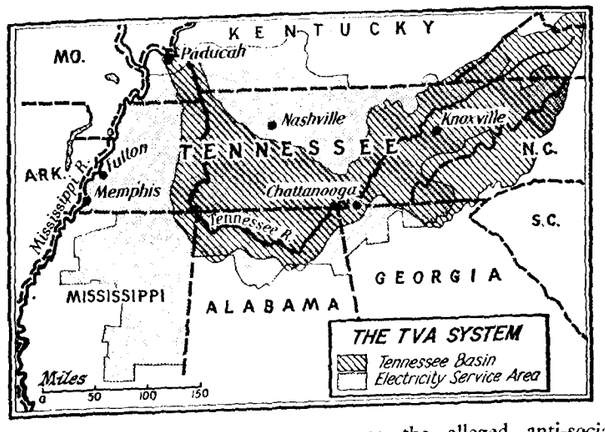
AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Dixon-Yates for 'Fifty-Six?

Washington, D.C.

THE Mayor of Memphis has come to the rescue of the Tennessee Valley Authority, and indeed of the President too. As a result the Atomic Energy Commission's involved contract with a private electricity combine, headed by Mr Dixon and Mr Yates, has been abandoned. But this does not necessarily mean that the Democrats have lost what is so far their most promising election issue for 1956.

The purpose of this contract was to enable the power requirements of the expanding City of Memphis to be satisfied; it has been supplied for years from the publicly owned TVA system, but before long the Atomic Energy Commission's plant at Paducah will be taking so much electricity that it will become impossible for Memphis's needs to be met by the TVA unless the authority is allowed to build another steam generator. Congress has consistently refused to grant funds for this and the Dixon-Yates contract, under which a private concern would have built the new generator to supply Memphis, was an ingenious way out of the difficulty. The arrangement had the added, or perhaps the prime, advantage that it "drew a line," as the President wanted to do, beyond which the TVA type of socialism could "creep" no further.



But the President reckoned without Memphis, which years ago threw out the Dixon-Yates kind of electricity by a large popular vote and hitched itself to the TVA's transmission system. Rather than be once more dependent on private enterprise, the mayor has now decided that the city should build its own steam generator. Since without Memphis there is no need for Mr Dixon's electricity, the contract, after a year of wrangling in Congress, has been cancelled. This solution still leaves the President's line clearly drawn and the matter might have been expected to end there.

But in the course of their investigations Democratic liberals in Congress discovered a Mr Wenzell, an investment banker who doubled for a time as a member of a firm advising Mr Dixon and as a part-time consultant to the Bureau of the Budget. A report from Mr Wenzell on how the TVA might be turned over to private interests seems to have provided the spark for the Dixon-Yates contract. Led by Senator Kefauver, the Democratic presidential aspirant from Tennessee, the liberals are now jubilantly claiming that, from the dying embers of the debate, they have snatched the evidence for their year-old accusation of a government "conspiracy" to destroy TVA.

Although extremely intricate, the issue, at least possesses the merit of being related to one of the classic themes of American controversy: the correct role of the federal government in developing the nation's natural resources. The struggle between private and public ownership has been every bit as virulent in America as in Europe—the clichés of abuse have been remarkably similar—but in the United States it has been confined largely to a single sector: that of the utilities. The "yardstick" of cheap hydro-electricity generated from government-owned facilities was developed in such areas as the Tennessee Valley and the Pacific Northwest to measure and expose the alleged anti-social policies of the private utility companies, which skimmed the cream off the market, charged high monopoly prices, and scorned to supply electricity at practical rates to the poorer areas. Priority in the use of the cheap public power was given by law to non-profit-making distributors—municipally owned companies and rural co-operatives, set up by local farmers with the aid of generous loans from the federal authorities. Moreover, in a number of the government's multi-purpose projects, dealing with such matters as flood control as well as the generation of power, the profits made from the sale of electricity were used to help farmers pay for the irrigation water which the project also provided and to justify other related public works.

It is scarcely surprising that, with a "businessman's Administration" in office, the counter-attack against this "creeping socialism" should have gained some momentum, nor that the chief battleground should be in the Tennessee Valley, the proudest showcase of the upholders of public enterprise. For there two stages of creeping can be displayed. From being an activity that was supposed to be secondary to the improvement of navigation and the establishment of nitrate plants for defence purposes, the provision of electric power rapidly took the lead. Secondly, from being concerned almost exclusively with water power as one aspect of its development of the river, the TVA has come to build more and more steam generating plants, until by 1960 only 30 per cent of its output of electricity will be from river dams.

Furthermore, the TVA has, to some extent, brought trouble on itself by the aggressiveness of its propaganda. In a broad sense, cheap public power has indeed proved a yardstick; it has shown what can be done by cutting charges and expanding the use of electricity. Many of the private companies have paid it the compliment of imitation. But the yardstick is misleading—and the TVA's case to that extent vulnerable—in the sense that private and public power costs are not strictly comparable. The TVA and other public agencies do not have to pay federal and state taxes (though they make some payment to the states in lieu), and they have to meet only low interest charges because they have the backing of the federal government's credit.

★

The counter-attack has come from three directions—the Department of the Interior, which initiates many of the federal schemes, the Budget Bureau, which has to pass on them, and the Hoover Commission on the reorganisation of the executive branch of the government, which kept water resources and power for its final report, filed on the last day of June. This followed much the same pattern as Mr Hoover's earlier report on the federal government's lending agencies: completely reactionary findings by the task force, which examined the problems in detail, and toning down by Mr Hoover in the final document.

If Mr Hoover had his way, all social provisions attached to federal power activities, such as priority of supply for non-profit making distributors of electricity, would be abolished; the TVA's generating activities would be hived off from the authority's other functions, although not actually turned over to private interests, and the power sold at rates assimilated to commercial charges. However, as even most Republicans have been obliged to recognise, not Mr Hoover but Mr Eisenhower now resides in the White House and he is not expected to follow much of Mr Hoover's advice on this occasion. Nevertheless, the Democrats will try hard to associate Mr Eisenhower with the report, for they, as much as those Republicans who seek guidance from their past President, are anxious to push the present President over to the right from his favourite position in the middle of the road. Where power is concerned, his desire to strike a balance is expressed by proposals for a "partnership" between private utility companies, local agencies and the federal government; the Dixon-Yates contract was the first, although not a typical, example of how this may be achieved. Although the Democrats will hardly admit it, the Memphis solution fits the partnership pattern almost as well.

Best Man Out

MRS OVETA CULP HOBBY may have been the "best man in the Cabinet," as an admiring fellow-member claimed, but she was perhaps not the best woman to be chosen as the only one, and the only Democrat, among the President's close advisers. As the first head of the Department of Health, Education and Welfare, the office which she is now leaving, she has in the last two years organised a number of existing government agencies into this new department as efficiently as she organised the new Women's Army Corps during the war. But in her well-groomed appearances before congressional committees and television cameras she gave the impression that she had little sympathy with the supposed objectives of her department. Whether or not this view of Mrs Hobby is justified, it seemed to be confirmed by the fiasco of the Salk polio vaccine; much of the mishandling of this affaire was blamed on the federal government's reluctance to interfere, and this in turn was blamed on Mrs Hobby's dread of "socialised medicine."

Her attitude was hardly surprising, for she, like other leading southern Democrats in 1952, was drawn to Mr Eisenhower by his promise to check federal intervention in state affairs. But a person who puts devotion to the doctrine of states' rights before all other considerations was not well suited to be the head of the department which is concerned almost entirely with federal-state relations. Moreover, this is the department which offers Mr Eisenhower his best opportunities for showing that a Republican President is able and willing to continue progress along the more constructive of the lines begun by the Democrats in the New Deal days. Mrs Hobby's successor, Mr Marion Folsom, a liberal Republican, can be counted on to take advantage of these opportunities, for he was closely concerned twenty years ago in the setting up of the New Deal's social security programme—the schemes for pensions and other benefits which were one of its greatest contributions to the country's welfare.

Nevertheless, Mrs. Hobby, as she leaves Washington for Texas to care for her husband and to relieve him of some of the responsibility for the *Houston Post*, deserves some of the praise which the President heaped upon her. For it is not her fault that he tried to kill two political birds with one Cabinet member. Mrs Hobby's appointment was intended to reward both the women and the Democrats who rallied behind Mr Eisenhower in 1952 and to ensure against their future defection. But that was too much to ask of one person, even of Mrs Hobby.

Command Decisions

AS long ago as February, General Ridgway declared that the cut of 140,000 men in the size of the army, on which the Administration insisted, would "jeopardise" American security. On retiring as Army Chief of Staff on June 30th, General Ridgway once again stated his strong opposition to present defence policies in a letter to President Eisenhower and Mr Wilson, the Secretary of Defence, the text of which has now been made public. President Eisenhower has maintained that the country would be best served by a reduction in the standing army, an expansion in the air force, a ready reserve of some 2,900,000 men and an arsenal of nuclear weapons. In his letter, General Ridgway deplores the "over-emphasis" on air and nuclear weapons, the lack of a flexible and numerous force of infantrymen in what may be a time of "limited wars," and the belief that the west's alleged technological superiority can counterbalance the Soviet advantage in trained manpower. According to General Ridgway, such a policy gives the initiative to the Russians.

When General Maxwell Taylor was chosen to replace General Ridgway, it was thought that he would take a more conciliatory line towards the Administration's plans. But in his first important statement, at the Defence Department's annual conference last week, he showed essential agreement with his outspoken predecessor. General Taylor stressed the need for an adaptable army and implied that the reductions proposed by the President and approved by Congress would prevent the United States from meeting its overseas obligations.

Mr Wilson, whose task it is to defend the Administration's military views, dismissed General Ridgway's letter as "unimportant" because it underestimated the variety and flexibility of atomic weapons and the value of reserves:

> Even if the millions of reserves or veterans are not properly trained, they could be regrouped or formed into effective reserves pretty quickly. That is really the reason for the difference of opinion.

Mr Wilson's answer would, however, be more persuasive if Congress was prepared to approve the programme for strengthening the reserves, by compulsory service on a large scale, as originally proposed by the President. In fact, the Bills passed in the House and Senate, and now being welded into a single measure by a conference between representatives of both, are a pallid version of the original scheme for the reserves. This, together with the recent reappraisal of Soviet strength in the air, gives particular point to the questions put by General Ridgway and General Taylor.

Bicycles On The Rack

New York

AS was expected, the United States Tariff Commission has endorsed, by a vote of three to one, its previous recommendation to President Eisenhower to increase the duty on imported bicycles. He had asked the commission to re-examine the question in the light of this year's developments in the bicycle industry. But for European exporters of bicycles the outlook is by no means as black as is implied by the findings of the majority of the commissioners. For the new facts adduced in this latest report provide more justification for the President to reject than to accept its conclusions; his decision, in this test case, is expected fairly quickly.

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ASSETS

Cash, Gold and Due from Banks	$1,629,936,191
U.S. Government Obligations	1,719,056,990
Obligations of Other Federal Agencies	45,738,966
State and Municipal Securities	553,358,984
Other Securities	127,201,545
Loans and Discounts	2,641,050,349
Real Estate Loans and Securities	32,923,095
Customers' Liability for Acceptances	42,928,170
Stock in Federal Reserve Bank	15,000,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	33,068,518
Items in Transit with Branches	304,043
Other Assets	8,421,608
Total	$6,855,988,459

LIABILITIES

Deposits		$6,174,785,823
Liability on Acceptances and Bills	$72,008,716	
Less: Own Acceptances in Portfolio	27,623,018	
		44,385,698
Due to Foreign Central Banks (In Foreign Currencies)		19,193,300
Reserves for:		
Unearned Discount and Other Unearned Income		22,884,890
Payments Under Agreement of Merger Dated March 1, 1955		1,641,200
Interest, Taxes, Other Accrued Expenses, etc.		31,519,148
Dividend		5,500,000
Capital (10,000,000 Shares—$20 Par)	$200,000,000	
Surplus	300,000,000	
Undivided Profits	56,078,400	
		556,078,400
Total		$6,855,988,459

Figures of Overseas Branches are as of June 25.
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In the first place, the American bicycle manufacturers increased their output by 37 per cent in the first five months of this year, compared with the same period in 1954. Although imports have increased twice as fast, and thus captured a larger share of the market, and although domestic production is still well below the average of the last four years, it is clear that its long decline has now been sharply reversed. Moreover, part of the increased buying by importers in the early months of this year was in anticipation of a rise in the duty. As the dissenting commissioner observed, an industry that has increased its output by over a third in twelve months hardly gives a convincing appearance of having been severely injured by foreign competition.

The second significant development, one completely overlooked by the Tariff Commission, is the recent announcement that the American Machine and Foundry Company, which is headed by Mr Morehead Patterson, one of the President's close associates, plans to build a new $1,250,000 bicycle plant in Little Rock, Arkansas; this firm at least does not seem to think that the prospects of the domestic industry have deteriorated seriously. The new factory is to be designed specifically to fulfil the need for "completely revolutionising bicycle production methods" so as to realise "important manufacturing economies." The firm will make a middle-weight bicycle with variable gears, which it hopes to sell at prices competitive with those of imported lightweight machines. In contrast to the sharp decline in output of the American balloon-tyred models, twice as many middle-weights were produced in the first five months of this year as in the whole of 1954; this new type of bicycle now accounts for 30 per cent of the domestic output.

Taken together, these recent developments constitute a sound case for rejection of the commission's findings by the President. Such a favourable outcome for the European bicycle producers would, of course, be based on the assumption that they will in future meet stiffer competition, in both price and quality, from the more enterprising American producers. But this is only fair, and no one in Coventry should complain.

Streetcar Named Wolfson

SINCE July 1st the citizens of Washington have not only been sweltering in their annual heat wave, but have had to trudge or hitch-hike to work because of a strike that has stopped all public transport. But the mounting anger of Congress and the general public is directed not against the employees of the Capital Transit Company, who are demanding a wage increase of 25 cents an hour, but against the chairman of the company, Mr Louis Wolfson, whose brilliant irruption into the great mail order business of Montgomery Ward recently filled the headlines.

Mr Wolfson has drawn general wrath on himself not only because of his contemptuous attitude towards the public and the Senate's District of Columbia committee, but because his financial record as chairman of Capital Transit has been truly startling. Mr Wolfson and his associates acquired control of the company in 1949 for $2,189,160 and found a reserve fund of some $6 million saved for use when the city's trams and buses would need overhauling. Capital Transit, moreover, had been gradually reducing its annual dividend from $2 to 50 cents because of steadily falling business. On taking over, Mr Wolfson promptly restored the $2 dividend and paid out $480,000 to himself and other stockholders. By 1951, the dividend had doubled and by 1955, Mr Wolfson and his associates had collected some $3,600,000—a return of 170 per cent on their original investment. Though CTC's net income for this period was only $5,200,000, it had yielded some $8 million in total dividends. To add insult to injury, cash fares have risen from 13 cents to 20 cents during the Wolfson era.

★

Mr Wolfson has shrugged off the outcries against him by pointing out that in a capitalist system the shareholder comes first and that it is a chairman's duty to make as large a profit as possible for his company. He would have a sounder case if he had argued that the public transport systems in other American cities are also in a very difficult position owing to the continuous increase in the number of private cars, to the great distances that must be covered in order to have passengers at all and to mounting costs. Moreover, all of Mr Wolfson's financial magic has been strictly legal and under the supervision of the District's Public Utilities Commission.

Congressmen, much of the press and ordinary Washingtonians, on the other hand, feel that Mr Wolfson merely took over CTC to show potential investors in even greater enterprises what he could do with a reserve fund and that he will abandon to the public care a ruined and run-down transport system. Mr Wolfson's cool suggestion that he be permitted to increase fares yet again and his statement that arbitration merely signified concessions to the union was the last straw. But it is not yet clear exactly what Congress will do and it seems likely that Mr Wolfson would be delighted to get out from under his trams and display his altruistic talents in some new field.

Silly Season in Congress

THE heat and the longing to go home have as usual produced an epidemic of midsummer madness on Capitol Hill, particularly virulent in the House of Representatives. The fury seems to be directed mainly against Appropriations Bills and thus defeats its own ends. For until these Bills are finally passed, Congress cannot adjourn and the essential repair work may easily delay that happy release beyond the target date of July 30th.

Most of the repairs are being left to the Senate, where heads seem to have kept cooler. Its Appropriations Committee has already restored most of the cuts the House made in this year's funds for foreign aid and is now being asked to find extra money for the Atomic Energy Commission. The President, in signing the Appropriations Bill for this and other agencies, pointed out that the AEC was being given only $1,381 million, $144 million less than he had requested, for its operating expenses in the coming year and that this would seriously interfere with its plans for developing both nuclear weapons and industrial uses

for atomic energy. The reduction is said to have been the unintentional result of misunderstandings between the House and the Senate.

The same Appropriations Act also provides for starts to be made on 107 public works projects for which the President had not budgeted; as he acidly remarked, the eventual cost to the taxpayer of completing these over the years can only be guessed as no detailed estimates have been made. Further proof that the attacks on the Appropriations Bills are not inspired by love of economy came last week in the House of Representatives when the final Appropriations Bill of the session, carrying funds for building military and other government installations, was cut from $1.6 billion to $222 million. This was done through procedural manœuvres by two Democratic Representatives, entirely as a theatrical protest against the arbitrary and frustrating controls which the Rules Committee exercises over the business of the House.

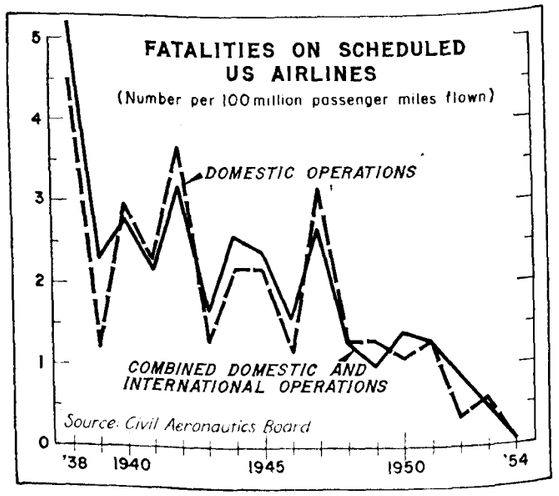
The men responsible for this irresponsible performance acted in the certainty that the Senate would restore the money. But it is less likely that it will restore the funds for building the new Air Force Academy in Colorado. These were struck out in protest, not against the Rules Committee, but against the "futurist" designs for the building published a few months ago; the authorities have now hastily announced that these plans were only rough suggestions. Another casualty in both Houses has been the President's nuclear "show boat," to travel round the world demonstrating the peaceful applications of atomic science. It has been rejected in favour of a more commercial proposition, the construction of an atomic-powered merchant vessel; the President's ship would have been driven by an uneconomic reactor of the type being used in submarines. It is possible, however, that some combination of these two schemes may be worked out in answer to the President's final appeal for his idea as he left for Geneva.

Noise from Above

New York

THE recent ruling in a federal court permanently enjoining the residents of Cedarhurst, Long Island, a village close to New York's Idlewild Airport, from enforcing their local ordinance prohibiting low-flying aircraft, is a welcome relief to both airline and airport authorities. Air space, the court held, is in the public domain, and therefore subject to federal, but not to local, regulation. Similar restrictions have been urged by angry residents in many of the other residential communities bordering the airports which no American town can now afford to be without. Much has, in fact, been done by the airline and airport authorities to placate their neighbours since 1952, when a series of fatal crashes in residential districts adjacent to Newark airport, one of the three serving the New York area, caused a local reaction bordering on hysteria, and forced the temporary closing of the airport. It is now over three years since a fatal aircraft crash has occurred in a residential district near New York, and the national statistics of air fatalities show a consistently favourable trend.

But the problem is not only one of ensuring safety. After the crashes at Newark, the noise of low-flying aircraft became to many people—however irrationally—not merely a nuisance, but a sign of imminent danger. To the authorities, therefore, although safety requirements are still of paramount importance, the problem of noise has become something more than a peripheral consideration. Part of the difficulty is that the encroachment of suburban communities



into the approach zones to runways has necessarily left residents in the direct path of low-flying aircraft.

The two drastic solutions—the complete removal, either of the airport or of the people living in the approach zones—are clearly impracticable. But several measures have been taken by voluntary co-operation between airline pilots, airport authorities and aircraft manufacturers, to lessen, although not to eliminate, the nuisance. The traditional practice of using runways heading directly into the wind has been modified in many places. Pilots now use, wherever possible and whenever weather conditions permit, "preferential runways" which lead over water or unpopulated areas. Landing and take-off procedures have also been altered as far as safety considerations permit, to eliminate long, low approaches and low circling of the airport, and pilots now follow, when taking-off, a practice known as the "accelerated climb out," by which they gain altitude as rapidly as possible, instead of attaining higher speeds and turning on course at low altitudes. On the ground, measures have been taken to reduce the noise of engine testing and maintenance "run-ups."

These are all welcome steps, but even with existing piston-engined aircraft they have been only partially successful. Nearly half of the 400,000 landings and take-offs in the New York area last year, for example, were still made over residential areas. The noise problem is one, moreover, that has been exacerbated rather than diminished by technical developments in aviation. There are more aircraft flying and, in general, the latest designs are noisier than their predecessors. Because they also have faster landing speeds they must circle over a wider area. And as the airlines are uncomfortably aware, and the Comet learned to its cost when it was denied permission to land at Idlewild airport in 1953, many a militant citizens' com-

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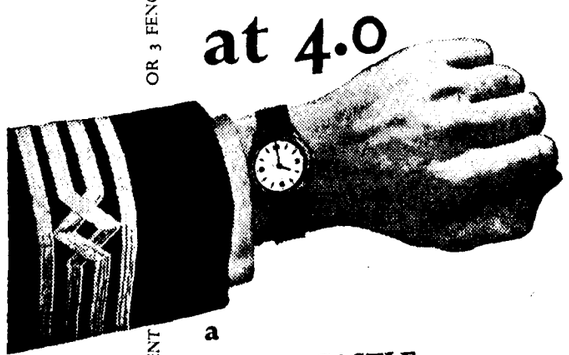

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School Politics

FROM A CORRESPONDENT IN LOS ANGELES

THE administrative district for the Los Angeles schools is, geographically, the largest in the world. Composed of elementary and secondary schools and "junior colleges," it covers an area larger than the sprawling city itself, includes ten other municipalities and has a student population second only to that of New York City. The enormous and rapid growth of Los Angeles, coupled with the extremely heterogeneous character of its population, has stunted the development of a sense of civic responsibility. As a result, for a long time the elections for the board of supervisors went by unnoticed and three or four members were re-elected alternately every two years. The struggle for seats on the board and therefore for control of the city's vast educational resources only began in earnest when, during 1952 and '53, pressure groups denounced as "un-American" certain teaching material dealing with Unesco and human relations. A teachers' manual, "The E in Unesco," was the first object of attack by a reactionary group composed of the local Hearst press, of an extremely right-wing Republican women's organisation, Pro-America, and of the Freedom Clubs, run by a local minister. This confederation received support from powerful elements of the American Legion and from the official organ of the Catholic archdiocese.

With the attack against this manual the two parties struggling for control of the board became defined. Under pressure, the school board ordered the removal of the manual and abolished a UN essay contest. Following the 1953 election, in which conservative forces retained all the seats, the board abandoned a grant of $350,000 for the training of teachers given by the Ford Foundation. The project had been initiated by the superintendent of schools and approved earlier by the board, but was given up when the Foundation, like Unesco, was condemned as "red," "socialistic," and "one-world." Between 1953 and 1954, fifteen "controversial" books, all listed, however, in the Standard Catalogue for High School Libraries, were removed from use together with a number of films on human relations and sex education.

By the spring of 1955, when four school board places were up for election, battle lines were firmly drawn. On one side were the economy-minded business groups, whose primary concern was with the budget problems of the schools. They were supported by isolationist Republicans, by opponents of modern "progressive" educational methods, and by certain ex-servicemen's organisations. On the lunatic fringe of this alliance appeared a few vocal fanatics to whom mental hygiene is "brain washing," fluoridation of the water supply a "Marxist plot" and the UN a "godless, Communist conspiracy."

Opposing this faction were those elements in the community interested in the expansion of school facilities, the development of health and sex education, and greater attention to international problems at the class-room level. They received strong support from teachers' organisations, from labour leaders, from many Protestant and Jewish religious groups, from foreign policy associations and from most of the active Democrats.

Wide coverage was afforded by radio and television stations and by three of the city's four newspapers to the campaign charges made by the so-called "anti-Unesco" candidates. The *Los Angeles Times*, with the largest daily circulation in southern California, stated that the opposition "would use the public schools to create a Huxley-type brave new world." The "pro-Unesco" group, on the other hand, maintained that the Unesco issue had been raised as a smoke-screen to cover the real problems of the schools, such as low salaries for teachers and the need for better curricula, and that the incumbents were supported by fascists and anti-semites.

Both sides claimed a victory when the final election results gave two of the three contested seats to the conservative forces and one to the opposition. On the whole, it seems fair to say that the election of even this one candidate, running against a slate of incumbents and in the face of a campaign actively supported by a majority of the press, was not only a gain in itself but a hopeful portent for the future.

SHORTER NOTES

Both Houses of Congress have approved the so-called "Freedom Bill," which reaffirms the right to self-determination of peoples subject to "alien despotisms." The resolution, which now has the approval of the Administration, is designed to reassure the satellite countries that they have the sympathy of the United States without embarrassing the President at Geneva.

★

The legislation providing money for the Department of Defence during the present fiscal year forbids the services to hand over any of their activities to private industry without the permission of Congress. This, the President believes, is an unconstitutional attempt to veto executive action, and he has announced that he will ignore the provision unless the courts direct otherwise.

★

Last Monday, in New York State, electricity generated by atomic power was distributed for the first time through a commercial system. The event was significant as a forecast of things to come rather than for any immediate importance: the 10,000 kilowatts of electricity involved, coming from a reactor originally built when an engine was being designed for the atomic submarine, is only a small addition to the capacity of the utility company which is feeding this electricity into its transmission lines.

★

It is over ten years since the Western Union Telegraph Company was ordered to divest itself of its international cable business but until now no satisfactory buyer has been found. At last one has appeared in an unexpected quarter: an offer which is likely to be approved has been made by Teetron American Inc., originally a textile company, which is now trying to diversify its operations.

The World Overseas

Indians in Russia

FROM OUR CORRESPONDENT IN DELHI

THE twelve Indian newspapermen who accompanied Mr Nehru to Moscow were not chosen by their editors. The Russian government issued the invitations and pointedly ignored at least two editors who had wished to be included. One of the excluded editors had written a critical book about Red China; the correspondent selected in his place is sympathetic to Peking. The chosen twelve have written articles which show remarkable unanimity; but not perhaps the sort of unanimity the Russians expected. All seem to have been aware that the Russians were out to impress them and that their own objectivity was consequently on trial. On the whole, they passed the test well.

What seems to have most forcibly struck the Indian correspondents in Russia was its bourgeois atmosphere. The Press Trust of India correspondent reported: "Soviet leaders are terribly protocol-ridden. The formal functions beat bourgeois manners hollow. Waiters appear in starched shirts and black tails. The exchange of courtesies is Victorian." The *Hindustan Standard* correspondent noted that the most popular foreign authors were Victor Hugo (7 million copies sold), Maupassant (5 million), Balzac, Dickens, Zola, Mark Twain and O. Henry. One day he found a lady Intourist officer "avidly reading Galsworthy's *Forsyte Saga*." She had, however, never read or even heard of Galsworthy's *Strife*.

Behind the new bourgeois façade of the Soviet world, with its black-tailed waiters and formal courtesies, the correspondents not infrequently glimpsed cruder realities. There were highly paid executives—even some "millionaires"—just as in the unregenerate capitalist world; and there were also slums and poverty: "long queues, mostly of women, waiting patiently to buy for their children a toy balloon which in India is available at every street corner; the only thing really cheap is the Russian black bread." Above all there was intense secrecy and rigid political conformity.

All the correspondents complain of having been kept horribly in the dark—about Mr Nehru's movements, which after all they were there to report; about Russian production figures ("it is not possible to get gross production figures, and the targets are always described in relation to a base year which constantly varies"); and about the Soviet leadership. They soon found, however, that Russian newspapermen were kept in the same state of ignorance as foreigners; the correspondent of the *Hindu* reported: "A senior representative of Tass could seriously state he did not know where the Soviet Prime Minister lived, or what salary he drew." No Moscow morning newspaper carried any reference to Mr Nehru's first speech, made on his arrival. On inquiring, the Indians discovered this was because Mr Nehru, as is his custom, had spoken extempore, and "no authorised version had been issued." When one Indian asked what the Soviet Press had had to say about the fall of Malenkov, he was told that *Pravda* and *Izvestia* had attacked the former Prime Minister in identical terms, in leading articles which were both published on the same day.

Nevertheless, the correspondents were told that Soviet manners were softening. Diplomats, for example, were no longer strictly confined to Moscow. They were, of course, still quite frequently refused permission to visit those places outside Moscow where they wished to go; but, as the *Hindustan Standard* correspondent tactfully put it, "this is no longer done curtly; the diplomat is politely told that suitable accommodation cannot be found for him." The Indians themselves, while they had to submit their dispatches to the censor, did not find the censorship oppressive. Some of them boldly described examples of "heavy-handed Communist bureaucracy," and trade unions used to induce higher output instead of defending workers against exploitation, and these unflattering references in their telegraphed "copy" were not deleted.

The Russians, in fact, worked tremendously hard to persuade the Indians that the Soviet new look was genuine. Moscow Radio broadcast long Indian programmes. The newspapers were full of praises of India. Loudspeakers blared Indian music from shops and factories. Three cinemas in Moscow drew "capacity crowds" by showing Indian films. In Leningrad, the Press Trust of India correspondent reported, "over 1,000 copies of Nehru's *Glimpses of World History* were sold by one bookstall within two hours of his arrival."

The Indian newspapermen recognised butter when they saw it and were not unaware of the reason for its production in such impressive quantities. "It was a terrific India-month campaign," the Press Trust of India's special correspondent noted dryly. "'My friend, my dear friend, please get up. Is the radio troubling you? If so, please liquidate it; you will find the switch on the table.' It was always 'friend,' or 'dear friend.' . . . We were greeted by many as if we were relatives who had been classified as 'missing' in a campaign, but had trudged back home safely." Indeed, the hospitality was so great that before the end of the tour

most of the correspondents were trudging in a state of near-collapse, as the Russians usually insisted on their dear friends getting up at four a.m. after an invariable midnight session.

The correspondent of the *Hindu* reported from Moscow that "the Russians scored (with Nehru) where others have failed," by anxiously hearkening to his views and "carefully and consistently avoiding saying or doing anything that might wound his susceptibilities." Before he left India some newspapers warned Mr Nehru to be on his guard against Soviet blandishments and urged that Soviet words should not be accepted until they were matched by Soviet deeds. Since then, most papers have been extremely cautious in their editorial comments.

But the Indian Communists have already made up their minds or had them made up for them by Moscow. They have enthusiastically hailed Mr Nehru as a convert to the camp of "world socialism, peace and democracy." The *Eastern Economist* seems to fear they may be right: "The tour . . . has certainly given the world the erroneous impression that India likes totalitarian countries better than she likes the free world. . . . It is vital that we should not allow the impression to be created that we have, in the pursuit of peace at any price, found our way by mistake into the wrong peace camp. We had no camp in the cold war. We should have none in the cold peace."

But the Indian newspapermen who accompanied the Prime Minister ate the butter that was heaped on their plates with due appreciation of its flavour nicely blended with critical awareness of its purpose; and it will be surprising and disconcerting if Mr Nehru turns out in the end to have been less discerning than the correspondents.

Family Picnic at the Summit

FROM OUR SPECIAL CORRESPONDENT

FOR many of the swarming journalists of numerous hues and opinions who have jostled for priority at bar and conference room, the "summit" has lacked the electric charge sensed in the same place last year when the fate of Indo-China was being debated. Geneva last year was a battlefield where the defeated refused to face the fact, then a gamble against the clock which turned a rout into a stalemate. Geneva this year is one big, happy party, where top-level grandfathers exchange tender confidences and the Communist boss of all the Russias drives to work in an open car.

It is one of the paradoxes of Geneva in this tropical July that the heirs of Stalin have left their bullet-proof vehicles in the garage and, exposed to friend and foe alike with the hood down, turn on film star smiles for their Genevan fans, while every day the traffic has been halted to clear a safe route for the President of the United States, in closed car, closely flanked by army motor cyclists. Just outside the town, 140 tight-lipped athletes have been sleeping on camp beds in a gymnasium; they are the American security bodyguard. At Cointrin airport last Saturday it was much the same. One by one the British and French Ministers and Mr Molotov touched down, with speeches by M. Faure and Sir Anthony Eden, and, mostly, modest self-effacement from the Foreign Ministers (though there was a glint of stardom in Mr MacMillan's smile and an engaging professionalism in the waves of his hand). Then, after a long lull, an American helicopter roared upwards, hovered in search, perhaps, of secret agents visible from its vantage point, edged over towards the Alps, vanished behind a peak, circled and came back. Only after this precautionary *tour d'horizon* was Mr Dulles's Constellation allowed to finish its trip. One hour later, the process was repeated for the President. It was eight p.m., and since nine that morning, with a break for lunch, cameramen and reporters had sampled the privileges of the concentration camp, hemmed in by the Swiss army, and forbidden to leave the press enclosure, whether to buy refreshments or to stretch their legs.

But all were back again at nine on Sunday for the *pièce de résistance*. After Belgrade, Mr Khrushchev must be used to back-pedalling out of the limelight, but it is conceivable that he would have liked to be at the side of Marshals Bulganin and Zhukov as they marched, out of step, to inspect the guard of honour, forgetting, in the emotion of the moment, to salute the Swiss flag. But there he was, hustled to one side, looking like a wrestler about to strip for the fray. Then Marshal Bulganin, a more patriarchal Sir Thomas Beecham, thanked the Swiss President for his hospitality, unaware, one supposes, that the bandmaster had hastily transcribed the *hymne Sovietique* from a record on learning that the *Internationale* no longer held diplomatic rank in Moscow. In carefully assorted groups, the Russians boarded their *Zis* limousines. The party had begun.

Mr Khrushchev Beats the Air

From that moment, the exchanges of hospitality must have put almost as great a strain on the chief delegates as the exchanges of views. M. Faure gave a Gallic impetus to the festivities by inviting the Soviet leaders to dinner at his lakeside villa, and in so doing unwittingly almost caused a diplomatic incident. Within a minute of his arrival, Mr Khrushchev, enveloped in television floodlight, was fighting off a swarm of mosquitoes; within another minute the Soviet security guard, stepping out of their *Zis* and suspecting a challenge to their professional functions, were fighting off the French protocol men who had rushed to Mr Khrushchev's aid. But diplomatic geniality was quickly restored, and thereafter prevailed at party after party.

Soon President Eisenhower got his chance to clasp his war-time comrade, Marshal Zhukov, in a soldierly bear-hug, a demonstration of military co-existence interrupted only when Mr Khrushchev broke in with civilian extrovertness, bringing news of the wedding of the Marshal's daughter in Moscow. It would be incorrect to suggest that this *camaraderie* did not spill over even into the conference room. For those who remember the interminable wrangles over procedure that acted like sand in the machinery of East-West relations over a decade, it was refreshing to learn that in one amicable ninety-minute session the four Foreign Ministers had agreed on the agenda for their superiors. Admittedly, while the sessions of the Big Four were enveloped in a glare of retrospective publicity, those of the "lesser four" were shrouded in shadows so deep that only the peaks of the subjects under discussion emerged from the basic gloom. But it was still a party, even if the more sober mid-week atmosphere was a reminder that realities were being faced even while the festivities went on.

Stalin in China

YOUNG Chinese *literati* who want to get ahead will ponder on the fate of Hu Feng, the distinguished critic whose deviation from the tenets of "Socialist realism" ended last week in a bill for his punishment being brought before the National People's Congress. Among all the charges brought against him and his followers, one of the most damning was the allegation that in 1947, in the course of a literary squabble, they disparaged the august Kuo Mo-jo as "a silly fool" who, despite the hollowness of his claims to academic distinction, pretended to be "sitting on the throne of literature." Kuo Mo-jo, now the leading propagandist of the People's Republic and president of the Academy of Sciences, has just balanced the account by defining Hu Feng as "anti-Socialist." In Communist literary arguments the last laugh goes to the man who draws the party line.

The campaign against Hu Feng and his "clique"—the large number of poets, students, essayists, critics and dramatists who are accused of sharing his views about the new Chinese literature—has been working towards a climax for some time. When the first attack was launched in the Peking *People's Daily* early in May, the group was described as "anti-Party"—the term applied to Kao Kang earlier this year when his suicide was announced. It then became "counter-revolutionary" and "anti-people," and allegations were added that many of the group had "long been connected with the imperialists and Chiang Kai-shek's secret agents." Hu Feng himself has been accused of trying to protect his family's property against the land reform programme, and for good measure charges of murder and rape have been laid against at least one of his associates.

Smashing the Hu Feng Clique

Meanwhile "protest" meetings of model workers and peasants, soldiers and businessmen have been held all over China calling for the punishment of the group; Hu Feng has been dismissed simultaneously from half a dozen literary societies, and the Buddhist association, among others, has demanded that he be expelled from his post as deputy to the National People's Congress. Lest the group think they will get a fair trial, a symposium of chief justices has declared that "to safeguard Socialist construction, judicial personnel should . . . use their right to impose sentences as weapons to smash the Hu Feng clique."

The crime which has led to this highly organised onslaught seems to have been simply a refusal to accept the kind of restrictions which kept Russian literature in a strait-jacket for so many years, but which since Stalin's death have been partially lifted, so that Russian literature is now in a more healthy state than China's is likely to be in for some years. In China "Socialist realism," with all its naïvetés and dramatic crudity, seems to have met vehement opposition from sophisticated Chinese. One member of the Hu Feng group complained of the failure of novelists to create real characters; another of the convention by which Socialist heroes must be without blemish; a third wrote a novel about conditions in the countryside which was too real to conform with "realism."

Where they held positions of influence—chiefly in Shanghai, Tientsin, Nanking and Hangchow—the group tried to encourage young writers to imitate their rebellion. In reaction from the dutiful propaganda of "Socialist realism," they appear to have turned to a sort of Wordsworthian romanticism. The accusations say disapprovingly that they urged people to write about everyday things in colloquial language—"the wind, flowers, snow and moon"—so that "even if what you have written cannot be published, you can enjoy it yourself." One young woman was so affected by this, says *China Youth*, that "at times, she read her own writings and gazed at the moon and burst into tears for no reason." And through all the official attacks on the group there runs a strain of Marxism which is as much pure Groucho as Karl: "Writers who misuse the word 'feudal'," says the *People's Daily* accusingly, "are not above using 'mechanism' when they ought to say 'dialectical materialism'."

Every Communist revolution seems to demand its sequence of purges, and there is to be no short cut for China. One of the aims of the present campaign is to assert the authority of the Party over the liberal elements it has hitherto tolerated in collaboration with it. Hu Feng himself appears to have been a Young Communist in the early 1920s, but otherwise to have been outside the Party, at least until last year. The Communists' victory in 1949 brought into their ranks many people who must later have found Marxism intellectually paralysing. The unreliables are now being eliminated. Mao Tse-tung appreciates that the "advance to Socialism" in a country as backward as China calls for a thoroughgoing discipline in which the arts, like everything else, must be exploited for the Party's purposes. It may well be true that Hu Feng's influence led some young people to "despise Marxism-Leninism and neglect politics." Hence the charge is made, as against Socrates, of "corrupting the youth." And in China the Marxist monolith is fragile; if the official accusations are to be believed, the Hu Feng heresy had already spread into the philosophical field and was challenging the assumptions of materialism. As the *People's Daily* admitted, the Chinese Communist party depends on an "iron discipline."

The same paper has since made it clear that the extermination of the Hu Feng group is to be used "to push forward a universal and thorough educational programme." The campaign of the last two months, culminating in the bill presented to the People's Congress, suggests that "subjectivism" is a peg on which a good many Chinese liberals will be hung in the next year. China is now moving into the Stalinist era of its revolution.

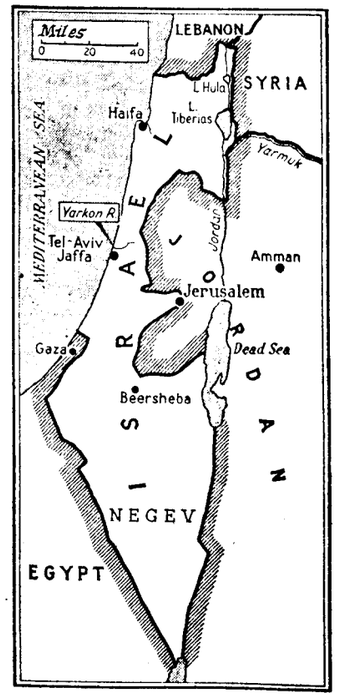
Towards a Greener Israel

ONE of the feats of irrigation that can be performed in the desert if enough funds are available and the encouragement of settlers is paramount has this week reached fruition in Israel. President Ben Zvi has opened a large prestressed concrete pipe line that will carry half the waters of the Yarkon river from its source in the Judaean foothills to the almost rainless land south of Beersheba. The Yarkon, which is by British standards a big brook, but by Israeli ones large enough to carry pleasure launches, will no longer

be available for such idle pursuits. A second pipe, also of 66-inch diameter, will carry most of the rest of its water south, partly in the form of reclaimed sewage from Tel Aviv.

The first pipe, which cost $40 million and was largely paid for out of American gifts, will irrigate land for 8,000 families ; whether this cost is reckoned prohibitive or merely expensive greatly depends on the value of the crops that immigrants, chiefly from North Africa, are taught to grow when they are settled in the Negev.

The first pipe was finished three months before schedule ; when the second, due for completion in 1957, is also finished, the two will between them furnish about one-sixth of the new water for irrigation that Israel hopes to derive from its fifteen-year "Water Plan." Roughly, this plan can be divided into two halves, one comprising waters that are all Israel's, the other the Jordan-Yarmuk waters that it must share with three Arab riparian states. The purely domestic half of the programme is well advanced. Apart from a quantity of new groundwater and local springs that have been tapped, the reclamation of Lake Huleh for farmland is largely finished and the lake will disappear this year ; work is in progress on utilising the Brook Kishon behind Haifa ; half of the Yarkon's 200 million cubic metres annual flow has been harnessed this week ; work on the other half is to be started in August.



The yield of these last four projects is estimated at 400 mcm per annum ; an amount equal to just over twice this figure is scheduled to be drawn from the Jordan. The works which will carry it out of its own basin and into the coastal plain have been begun. Yet no international agreement on the sharing of the water is in sight. A special envoy of the American President, Mr Eric Johnston, believed that he had attained all-round consent to its management by an international authority, but never secured all-round consent to his conception of fair shares of the water. The Arab states concerned had agreed to the proportions that he suggested. But Israel does not, and the matter stands at stalemate. At some point, Israel will no doubt decide whether to wait for a more amenable umpire, or to go ahead with what it can take of the Jordan without infringing international law. Meanwhile, much Jordan-Yarmuk water runs to waste, while the conduits that await it forge ahead in the Israel share of the river's basin and remain on paper in the Arab one.

Russian Balance Sheet

THE Soviet Communist party has been given plenty of time to prepare for its All-Union Congress. The twentieth congress is not to begin until mid-February, but its time-table and agenda have already been disclosed. Obviously, the framework prepared in July may have a very different content by next February. But in the meantime, the whole party machinery will be set in motion. Regional and Republican conferences are to be convened for December and January to elect some 1,400 delegates for the congress (1 for every 5,000 members). Even before that, a wave of elections, purges and conferences should start in the local cells and spread to the urban and country districts. The pre-Congress period, this time an exceptionally long one, usually provides an excuse for a complete overhaul of the party machine. The chief strength of the party secretary lies in his ability to pack a congress with his nominees. Khrushchev wrested this part of Stalin's heritage from Malenkov. If he is still able to control the party from the secretariat, he should not only preserve but even consolidate his position.

This, however, is far from certain. After last week's nominations—including those of *Pravda's* editor, D. T. Shepilov, and A. B. Aristov, who makes a come-back after an eclipse of two years—the exact membership of the secretariat is not clear, let alone the individual ties within it. As to the party Presidium, the former *Politbureau,* the two newcomers—M. A. Suslov, the chief of propaganda, and A. I. Kirichenko, the Ukrainian secretary—merely replace men fallen by the wayside long ago. Unless the present stalemate is prolonged, more drastic changes can be expected at the congress.

COMPOSITION OF PARTY BODIES, JULY, 1955

Presidium	*Secretariat*
N. S. Khrushchev	N. S. Khrushchev
N. A. Bulganin	N. A. Suslov (?)
V. M. Molotov	P. N. Pospelov
K. Y. Voroshilov	N. N. Shatalin (?)
L. M. Kaganovich	D. T. Shepilov
A. I. Mikoyan	A. B. Aristov
G. M. Malenkov	N. I. Belayev
M. Z. Saburov	
M. G. Pervukhin	
M. A. Suslov	
A. I. Kirichenko	

But, at the congress, the performances of Mr Khrushchev and Marshal Bulganin as well as of Marshal Zhukov, will be watched with the greatest interest. Khrushchev, who will deliver the major report on behalf of the central committee, has clearly been given star billing. But Marshal Bulganin's speech, outlining economic policy and the new five-year plan, may have a decisive effect on Mr Khrushchev's fate. Marshal Bulganin seems to be taking over the direction of industrial policy, but Khrushchev is still responsible for the agricultural drive which is vital for the future of the regime. Should it fail, he will, like Malenkov, enjoy only once the position of the main star at a party congress.

The central committee has just issued a communiqué on the general economic situation, based on Bulganin's report to it. Once again, the Soviet five-year-plan has been completed ahead of schedule—last May, after four years and four months. It is claimed that this year's output of heavy industry will be 84 per cent and that of light industry 72

per cent higher than in 1950. However much one may question these indices, there can be no doubt of a tremendous achievement, which is illustrated by the doubling of engineering production over the five-year period ; the output of producers' goods now accounts for 70 per cent of total Soviet production. Progress, however, has been uneven. Marshal Bulganin's report abounded in complaints and revelations that were pruned out of the subsequent communiqué. In each of the last four years, said the Premier, between 31 and 40 per cent of enterprises failed to "fulfil their plan." "Ministers cover up bankrupt heads of enterprises," he complained ; at least one minister "firmly holds to . . . excessive centralisation" ; another's incapacity had led to "the administrative apparatus swallowing up 40 per cent of all engineers and specialists" in the industry, in which "for every six workers there is one administrative official," and in 1954 instead of a planned profit of a billion roubles there was a loss of 392 million. As to "irrational" railway transport, he said that in 1954 over 11 million tons of Karaganda and Kuznetsk coal was carried west of the Urals, while large amounts of unsawn timber were transported over 5,000 kilometres to Siberia and the north. In the Soviet economy, even "coals to Newcastle" assumes a gigantic scale.

RUSSIAN INDUSTRIAL PRODUCTION
(In million tons)

	1940	1950	1955 Planned	1955 Actual
Coal	166	260	372	390
Petroleum	31	37·8	70	70
Electricity (billion kWh.)	48	90	162·5	166
Pig Iron	15	19·4	34·1	33
Crude Steel	18·3	27·3	44·2	45

Foreign Food and Ideas

It is, indeed, claimed that targets for both heavy and light industry have been exceeded, but this refers to the original objectives set in Stalin's lifetime. His heirs promised a much more plentiful supply of consumer goods and this pledge has not been fully kept, because of a new shift towards basic production. The discrepancy is largest and most painful as regards foodstuffs ; despite the growing Soviet, and now satellite, purchases from abroad, it has brought about shortages and queues, speculation and discontent. In one respect, the plan has failed completely. This year's grain crop will certainly not even approach the ambitious original target of 180 million tons. This failure, in fact, had been foreseen long ago and this was the origin of Mr Khrushchev's successive drives to raise agricultural output, first through incentives, then through the exploitation of virgin lands, and more recently through the large-scale cultivation of maize. The first important dividends from these schemes are due this year and Khrushchev must look on the reports of the harvest, now beginning in some regions, as important factors in his struggle for power.

Otherwise the communiqué seems to indicate that the Soviet economy will go on developing along the present lines, with heavy industry continuing to get top priority. Much space in the report is devoted to the need to make use of the achievements of science. Soviet managers are specifically warned not to neglect the advances achieved abroad. In general, the emphasis is laid on technological progress and on higher productivity. The current plan was exceeded partly because of an unexpected growth in the labour force. Now, the Russians seem to bank chiefly on reaping the reward from their past investment in equipment and skill. There is also in the report an interesting indication of the strengthening of an existing trend, namely of the eastward expansion. It is revealed that industrial production beyond the Urals quadrupled between 1940 and last year and the process is to be speeded up still further.

On the face of it, the medicine seems to be still the same as at the beginning of the year, but the prescription may well be changed before next February. The plan has been drawn up ; it may still be revised under pressure from below or as a result of a relaxation of international tension. After all, the logic of events may force Malenkov's rivals to follow his economic plans and not only his foreign policy.

Students and Freedom

BY A CORRESPONDENT

THE ten-day International Student Conference which ended last week at Birmingham University was organised as a non-partisan alternative to the Communist-dominated International Union of Students (IUS) with headquarters in Prague. It was the fifth of its kind and brought together representatives from the national student unions of 53 countries outside the Iron Curtain. Invitations were extended to the Soviet bloc countries, but there was no response, except from the IUS itself. Although the latter has bitterly attacked the organising Co-ordinating Secretariat (Cosec), which works from Leiden in Holland, at Birmingham two of the most experienced activists of the IUS contented themselves with making very mild proposals for joint activity (which were just as mildly by-passed), and occupied themselves during the rest of the conference with making private offers to the Asian, African and Latin American delegates of free trips behind the Iron Curtain.

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from only twenty countries. While support for it has steadily increased, the influence of the IUS has rapidly declined. Thus the tactical change in the attitude of the Prague body has been dictated by sheer expediency. Whether its representatives at Birmingham have succeeded in wooing over to its ranks any substantial number of unions remains to be seen. It is known, however, that the delegates from Makerere College in Uganda had called at the IUS office in Prague on their way to Birmingham.

One of the main issues raised was academic freedom and the attacks made on it in various countries, particularly Argentina, South Africa and Eastern Germany. In the case of the first two there were plenty of protests, but in the case of Eastern Germany ardour waned. This was typical of the attitude of the majority of the vocal members of the conference—to be "anti-anti-Communist." Repression anywhere outside the Iron Curtain was fair game, but on Soviet bloc matters "we do not want to be biased." There was some noticeable horse-trading in the decision to put off deciding the status of the Franco-Spanish student body, because the Latin American delegates threatened a walk-out. Yet the equally authoritarian Jugoslav student union was admitted without a murmur, and there were general expressions of regret that the Iron Curtain unions were not there, even though not a single one could comply with the Cosec definition of a democratically-elected body. Similarly, the decision of the credentials committee to give the representatives from the exiled East European student bodies an increased status was defeated in such a way as to imply that there is democracy behind the Curtain.

It was in these oblique ways that the conference showed a somewhat illogical face to the world. Numerically the Asians, Africans and Latin Americans were in the majority. In practice the Latin Americans were concerned with their own affairs to the exclusion of everything else; the Asians and Africans, for most of whom this was their first international conference, largely sat in silence; while the European Latins led the "anti-anti-Communist bloc," with no effective voice to put the other side.

Trek from Bessarabia

BY A CORRESPONDENT

KHRUSHCHEV'S drive for the conquest of virgin soil in Kazakhstan and Siberia may also be serving as camouflage for a vast deportation programme from the new western border provinces of the Soviet Union. In particular, according to persistent reports from Bucharest over the last fifteen months, 500,000 to 750,000 Rumanians from Bessarabia—half the present Rumanian population of this province which was ceded to Russia in 1940—are being deported to the other side of Soviet Russia.

Until recently scanty evidence of this deportation scheme was to be found in the Soviet press. Now and again there would be news of a trainload of young "volunteers" from Bessarabia who had left their homes, like so many other citizens from all over the Soviet Union, for Khrushchev's new promised land. At the end of March, however, *Sovietskaja Moldava*, the *Izvestia* of the Moldavian People's Republic, printed a "Communiqué of the General Direction for Emigration and Manpower Recruitment of the Moldavian Soviet Republic's Council of Ministers" that threw a clearer light on what is going on. This announced a "planned emigration" from twenty-two districts of the Republic to Kazakhstan. Those citizens agreeing to go were offered a free ticket to their destination, free transport of their belongings up to two tons per family, a premium of 500 to 800 roubles for the head of the family and 150 to 300 for each member, a ten-year loan for building house and farm premises and a three-year loan for the purchase of livestock and foodstuffs. In addition, settlers will be exempted from agricultural taxes and compulsory quotas in kind for two years after their arrival. But in spite of these inducements the prospect is not likely to attract many genuine volunteers. The two-year exemption from taxes and delivery quotas does not mean much, since during that period the settler, far from having produce to be taxed and sold, will be dependent on the state for his subsistence. And even when he has managed to become self-supporting in the Siberian wilderness, his chances of repaying the state loans in time are slender.

There is, moreover, no economic justification for any large-scale emigration from Bessarabia, which has never suffered from over-population. On the contrary, its rich farms have always been crying out for manpower, particularly at harvest-time, and its economic potentialities have never been exploited. A perpetual bone of contention between its two neighbours, Bessarabia has been neglected by both Russians and Rumanians. During the last war, moreover, it lost, in one way or another, at least one-sixth of its population of over three million. In 1952 Stalin inaugurated a policy of resettlement which is still in force; to replace the descendants of 19th century German settlers whom he had returned to Hitler in 1940, he introduced subjects from the Far Eastern part of the Soviet Union—as well, it seems, as some Chinese peasants.

The reason for this apparently senseless transfer of populations emerges more clearly from a closer study of the Moldavian communiqué. This shows that all the twenty-two districts chosen for the emigration are west of the Dniester—that is to say, are in Bessarabia—and that only those with an overwhelming Rumanian majority have been chosen. For instance, the most northerly department of the province, Hotin, is divided into four districts, of which only two have a majority of Rumanians; and it is precisely these two that have been put on the list.

It looks in fact, as if the aim of this "planned emigration" is as old as the first Russian conquest of Bessarabia in 1812. Under Tsarist rule from 1812 to 1919, the Rumanians in the province were reduced from 90 per cent of the total population to something over 60 per cent. Stalin's heirs, it seems, are planning to carry still further this ethnical transformation of a former Rumanian province, presumably in order to nullify in advance any future Rumanian claims.

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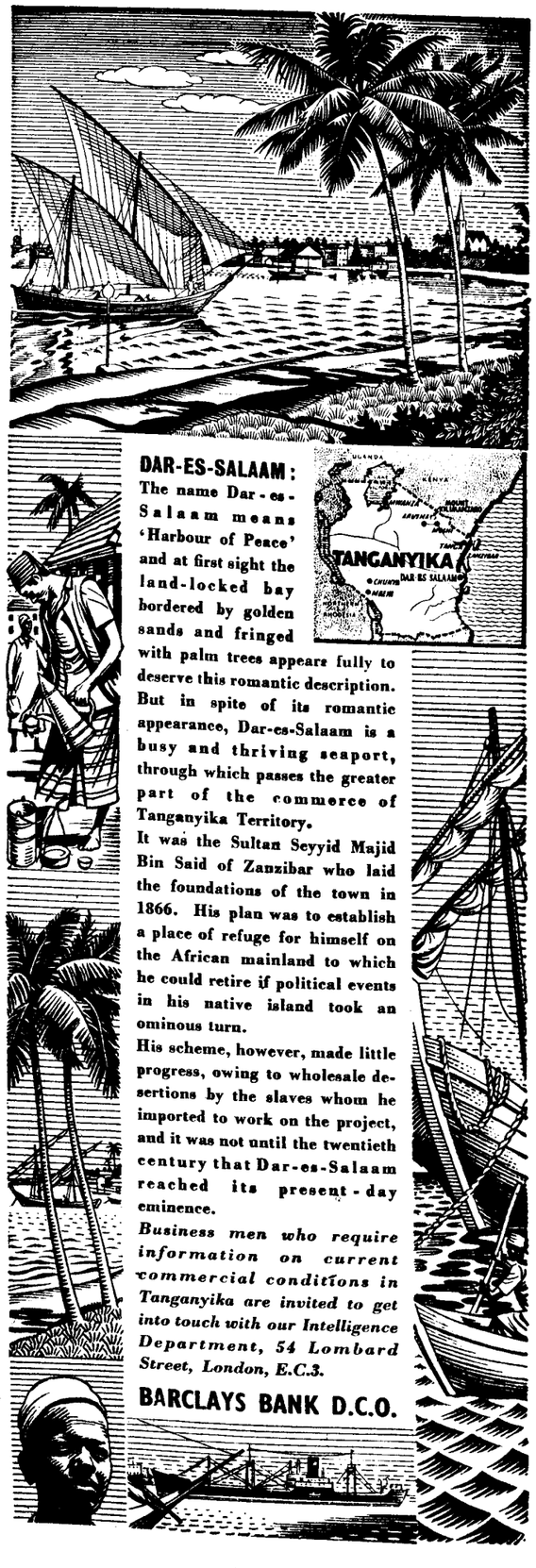

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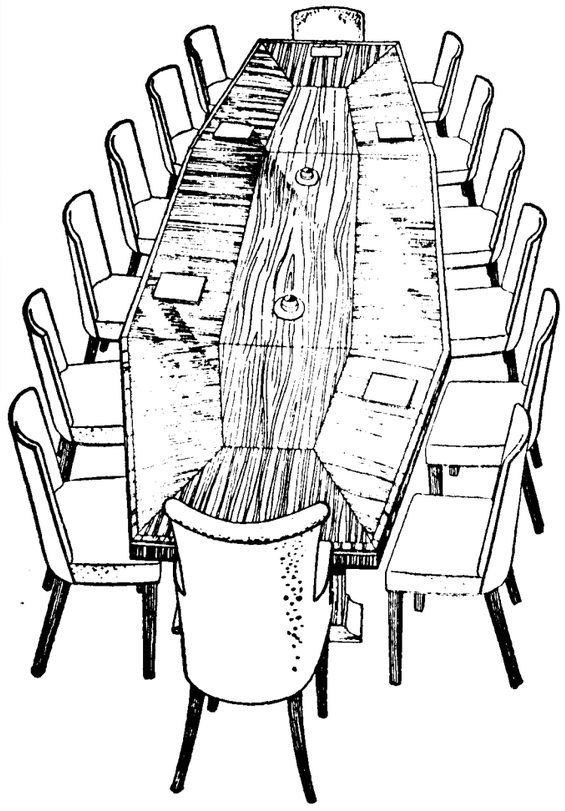

This specially shaped Heal boardroom table has a remarkably unifying effect on meetings. Everyone who sits round it enjoys an uninterrupted view of everyone else. The tiresome business of listening to a speaker whom you cannot see is thus ended for ever. Another approach to this problem is to have a circular or oval table—we can, of course, design and supply boardroom tables in any size or shape to suit your needs.

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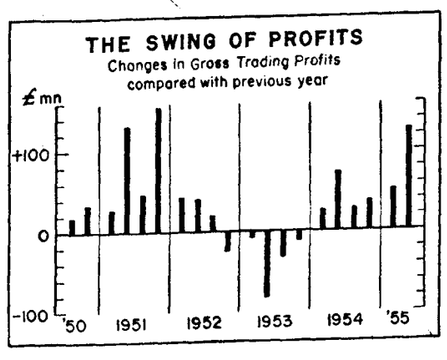
THE BUSINESS WORLD

Profits Without Prophecy

A RICH harvest of balance sheets and profit statements is reaped in the second quarter of each year. Just a thousand of them have again been digested in *The Economist's* statistical machine. It is the heaviest sample handled in the year both in number and in its representation of the biggest companies—it covers 37 per cent of the balance sheets for the 12 months ended June, 1955, and 47 per cent of that year's gross trading profits. For the very reason that the sample is weighted towards the industrial giants it may not be fully representative of all the segments of industrial finance.

Yet there is no ground for ignoring the clear message that the figures bring. The rise in trading profits reported in the second quarter of this year to £864 million, compared with £738 million for the same companies a year ago, is the steepest proportionate rise that the figures have shown for over two years. It can be set against a rise of 13 per cent shown by the companies reporting in the first quarter of this year and of 10 per cent for last year's second quarter companies. It may be dangerous to conclude from a weighted sample that the rising trend of profits has actually gathered more momentum. But the upswing in industrial profits that began to appear in mid 1953 has as yet shown no sign of flattening out. Even allowing for the weight of the second quarter companies, the chart shows a consistent two-year rise.



The figures themselves give no cause for faint hearts in industry or indeed in the investment markets; the profit figures tell a true story—though it is always a story about events that have passed. Companies reporting in the June quarter are giving the results of financial years that ended often enough on December 31st—recording in terms of hard cash the results of trading conditions of around a year ago. One would not expect to find in present figures any reflection of the 1955 crop of strikes, or of the tighter money policy, still less of the higher coal prices. The investor must still back his own judgment about the probability that the curve of rising profits may one day flatten and then try to guess by how much. The profits analysis tells him neither what is happening nor what is still to happen.

He can reasonably take courage from the fact that there were fewer obvious signs of timidity in recent dividend decisions; this can be taken as at least a partial reflection of boardroom confidence about the future. The net amount distributed as ordinary dividend (£120 million) shows almost the same increase as in the first quarter. The true rate of increase was therefore slightly less than in that quarter, since a fraction of it is this time due to the reduction in the standard rate of income tax. But the first quarter's increase was weighted by a huge dividend increase from a single company, Vauxhall Motors, to its American parent. On balance it appears that the move towards more liberal dividends has been going on almost undisturbed, and that companies are now labouring under a tax burden that is proportionately lighter (though this easing seems to owe as much to the removal of EPL as to the income tax reduction). Industry does not in its appropriation accounts appear to have made much concession to the threat of inflation. Depreciation at £171½ million again

absorbed just under a fifth of trading profits. In absolute figures it took £27 million more, but that must be largely due to the increasing proportion of more expensive postwar equipment that industry now has to depreciate. Provisions were £13 million higher—a sop to financial conservatism but hardly a major contribution towards the cost of re-equipment.

The chief consolidated balance sheet items this time call for great caution in interpretation. The rise in fixed assets, on paper, from £2,809 to £3,107 million gross does not mean that new investment in such assets has totalled nearly £300 million. The total increase includes the reacquisition by Vickers and Guest, Keen and Nettlefolds of their steel assets. Marks and Spencer has written up its properties, and part of the £10½ million increase by United Drapery is due to the consolidation of Prices Trust. In the other scale there is a net fall of £62½ million in British Petroleum's gross fixed assets owing to the removal of the Iranian assets from the balance sheet.

Net current assets of all companies are 13½ per cent higher, £1,633 million. This does not suggest that industry as a whole was feeling any financial stringency, though the change in gilt-edged holdings, small as it is, is downward, while overdrafts and loans rose from £159 million to £164 million. Stocks were rising. Liquid funds and borrowed money was moving in to finance them. Stocks and debtors (which are stocks once removed to the customer's premises) rose by £274 million to £2,464 million. They could hardly have failed to rise while business was thus booming, even if a little price inflation, too, is wrapped up in that increase. With capitalisation issues abounding, it would be false to base conclusions on the £355 million increase to £2,180 in the nominal capital of the reporting companies, though it is worth notice that prior charge capital rose by £119 million compared with a growth of only £63 million in the first quarter. Permanent capital, bank loans and the investment portfolios of the companies themselves all played their parts in financing expanding business.

Results from the giants of industry—ICI, Unilever, Shell and British Petroleum among them—are included in the second quarter's figures. With companies of that stature special situations can make big differences. Over one-eighth of the gross trading profit came from the food group (which includes Unilever); about one-tenth came from the newspaper paper and printing group, and it happened that the Bowater figure this year sprang from 15 months' trading instead of 12. Oil, more than any other industry, swelled the quarter's earnings (just as the motor industry, swelled by the huge Vauxhall payment, dominated the first quarter's figures) while the De Havilland write off of the Comet losses reduces the motor and aircraft contribution this time; three industrial groups, chemicals, engineering and oil, together account for 35 per cent of all the trading profits reported and for 48 per cent of the increase. Fortunately that does not imply that the smaller companies have done badly. Of the 23 industrial groups into which these companies are divided, only two—shipping and silk and rayon (which included Celanese but not Courtaulds) showed a notable profit decline; wool just failed to hold its own. Each other group showed a substantial profit increase. Among them tea—a mass of 59 little companies—outshone them all. Reporting from wonderful 1954 the tea companies more than doubled both their gross trading profits and their net dividends. It has been sunshine all the way, and there are lots of investors, cocking their weather eye, who expect it to continue.

PROFITS, PROVISIONS AND DEPRECIATION

(£'000)

	Reports Published April to June, 1955		Reports Published July, 1954, to June, 1955	
	1,000 Companies		2,742 Companies	
	Previous Year	Latest Year	Previous Year	Latest Year
Gross trading profits	738,370	864,216	1,581,294	1,821,877
Income from investments	54,007	54,513	109,746	114,961
Other current income	2,131	3,188	8,976	11,521
Non-recurring credits	28,078	25,028	78,267	59,894
Total Income	**822,586**	**946,945**	**1,778,283**	**2,008,253**
Repairs and maintenance	5,200	5,490	10,223	10,196
Depreciation	144,676	171,509	267,410	307,951
Income tax (excl. profits tax)	269,292	295,149	590,352	652,761
Profits tax	55,897	50,800	138,130	125,191
Directors' emoluments	21,385	22,344	52,751	54,918
Administrative charges, etc.	7,548	7,568	43,433	45,198
Contingencies provisions, etc.	42,449	55,070	93,051	109,796
Pensions	12,554	14,675	23,270	25,178
Minority shares in profits	9,278	11,556	19,098	22,477
Profits retained by subsidiaries	46,186	64,386	108,951	137,678
Debenture interest	17,493	20,721	37,904	42,819
Preference dividends	17,121	17,798	33,040	34,548
Ordinary dividends	91,169	119,994	195,475	250,663
Revenue reserves, etc.	76,745	75,395	144,736	164,117
Brought in (parent companies)	129,236	134,839	295,128	316,487
Carried forward (parent companies)	134,839	153,329	316,487	341,269

ANALYSIS OF BALANCE SHEETS

Published April-June, 1955 (£'000)

	1,000 Companies			1,000 Companies	
	Previous Year	Latest Year		Previous Year	Latest Year
Capital (Parent Companies):—			**Fixed Assets:—**		
Debenture	424,693	514,512	Land, property and plant	2,809,433	3,106,923
Preference	464,368	493,562	*Less* depreciation	884,261	1,061,177
Ordinary	935,949	1,172,545		1,925,172	2,045,746
	1,825,010	2,180,219			
Reserves and Surplus:—					
Capital reserves	624,578	600,766			
Revenue res. & carry forward	1,206,271	1,188,985	**Trade Investments**	342,712	365,267
Total Capital, Reserves and Surplus	3,655,859	3,969,968	**Intangible Assets**	104,364	108,509
Outside Interests in subsidiaries	154,942	182,994			
Current Liabilities and Provisions:—			**Current Assets:—**		
Bank overdrafts and loans	158,997	163,815	Stocks	1,365,472	1,526,948
Creditors, etc.	1,208,094	1,344,190	Debtors	855,497	937,149
Future taxation	235,630	268,080	Gilt edged secs.	157,189	154,541
Other provs.	120,764	82,772	Other marketable investments	274,560	295,233
			Cash	540,320	598,626
	1,723,485	1,858,857		3,162,038	3,492,297
	5,534,286	6,011,819		5,534,286	6,011,819

Silver Galore

SILVER has recently been rising in the world's markets. In London it has climbed since last February from 73¼d. to 79d. per ounce. In New York the open market price is close to the figure of 91 cents, at which the US Treasury may sell some of its free silver reserve, i.e., the metal it holds in excess of the amount needed to secure the silver certificates in circulation. The law in the United States calls upon the Treasury to buy domestic newly mined silver at 90½ cents an ounce and allows it to sell free silver at 91 cents. No such sales have yet been made. It is, therefore, still uncertain whether the figure of 91 cents an ounce is an effective ceiling for the open market price—a figure at which metal will be made available from the Treasury reserves. But what is beyond all doubt is that there is ample free silver in the Treasury—about 1,400 million ounces, and that this total is destined to expand considerably in the near future.

The time is rapidly approaching when silver will be moving from the four corners of the earth to the United States at a rate and in a volume so far unmatched. Over the next 21 months about 400 million ounces of silver, the equivalent of more than two years' production of the metal, have to be remitted to the United States Treasury by eight countries—India, Pakistan, the United Kingdom, the Netherlands, Saudi Arabia, Australia, Ethiopia and the Fiji Islands. This massive movement will arise from the repayment in kind of silver that was made available to the allies by the United States under wartime lend-lease arrangements. During the latter part of the war silver was urgently needed by many of the allied countries. In India it was required to keep pace with the increased demand for coinage springing from wartime inflation. In the United Kingdom silver was needed mainly for industry—for photographic film and as an industrial solder and an alternative to tin, the main supplies of which had been lost when Japan invaded Malaya. The only pool of readily available silver that could be tapped to satisfy these urgent needs was the free silver reserve held in the United States Treasury. The amounts that it lent and the countries to which it was shipped are as follows:

	Million ounces
India and Pakistan	226·0
United Kingdom	88·1
Netherlands	56·7
Saudi Arabia	22·3
Australia	11·8
Ethiopia	5·4
Fiji Islands	0·2
Belgium	0·2
	410·7

In the autumn of 1945 when the final settlement of the lend-lease and reverse lend-lease accounts was discussed as part of the Anglo-American financial negotiations it soon became clear that the United States would insist on treating the silver deliveries as a special and separate part of the lend-lease operations; there was never any question of bringing silver within the general lend-lease settlement. That settlement was based on generous and realistic principles. The sponge was passed over the slate except, in the main, for the material actually in the "pipe line" when lend-lease ceased—and this, together with some other net cash claims, was covered and financed by a fifty-year credit granted on the same terms as the $3¾ billion line of credit granted by the United States to Britain at the same time.

★

But the United States took quite a different attitude when lend-lease silver came to be considered. It demanded payment and in kind. All the silver shipped to allied countries under lend-lease arrangements was to be returned to the United States within five years of the official termination of the war, a datum drawn when the peace treaty with Japan was signed in April, 1952. The silver must, therefore, be returned to the United States by April, 1957. In introducing the principle of lend-lease to an America still at peace, President Roosevelt had suggested that it was equivalent to lending one's fire hose to a neighbour whose house was on fire and who would return it after the conflagration. But in the end silver was the only part of the lend-lease settlement to which President Roosevelt's "fire-hose" simile was made to apply, although the silver received from the United States had been used in coinage or for industrial purposes and could not be "recaptured" in the form in which it had been lent.

Pressure from the "silver bloc" in the Senate, one of the smallest but most effective of all the lobbies, dictated American policy on this issue. The silver lobby argued simply and without subtlety that by requiring repayment of the silver "in kind" a sure and considerable demand for silver in the markets of the world would be created in the postwar period. That seemed, without question, to be a "good thing" for silver. The countries that owed silver had their doubts and they expressed them; but without avail. The silver senators wanted their pieces of silver—and all that such repayment implied in the way of support for their metal.

Faced with the problem of conjuring up more than 400 million ounces of silver the debtor countries, and particularly the United Kingdom, India and Pakistan, decided that the only practicable way of mobilising the required amount of metal without causing havoc in the silver market was to withdraw silver coins from circulation and replace them by some baser metal. In India and Pakistan silver rupees were replaced by nickel coins.

In the United Kingdom cupro-nickel began to replace the 500 fine silver alloy coins. The amount of silver amassed by this recoinage will suffice to meet the lend-lease obligations. Both in the United Kingdom and in India and Pakistan, however, some extremely difficult refining problems have been posed by this vast operation and these problems have by no means been solved. In India and Pakistan the process of refining the metal in the demonetised rupee coins has hardly begun. In the United Kingdom some new machinery has had to be installed at the Royal Mint and the refining operation has started.

The process of repayment commenced in 1947 when Belgium returned to the United States its small loan of 261,000 ounces. Last year the Netherlands made a larger payment, remitting to the United States 11 million of the 56.7 million ounces which it owed on lend-lease account. If technical, refining difficulties are overcome, the lend-lease silver will be returned to the United States in time to comply with the terms of the settlement. The repayment will have been completed without involving any purchases of silver in the open markets but with one incidental result that can hardly have been foreseen by the silver lobby; silver has disappeared as a monetary metal over the greater part of Western Europe and in India and Pakistan, where the silver tradition was even stronger than in Europe. Thus the silver lobby's "victory" of 1945 turns out to have been bought at a high price in terms of the long-range interests of the metal they are supposed to serve.

This incident, indeed, provides an interesting echo of another major initiative of the silver lobby in the United States, namely, the Silver Purchase Act of 1934, which required the United States government to maintain a 1:3 ratio between silver and gold in its metallic reserves and enjoined it to attain that ratio by purchases not only of domestic, but of imported silver. The resulting aggressive American buying of silver raised the price to such an extent that China, the only country in the world that still operated a true silver standard, was beset by a violent appreciation in the exchange value of its currency and was ultimately compelled to escape from the shackles of an overvalued currency by demonetising silver. This opened the way to the subsequent inflation of the Chinese currency—and it is not an excessive stretch of the imagination to suggest that the ensuing chaos of Chinese finances may have contained one of the seeds of the decay of the administration and the later victory of Communism in that country. The silver bloc's two empty victories make a poor showing against the economic disruption that they have involved.

Business Notes

Inflation Takes a Stroll

On the opening day of the new Stock Exchange Account—a three-week account that runs over August Bank Holiday—the industrial share market took another surge forward, picking up as it rose to a new peak (the *Financial Times* industrial index reached a record of 223.8 on Wednesday) those sections of the market that had been a little neglected in the previous rise. Shipping shares were particularly strong, the further rise in tramp freights providing the justification. Several of the commodity groups made further advances, as they well might, while commodity prices continue to advance. Rubber shares, and to a less extent tea shares, were in the picture. The rise, however, was not confined to those fringes of the ordinary share market; it was a strong industrial market that continued strong on Thursday, oil shares making much of the running. The gilt-edged market meanwhile continued to move downwards—so much so that the two sections are now markedly out of normal relationship. The yield on 2½ per cent consols on Wednesday rose to 4.17 per cent: the yield from the *Financial Times* ordinary share index fell to 4.28. It almost looks as though the two might soon meet, whereas a year ago consols were yielding 3.64 and the industrial index yielded 4.94.

Inflation—fortunately a mild variety—seems to be stalking round the floor of the Stock Exchange, and indeed round other parts of the City, notwithstanding that the Bank of England and the Treasury are dragging at its coat-tails. It is not surprising that the gilt-edged market has remained subdued, that business there has been small and the big buyers have been holding off, though the government broker did sell a block of the new gas stock through the market at the issue price, which seems a considerable achievement in the circumstances. It is not surprising also while investors are as equity-minded as they now are that new ordinary share offers are being avidly subscribed and that undertakings with plans in the making are pushing them forward as fast as they can. Two of last week's issues, Sir G. Godfrey and Bowthorpe Holdings, had to be allotted by ballot and quickly established high premiums when dealings began. Among the new issue plans announced this week the most important have been the fixing of the terms of the

British Oxygen and Wiggins Teape issues. British Oxygen is offering shareholders two new shares for each five held at 50s. (compared with a market price of 77s. 9d. for the existing stock). Wiggins Teape is offering shareholders one for ten at 65s. (compared with a market price of 74s. 3d. for the existing stock). The company is also offering to shareholders and debenture-holders £2 million 4½ per cent second debenture stock 1971/81 at £96.

Advances Still Unrestrained

During the six weeks to June 30th there were still no signs of any abating of the expansion of advances. The mid-year statement of the eleven clearing banks shows that in this period advances rose by £83 million, in contrast with only £44 million in the similar period last year. Even after allowing for the swelling of the advances figure by an increase in the included "transit" items at the half-year end, this must constitute the fastest upsurge in genuine advances since February (when the total rose by £107 million in four weeks). The total increase in the first half of 1955 is now brought to £289 million, nearly £160 million more than in the first half of 1954.

LONDON CLEARING BANKS†

	June 30, 1955	Change Since		
		May 18, 1955	Dec. 31, 1954	June 30, 1954
Deposits	6,510·4	+149·5	−430·7	− 22·7
"Net" deposits*	6,172·7	+ 68·4	−385·7	− 61·2
Liquid assets	*1,962·2*	*+ 19·2*	*−419·7*	*−193·8*
	30·1			
Cash	525·9	+ 11·2	− 45·4	− 5·4
	8·1			
Call money	440·0	+ 23·1	− 57·6	− 14·5
	6·8			
Treasury bills	890·2	− 3·6	−308·8	−189·6
	13·7			
Other bills	106·0	− 11·5	− 8·0	+ 15·8
	1·6			
Investments plus advances	*4,285·3*	*+ 40·5*	*+ 35·2*	*+136·8*
	65·8			
Investments	2,099·0	− 42·4	−253·8	−212·5
	32·2			
Advances	2,186·3	+ 82·9	+289·0	+349·3
	33·6			

* After deducting items in course of collection.
† Italic figures below asset items are percentages of published deposits.

Despite the buoyancy of advances, the total volume of credit is still being held firmly in check. Net deposits in June rose by only £68 million, which is only just over half the increase in June, 1954. The net decline over the first half-year indeed has, at £386 million, been nearly three times as large as it was last year. The explanation of the divergent movement of advances and deposits lies in the depletion of investment portfolios and in the unusually large losses of liquid assets. Investment portfolios fell again in June, though at a reduced rate (by £42 million, against £76 million in May and £64 million in April); and it is impossible to deduce how far this represents actual sales as opposed to writing down. That is also true of the movement over the half-year—a drop of £254 million, in contrast with the increase in investment values of £36 million shown over the first half of 1954. The average liquidity ratio has dropped from 34.3 per cent to 30.1 per cent in the six months (compared with the fall from 36.8 per cent to 33.0 per cent in the first half of 1954). In the latest six weeks the ratio has dropped from 30.5 to 30.1 per cent—and in two of the big banks to well below that.

The Coal Inquest

Opening last Wednesday's debate on coal in the House of Commons, Mr Geoffrey Lloyd confirmed that exports would be cut heavily next year without specifying by how much, announced new plans for the further use of fuel oil to help bridge the coal gap before 1960, and revealed some more details of the nuclear power station programme which would begin to contribute to the country's energy requirements by 1960. Not once, however, did he refer to the prospects for this year. On the latest output and consumption statistics, this omission may be understandable, though not justifiable. Up to last week this year's coal output was 3.2 million tons down, compared with the corresponding weeks of 1954, and consumption (to the previous week) was 1½ million tons up. By the end of the year the gap between home coal supplies and home coal use may well have widened to 8-9 million tons. But two million tons fewer exports and a fourfold increase in imports should cover it.

The government's general fuel policy was on trial, rather than the coal outlook for this year. To give the Coal Board some relief from the pressure for immediate output, the Minister looked to a hefty increase in the use of oil in the next five years followed by further relief from the promising venture in nuclear power. Ten million tons more coal could be mined now if the Board was not committed to preparing the groundwork for future coal supplies. This longer-term policy is right, and it does not contradict the short-term need for substantial improvement in the efficiency with which coal is used, which was urged by the Minister's main critic from his own benches. Mr Nabarro evidently believes that coal savings would dispense with the need for fuel imports. This is a mixture of optimism and pessimism—optimism about the extent of possible savings and pessimism about the total energy requirements of an expanding British economy. The justification for more investment in coal is that much more coal will be needed, even with the most economical use and the biggest possible support from other fuels. The government's decision to abolish the limit on loans to firms installing fuel-saving equipment may help this conversion from coal to oil-firing and encourage the use of large back pressure steam turbines. But gains in fuel efficiency cannot balance the coal account, even though they help.

Mr Lloyd claimed that the present increase was "the most powerful stroke for coal economy since the war." This is only partly true. The Coal Board's job, certainly, is not

to sell coal below cost, but its real standard of economy is to get coal at the lowest cost. This is where the rearguard volley of the Federation of British Industries last weekend completely misfired. Petulance at increased prices belatedly raised to match increased costs aims at the wrong target. The really important need is for more and cheaper coal—and that rests on new investment, new management, and a new mentality in the coal industry.

Convertibility Contrasts

SHARP contrasts have appeared this week in the move towards the convertibility of European currencies—contrasts so sharp that the movement no longer deserves the name of "the collective approach." While Britain and sterling are in apparent retreat from convertibility, Belgium has almost arrived there. The convertibility of sterling was the subject of a number of questions to the Chancellor last Tuesday. They opened with a seemingly innocuous, if not naïve, request that the Chancellor should state the date when he expected to make sterling really convertible. It drew the answer it deserved: "when the necessary conditions are satisfied." In the supplementaries, when the real needling began, Mr Butler refused to be drawn either on the rumours of a floating rate for sterling or on his own attitude towards a floating pound.

No assurance that a move towards sterling convertibility between now and the reassembly of the House in the autumn, and particularly at the International Monetary Fund meeting in September, would not be made could be winkled out of the Chancellor. He refuses to have his hands tied. But by implication those who dislike the prospect of an early move towards convertibility have little to fear. Towards the end of this cross examination Mr Butler returned to the conditions to be satisfied before any further move towards convertibility could be contemplated. He set as the first of these the soundness of the internal economy and added: "It must be clear to the House that the state of the internal economy is at present one which wants a certain degree of tightening up." From this he concluded that there seemed to be no ground for the current rumours. It appears that the convertibility exercise is postponed, if not *sine die* at least until the domestic economy in Britain has lost some of its inflationary wind.

Progress in Belgium

IN Belgium there has been little talk about the convertibility of the franc, but impressive action. From last Monday the export of capital from Belgium was freed—whether that capital is held on resident or foreign account. The export of notes, the purchase of foreign securities, and straight transfers from Belgian francs into foreign currencies are all set free. These transactions must go through the free market in which foreign currencies are quoted at rates varying slightly from those in the official market. Transactions in the official market are confined to current commercial operations, i.e. payments for imports and receipts for exports. Current commercial operations remain subject to exchange control so as to ensure that licences have duly been granted to match the demands for foreign currencies placed in this market. It is only in this market that the government now has to maintain rates of exchange within the range of fluctuations permitted by the International Monetary Fund. Belgian francs held in "financial accounts" are freely convertible through the free market where the intervention of the exchange control is not called for and where, therefore, any sudden demand for foreign currencies would merely move the rate quoted and would not necessarily affect the Belgian gold and foreign currency reserve. Belgian residents are being treated as favourably as non-residents, which provides a further contrast with present thinking about the convertibility of sterling.

Trunk Haulage to Stay Put

BRITISH ROAD SERVICES will retain its trunk haulage fleet. The Minister of Transport announced this decision on Thursday and has asked the Disposals Board to advise him on the number of vehicles the Commission will now need to retain in addition to the 3,500 it is allowed to keep for all purposes under the denationalisation act. This number will probably be about 4,500 which will leave another 4,000 or so vehicles still to be sold, apart from the parcels fleet and the contract hire vehicles for which separate arrangements have already been made. The Minister has instructed the Disposals Board to put these remaining lorries up for sale as quickly as possible, but most of them have been unsuccessfully offered once already and sales may be dragged out for some time yet. The decision to leave the main trunk fleet with the Commission is sensible; it will give the road haulage industry the stability it needs.

Tea Prices Buoyant

THE tea market has recovered its nerve and prices are buoyant. In the past two weeks the average price of North Indian tea in the London auctions has risen by 5d to 4s. a lb, and the average price of Ceylon tea by 6d. to 4s. 8d. a lb. The better qualities have risen by much more than that. What the trade likes to call the "concertina"—the spread between the prices of the low and best qualities—has widened to about 3s. a lb. But prices in Mincing Lane are still much below the Calcutta market. Comparison is difficult, because Mincing Lane is selling the last of the 1954 North Indian crop, whereas Calcutta is selling the second flush of this season's tea, but the difference is roughly 1s. a lb. The normal preference of many foreign buyers for new season's tea has helped the Calcutta market, and though the cheaper teas available in London are not being overlooked, the discount persists. For Ceylon teas, in contrast, prices in London are comparatively higher than in Colombo.

AU BORD DE LA MER
BESIDE THE SEASIDE

"Encore un verre de Dubonnet?" dis-je à la Reine du Carnaval. "Enchantée, monsieur," dit-elle, "vous me faites penser à votre oncle."
"ANOTHER GLASS OF DUBONNET?" SAID I TO THE CARNIVAL QUEEN. "DELIGHTED, SIR," SAID SHE, "YOU REMIND ME OF YOUR UNCLE."

"Ça oui!" dis-je, "Il paraît que le Dubonnet tient de famille!"
"INDEED!" SAID I, "IT SEEMS THAT DUBONNET RUNS IN THE FAMILY!"

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A better tone in the market was to be expected. The congestion of stocks in the pipeline to British consumers has been cleared; demand throughout the distributive chain has broadened; and present auction prices, compared with retail prices, give buyers a margin to play with. But it is still surprising that prices of the better qualities have risen so sharply. Stocks are adequate and the season is too young for any assessment of world production. All that is clear is that the main producing countries have taken the lesson of the slump to heart, and are concentrating on quality rather than quantity. So far the growing weather has been favourable; the crop figures to watch are those for North India in the next three months. Even if world production should prove to be rather less than last year there should still be enough tea to go round.

Heavy Import Bill

THERE is one crumb of comfort in the detailed figures of British overseas trade in June: they show the effect of the transport strikes at its worst—before the backlog of exports had begun to be cleared. That worst was certainly bad enough. Compared with the April-May average, exports and re-exports fell by £90 million—35 per cent—to £165 million fob. As last year, the brunt of the strikes fell on shipments to the sterling area, which dropped by 43 per cent; shipments to the OEEC countries fared best with a fall of 22 per cent, and shipments to the dollar and other non-sterling countries dropped by a third. Total imports, at £294 million cif were only 3 per cent below the April-May average and one per cent higher than in May; and the deficit with each of the main trading areas swung wide open. Imports from the OEEC area, indeed, were actually 7 per cent above the April-May average; this suggests that without the strikes total imports might well have been equal to, or even above, the April-May average—not a monument to the working of monetary policy so far.

The deterioration in the British trade balance is still formidable. Between the first half of 1954 and 1955 British exports rose in value by £48 million—3½ per cent—to £1,393 million fob, and in volume by about 5 per cent; imports, however, rose in value by £229 million—14 per cent—to £1,903 million, and in volume by about 10 per cent. Imports of manufacturers rose by £90 million, of which iron and steel and non-ferrous metals alone accounted for £48 million. Imports of food, beverages and tobacco were £86 million higher, despite a fall of £23 million in imports of dairy products and sugar. Imports of basic materials rose by only £17 million, a sharp rise in rubber, timber, pulp, and metalliferous ores and scrap being partly offset by cheaper arrivals of cotton, oilseeds and raw wool. Imports of coal soared from £2½ million to £33½ million, and imports of crude and refined oil were £7½ million higher.

Britain is now receiving some help from the fall in prices of certain commodities, and fewer cereals and feeding stuffs should be needed this season. It is on the industrial materials that monetary policy must really bite. And the improvement of one point to 101 (1954=100) in the terms of trade last month may not be an unmixed blessing, for it resulted from a general rise in British export prices.

Oil Trade and the East

THE expansion of oil refining east of Suez by British and other companies and the resumption of oil production and refining in Iran were bound to affect shipments of refined products from Britain to Eastern markets. Exports have fallen in total, but the industry has been able to offset part of the loss in this area by larger shipments to other markets nearer home. Between the first half of 1954 and 1955 exports of the principal products fell by nearly 200 million gallons to 767 million, and the brunt of the decline was in fuel oil. Exports of gas, diesel and fuel oil—which are not separately distinguished by destination in the trade returns—ceased completely to South Africa, Kenya, Sudan, Aden, India, Pakistan, Singapore, Ceylon, Australia and New Zealand. Shipments of motor spirit ceased to India and Singapore, and to Australia and "other Commonwealth" countries together they dropped by nearly one-third. But in both motor spirit and in the heavier products there were increased shipments to certain European countries, notably Scandinavia, Denmark and Holland.

UK TRADE IN OIL
Six months ending June (million gallons)

	Exports			Imports	
	1954	1955		1954	1955
Motor spirit ..	201	183	Crude oil ...	3,644	3,673
Gas oil	112	140	Motor spirit	187	216
Diesel oil	57	51	Gas oil	161	268
Fuel oil	551	354	Diesel oil ...	28	34
Lubricating oil	36	39	Fuel oil	207	264
Total	957	767	Total	4,227	4,455

Despite the fall in exports, imports of crude and the main refined products were higher than in the first six months of last year, thanks to the growth in domestic demand; the largest increases were in fuel and gas oil. By source, imports of crude showed little change. Imports from Kuwait, easily the largest supplier, fell slightly by 50 million gallons to 2,308 million, and imports from Iraq, the second largest, fell by 60 million to 531 million. More than offsetting these and other reductions were increased imports from Saudi Arabia, the United States, Venezuela, and "other foreign" countries; the largest increase was from the last source, and presumably reflects the growth in shipments from Iran, which was dropped from the returns during the prolonged stoppage at Abadan.

Building Society Withdrawals

EVIDENCE of the drain on building society liquid funds caused by buoyant industrial share markets and dearer money comes from the half-yearly statement to June 30th of the Co-operative Permanent Building Society. Other societies are believed also to have experienced a similar loss

of funds, but few of them issue half-yearly statements; the figures of the Halifax society for the six months to July 31st will be among the few.

The Co-operative Building Society's experience has been that the demand for mortgages remained strong; no less than £15.9 million was advanced in the first half of 1955 compared with £10.1 million in the first half of 1954. For the first half year as a whole receipts from investors were also higher at £14.1 million compared with £12.9 million, while withdrawals by investors rose sharply from £4.8 million to £7.3 million. But a footnote explains that in the second quarter of the year the society experienced a falling off in investment receipts and a rise in withdrawals. By implication, therefore, receipts of new money have recently been lower and withdrawals at a higher rate than the figures for the six months as a whole indicate.

At June 30th the Co-operative Permanent's liquid assets had fallen by £3.3 million and the ratio of liquid assets to total assets that stood around 15½ per cent on December 31st was a shade below 11½ per cent. For a big and responsible society that figure is probably near the minimum liquidity ratio that will be accepted. The "reduction in the amount available for new loans" that the directors now report must imply a severe rationing of borrowers.

By Helicopter To Heathrow

NEXT Monday, British European Airways starts its postponed helicopter service between London Airport and the South Bank. There will be eight flights a day, at a single fare of 35s., which is just competitive with car hire rates from the airport to central London, and far above them if two or more people are travelling together. The flight will take only 15 minutes compared with up to an hour by road, depending on the traffic; but since seats are not bookable, and the number of passengers that can be carried out to the airport will depend on the direction of the wind, the service will not guarantee that passengers who leave their departure to the last moment will catch their planes.

This service, indeed, seems to be much more an experiment in helicopter operation than a comprehensive alternative means of transport to and from the airport. The probable deficit is put at £300 a day, which will be met by the Ministry of Transport; the Ministry has also carried the cost of developing the helicopters to meet safety requirements, Port of London Authority requirements, and complaints about the noise. The Westland Aircraft company, which manufactures the helicopters under licence from the Sikorsky company in America, have successfully added floats (so that the machine can make forced landings in the Thames), anchors (so that after a forced landing the helicopters will comply with Port of London Authority regulations about drifting craft), and engine silencers.

Laden with these appendages, helicopters designed to carry twelve persons are reduced to a maximum of five passengers and their baggage from the airport into London and only three from London to the airport (or even two if winds are unfavourable). When BEA succeed in replacing the floats by inflatable rubber bags on the lines of RAF

dinghies, the number of passengers will go up to seven. But the tortuous nature of the experiment must raise questions about whether this is the best use of public money on helicopter development. The gain to the passenger is dubious, since BEA cannot guarantee a seat, and the cost to the Exchequer is certainly high. It may be important to gain operating experience of helicopters, but the services have an immediate application for helicopters and might be better able to encourage their development.

Hadfields For Sale

THE prospectus now published of the offer for sale of 2½ million £1 ordinary shares at 27s. 6d. and £1¼ million of 4½ per cent debenture stock (1975/85) at £96—the whole capital of Hadfields, is a trailer for a series of minor steel share offers that will, it is hoped, continue through the holiday season. It will therefore be watched partly to see how far the Realisation Agency, Lazard Brothers and Hoare and Co. have succeeded in finding the right touch for a steel offer after the election. Their guess is a dividend yield of £5 9s. 1d. per cent on the ordinary shares which are covered about 2½ times by earnings, and a yield to redemption on the final date of exactly 4¾ per cent on the debenture stock, which is covered about 5 times on assets and about 13 times as to interest.

The dividend yield on the ordinary shares, based on a profit estimate for the current year (ending early in October) of £750,000 and a payment of 7½ per cent is the highest obtainable from a steel equity at the moment though Stewarts and Lloyds which distributes only a small fraction of its total profits shows a higher earnings yield. The gross redemption yield on the debenture stock is in line with that currently obtainable from the Thomas Firth and John Brown 4½ per cent debenture if allowance is made for the fact that the latter stock now attracts stamp duty. If markets are still strong when lists open on Tuesday investors will probably consider Hadfield's ordinary attractive though not greatly underpriced, and the debenture stock about right.

For a steel works, Hadfields is a small company. On nationalisation the business of manufacturing paper machinery was hived off as Millspaugh and there is no thought of reintegration. Total assets now stand at £6.2 million and the company foresees only small capital requirements over the next three years of £1¼ million. Existing

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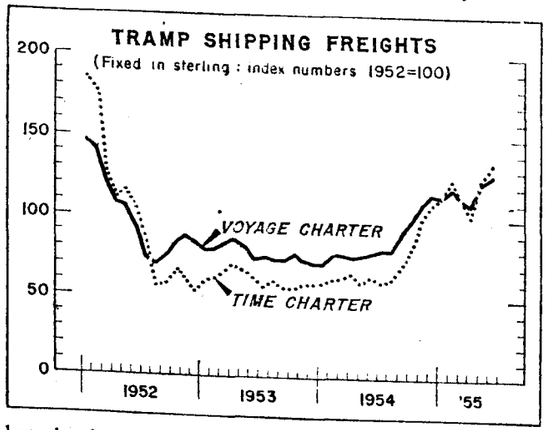
resources plus bank borrowings should finance that. The company has a long and distinguished history, but also a fluctuating profit record. Net profits climbed from £45,000 in 1950 to £1,035,000 for 1953. They have since been receding to the estimated £750,000 for this year. The Realisation Agency will, after paying the costs of the marketing estimated at £130,000, still make a profit of around £200,000. If the yield on steel shares had not moved from over 7 per cent to less than 5½ per cent, the denationalisation of Hadfields might have involved a heavy loss.

Buoyant Freight Rates

MORE often than not, tramp freight rates at this time of the year tend to droop, but this summer they are running at much higher levels than for years. The Chamber of Shipping index of voyage rates fixed in June was 128.0, which compares with 77.6 in the same month last year; the time charter index stood at 135.4, compared with 64.2 a year ago. Both indices have been over 100 (the average for 1952) since last November, and the average rate since January has been 118.2 for the voyage index compared with 76.3 for the same period of 1954, and 119.0 for the time charter index compared with 62.1.

Large shipments of American coal across the Atlantic have undoubtedly been the principal cause of this upsurge in tramp freight rates, assisted by the growing demands for imported ore in the United States, the United Kingdom and in Western Europe. Although shipments of other principal bulk commodities have not been much greater this year than



last, the shortage of tonnage has compelled shippers to concede higher rates all round. Recent fixtures for coal from Hampton Roads to North Continental ports have been in the region of 60s. a ton, compared with the highest figure in 1954 of 34s. 6d. Wheat cargoes from Western Australia to Britain are commanding rates up to 120s., compared with fixtures varying from 67s. 6d. to 90s. last year.

So far as can be seen, business in all cargoes is likely to be heavy at least until the end of this year. The railway and dock strikes have put the United Kingdom ore import programme behind schedule, and the need for overseas coal in Western Europe is still growing. The cut in British coal exports next year will mean that the Coal Board's former customers will have to look across the Atlantic to fill the gap; but the bottom will be knocked out of coastwise and short sea traffic, which has been heavily dependent upon coal exports and upon the transhipment of American coal from continental ports to this country.

Fuel Oil Narrows the Gap

LAST week's increases in Caribbean heavy fuel oil prices are unlikely, on present indications, to mean an immediate rise in the price of fuel oil in this country. The increases were caused by heavier fuel consumption in the United States at a time when imports there are being restricted in accordance with the latest Presidential policy on resources. The higher Caribbean rates have been followed so far by an increase in Gulf of Mexico prices for Bunker C grade oil and for certain other fuel oils containing varying proportions of Bunker C oil. Gulf prices, in effect, set international oil prices including those for Middle Eastern oil which provides the bulk of this country's heavy fuel oil supplies. When the price of Bunker C grade oil last rose, in February this year, most world prices followed suit, but the increase was absorbed by United Kingdom distributors and inland prices were unaffected. Should there be a similar rise in other prices this time—and oil needs are rising in Western Europe as well as in the United States—inland distributors may again be disinclined to pass on the entire extra cost after the bother about world oil prices that followed the recent report by ECE. But high tanker rates this winter may make some increase inevitable.

However, the upshot of the latest rise in both coal and oil prices will still be a narrowing of the gap between the two. Bunker C grade oil is used in Britain mainly by power stations, which pay specially agreed rates that move in a rough relationship with market prices, and most of the fuel oil used by industrial firms contains a varying but significant proportion of other grades. By 1960 the total amount of oil used for industrial steam raising and by public power stations is expected to reach the equivalent of an extra 25 million tons of coal, but this could mean a considerable surplus of lighter fuels which the refineries would find difficult to market with the present weight of taxation on motor fuel. (It will also probably mean much heavier shipments of fuel oil direct from Venezuela.) This week's contract between the Central Electricity and Shell-Mex and B.P. provides for the supply of an unspecified amount of low-flash point fuel oil out of the eventual total of 3 million tons a year envisaged under the agreement. This oil contains a wider range of fractions; experiments have been undertaken for some time on its possible use at oil-fired power stations.

Bargains In Barley

A FEW months ago sellers of American maize to Europe over-estimated the demand and paid dearly for their mistake. The same thing is happening now in barley. One shipper in particular—not a Canadian firm—evidently bought a substantial quantity of Canadian barley for early shipment to this country on the assumption that the English crop would be late. That assumption seems to have been wrecked by the recent good weather. Faced with the prospect of the home crop becoming available next month at £22 a ton ex-farm or less, shippers are anxious to unload. Selling pressure is keenest at Avonmouth, where a cargo was "slaughtered"—as the trade has it—at £22 10s. a ton, £2 below the current replacement price. The decline has naturally affected prices of other imported barley and prices of futures in London. Prices of barley for shipment to the Continent are also lower, but for a different reason. Aggressive selling by the United States has taken away some business from Canada and Iraq, and Iraq has been forced to reduce its prices.

The Gnat And The Gyron

WITHIN the last few days, two completely different philosophies of fighter aircraft design have reached the stage of flight testing. Early this week, the prototype of the Folland Gnat made its first flight, powered by the new Orpheus engine which was developed by the Bristol Aeroplane Company to meet Folland's requirements. Both aircraft and engine were designed in the belief that it was possible to put back the clock and build fighters that are small, light, and cheap without any sacrifice of performance. The weight of the Gnat is a third that of a standard fighter like the Hunter, and so is its price. The Gnat is expected to attain supersonic speeds in level flight. But some reduction in the amount of armament and instrumentation is inevitable in a smaller aircraft; for example there are two 30 mm cannon instead of the Hunter's four. The success of the formula for the Gnat has largely hung on Bristol's ability to develop a suitable light-weight engine; hence the importance of this week's first flight using the Orpheus.

The next step is to develop the Gnat so that it can carry guided missiles without impairing its performance. On this achievement depends the prospect of an order from the RAF whose use for cannon-armed fighters will not last more than another two years or so. For the time being, the Gnat has managed to attract support from the Ministry of Supply in the form of an order for up to six Gnats for research purposes.

The de Havilland Gyron engine which made its first flight last week is the antithesis of all that the Gnat represents. It is a huge jet engine of immense power designed to propel a fighter—yet to fly—by brute force at well over supersonic speeds. All three companies are searching for a way of reducing the complexity of present-day aircraft—de Havilland by increasing component size in the hope that this will raise manufacturing tolerances and simplify production, and Folland and Bristol through a reduction in weight that automatically ensures a reduction in scale and in costs. The Gyron (like the Gnat), was started as a private venture because the de Havilland designers did not consider the Air Ministry's requirements for a high-powered engine were pitched in the right key. It has long since received official backing and the outcome of these two different approaches to fighter design will provide some most interesting developments in the aircraft industry during the next few years.

Dollar Stocks On Offer

THE government has released and already begun to sell through the London market a second $15 million worth of dollar securities. Like the previous $15 million worth they come out of the residue of the dollar securities that were put up as collateral for the war time loan from the Reconstruction Finance Corporation, and returned to the British Government after that loan was settled. Clearly the government now takes the view that the right place for a mixed bag of American industrial equities, prior charge stocks and utilities is the private investment portfolios of British residents. It is releasing the stocks for sale against sterling in the knowledge that since they are sold at a premium over New York and for sterling they (or their equivalent in other dollar securities since arbitrage is permissible) will remain in British ownership.

The technique used in this sale is similar to that worked out in February. The government broker sells to London jobbers only and he is not pressing his sales. He fixes his prices each morning at fully the ruling premium over New York parity. As he has recently been calculating his premium at ¾ per cent over an exchange rate of $2.80 to the £ and as the market has been working to a premium of ½ per cent or less he has been on the average a shade above the market most of the time, though he has sold some stock.

There is, however, one enticing opportunity open to the arbitrage dealers. The government broker calculates his offer prices only once a day on the basis of the previous night's Wall Street close. He also tries to leave as little as possible on offer after 4.30 in the afternoon. But in the last hour of trading the New York market has reopened and if it is moving upwards, the government broker's offer prices are momentarily attractive. Those are the exciting moments of quick decisions and hectic dealing that arbitrage dealers live for; they must seem strange in the quiet gilt-edged atmosphere in which the government broker normally moves.

Price Policy In Gas

THE higher charges that most gas boards and all electricity boards will soon be making to cover this week's increase in coal prices are not by themselves expected to make much difference to the competitive position of the two fuels. But the decline in domestic gas sales (though not industrial use), in contrast to the continued expansion of electricity, is giving rise to much discussion in the gas industry on the merits of its present tariffs. Since nationalisation took place, most of the area boards have replaced a multiplicity of local charges based upon local costs by fairly uniform block tariffs offering progressively lower prices for successive layers of consumption. These tariffs have been designed to stimulate gas sales to individual customers and to cover, broadly, the costs of supply. As the gas grid system has been gradually extended so the zones over which the same price in each block operates have been correspondingly widened.

But in the main these tariffs do not allow the full costs

151

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of supply to be recovered from customers using very small quantities of gas, and the deficit has to be recouped from the moderate and heavy domestic user—the very consumer that the industry wishes to encourage. The bane of the gas industry is the housewife who supplements her electric cooker with a gas ring or one who makes only occasional use of a bedroom gas fire and no other gas appliance. To charge these customers the full cost of supply would mean a very steep rate for a small first block which might have the opposite effect to what the industry desired.

However several boards have made, or are thinking of making, changes in their tariffs that go some way towards this. The South Eastern Board is introducing next month an optional two-part tariff for its domestic customers in addition to its present flat rate charges of 22 pence and 23 pence a therm. This new tariff will comprise a standard payment of 26s. a quarter and a 25 per cent discount off the flat rate for all gas consumed. This option will be worthwhile only for customers taking more than 57 therms a quarter, and thus it appears to be pitched out of the present range of most gas users. But the two block compulsory tariff that the East Midlands Board proposes—but only as a suggestion it is careful to add—in the current issue of its "Survey" would offer a definite advantage to users taking more than 26 therms a quarter. In this area, more than a third of gas users take less than 20 therms a quarter, which is the point where it becomes economic for the board to supply under its existing three block tariff. In place of the present charge of 17 pence a therm for the first 25 therms a quarter, 14.9 pence a therm for the next 25 therms, and 12½ pence a therm thereafter, the board suggests a tariff of 24.8 pence a therm for the first 10 therms a quarter (which is the amount 90 per cent of its customers use) and a standard 12 pence a therm from then on. This more radical shift towards a more economic structure of gas charges is at present a carefully worded suggestion, but some revision of gas charges on these lines, which is broadly the method used by the electricity industry with a cost structure that has some similarities with gas, may become inevitable before very long.

SHORTER NOTES

The outflow of notes for holiday spending reached nearly £30 million in the week to Wednesday last, £5 million more than in the corresponding week of 1954. The fiduciary issue has been raised by £50 million to the new peak of £1,875 million.

★

The Central Electricity Authority's announcement that increased coal prices will cost £20 million a year and that electricity prices will go up in October also records that the CEA had a net surplus of £8 million for the year to March, after providing £10 million for additional depreciation.

★

The new heavy turbine shop officially opened last week at the Fraser and Chalmers works of the General Electric Company at Erith in Kent is designed to cater, with the associated works at Witton, for the construction and testing of steam turbines with a capacity of up to 400 megawatts. This is considerably larger than turbines already in use or at present being designed. The new shop has an assembly pit capable of permitting three large turbines to be built simultaneously. The largest set under construction there at present is a 120 mW steam turbine and designs are being completed for 200 mW plant. Altogether this year GEC expects to commission 500 mW of generating plant; and the company hopes to be able to produce a quarter of the Electricity Authority's new generating needs in the next few years.

Company Notes

PYE. As a growth stock with a speculative flavour, Pye ordinary shares have richly fulfilled the hopes of investors, and the low yield of £2 13s. per cent on the 5s. deferred ordinary, at 47s., shows that that speculative flavour has not been spent. The preliminary announcement for the year to March 31st discloses group profits (after depreciation, note interest and miscellaneous expenses) of £2,199,302. This is nearly double the profit of £1,127,886 for the previous year—itself a substantial increase on earlier results—though it includes £85,880 relating to subsidiaries acquired during the year. The tax charge is raised from £868,196 to £1,161,677, but represents a greatly reduced proportion (53 against 77 per cent) of group profits. Pye has clearly benefited much from the removal of EPL, which took £159,681 in 1953-54.

Group profits after tax (but before preferential dividends and employees' profit sharing) were £1,023,560—almost four times the previous year's figure of £259,690. The participating preferred ordinary stock naturally receives the maximum payment of 10 per cent, and the gross dividend on the deferred ordinary is to be raised by as much as a quarter. A 100 per cent capitalisation issue is to be made, and the annual dividend of 12½ per cent just declared is to be paid on the increased capital, so that in terms of the new capital the distribution is equivalent to an increase from 10 per cent to 12½ per cent.

Apart from the scrip issue, the company's capital has been increased since the 1954 balance sheet by the allotment last December for cash of one million 5½ per cent preference shares of £1 each at 21s. and 456,917 5s. "A" deferred shares at 22s. 6d. There was also a year ago a "rights" issue of 761,529 "A" deferred shares at 20s. The full report will no doubt give some detail of the company's technical progress, which for some years has produced increasingly brilliant financial results.

BLACKBURN & GENERAL AIRCRAFT. The aircraft industry endures an almost perpetual teething process even when, like Blackburn, it spreads its risks by extension into other markets. Throughout the four years ended in March, 1954, when many businesses were reporting rapid progress, this company paid, out of high but fluctuating earnings, an unchanged dividend of 12½ per cent on its old capital.

The preliminary statement for the latest year shows group profit before tax of £520,857 against £451,607. These balances are apparently struck after depreciation and minor expenses, and the 1954-55 figure includes £20,110 provisions in earlier years no longer required. A final dividend of 5⅓ per cent actual on the capital as increased by the 50 per cent scrip issue of last March raises the distribution for the year to 9 per cent compared with the equivalent of 8⅓ on the present capital.

Taxation for the year absorbs a slightly higher proportion of group profit, so that if adjustments relating to previous years are excluded, less than £13,000 of the £49,000 increase in group profit is saved net for the equity. Earnings on the pre-

sent ordinary capital are at the rate of 24 against 23 per cent; allowing for Profits Tax on a full distribution a highly satisfactory cover.

The group has great hopes for the future of its military transport aircraft for which it has orders from the RAF, and its design team is generally considered to have been strengthened in recent months. Life for the smaller aircraft manufacturer is never easy, but Blackburn now has what is most desired—a bread and butter contract that should help to carry its development work. At 16s. the 10s. shares yield £5 12s. 3d. per cent, which is not high in view of the company's record, but reflects the cautious distribution policy.

	Years to Mar. 31, 1954	1955
Consolidated earnings :—	£	£
Group profit, excluding adjustments	451,607	500,747
Taxation for year	235,395	271,667
Net profit	*216,212*	*229,080*
Ordinary dividends	63,031	70,021
Ordinary dividend (per cent.)*	83	9
Retained profits	153,181	159,059
Other credits	28,443	24,077

* Equivalent on present capital.

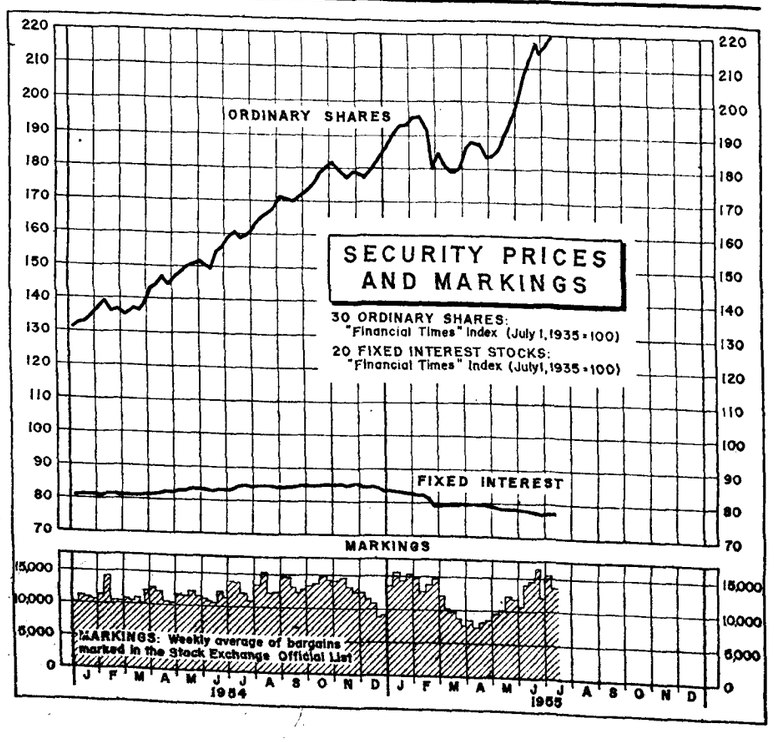
★

ASSOCIATED BRITISH ENGINEERING. Having warned members last December that the increased interim dividend did not portend a higher total payment for the year, this group of engine manufacturers has now stepped up its total distribution from 8 to 10 per cent. It is impossible to judge from the preliminary statement how far the rise in group trading profit from £205,221 to £305,524 is the result of increased business, for changes in the group's composition have been frequent since the ties with Brush Group were loosened.

Trading profit for the year to March 31st last includes three months' results of British Polar Engines, an acquisition which greatly extended the range of the marine engine division. On the other hand, profits of Parsons Engineering, now almost wholly instead of 40 per cent owned, have not been consolidated, and it is not clear if and how the purchase has affected ABE's 1954-55 figures. Investment and other income is down from £62,697 to £23,771, due no doubt to the sale of the Brush holding (which produced £30,676 gross dividend in 1953-54) and also, presumably, to lower interest on the diminishing loan to these former associates.

At £159,732, taxation absorbs a higher proportion of profit, the previous year's provision having been unusually low because of relief in respect of subsidiaries' losses carried forward. In addition, the group now has loan stock of its own on which to pay interest (although the latest accounts do not include a full year's charge), and there is more ordinary capital in issue following the purchases of the remaining Parsons shares.

Earnings on the equity amount to £136,945, against £133,412, excluding adjustments in both years. This represents an almost unchanged rate of 20 per cent on the ordinary capital, allowing for Profits Tax on a full distribution. At 8s., the 5s. shares yield 6¼ per cent—a yield which investors must find difficult to assess until there has been more stability in the group's activities.



LONDON STOCK EXCHANGE

Next Account begins: August 10th
Next Contango Day: August 10th
Next Settlement Day: July 26th

THE gilt-edged market has remained neglected and prices have sagged slowly downwards. The volume of buying has been small and most of the institutions have remained out of the market. But the industrial market has continued this week in ebullient mood. Oil shares have been the feature, inspired by higher consumption on the increase in the price of coal and the further impetus given on the announcement of the Government's contract for fuel oil for power stations.

Canadian Eagle bearer have risen 7s. 4½d. to 68s. 7½d. British Petroleum 12s. to 136s. 3d. Shell 11s. 6d. to 152s. 9d. Burmah 14s. to 185s. 3d. Trinidad Leasehold 5s. to 44s. and Kern 4s. to 23s. 4½d. Shipping shares have shown some good rises on higher freight rates, Dene gaining 5s. to 28s., Furness Withy 3s. 6d to 59s. 6d., P. & O. 4s. 9d. to 76s. 3d. and Reardon 4s. 9d. to 40s. 9d.

Foreign bonds in the main have been firm with the exception of Roumanians which dropped on disappointment with the interim distribution from Roumanian property in the UK amounting to 5s. in the £1. The Monopolies will receive £37 10s. and 4 per cent Consolidated £3 10s. for each £100. On this news Monopolies lost 15 points and the Consolidated 3½.

Two public offers were highly successful. Bowthorpe Holdings, offered 8s. 9d., soon established a 3s. premium, and Sir George Godfrey and Partners, offered at 11s., were allotted by ballot, opened at 5s. 6d. premium and rapidly rose to 8s. 3d. premium. Coppers on firmness of the commodity have been higher and active, as have rubbers.

Terms of the Wiggins Teape offer—one in ten at 65s.—make the rights worth about 1s. per share. The maintained interim dividend of 8½ per cent on Imperial Tobacco has left the price unchanged at 63s. 9d. Insurance shares have shown some substantial rises, Pearl gaining £1⅞ to £27½ and Prudential "A" £3½ to £53½.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Security Indices Fixed Int.†	Yields 2½% Cons.	Yields Ord.
			%	%
July 13	219·5	106·49	4·12	4·34
„ 14	220·8	106·38	4·11	4·33
„ 15	221·9	106·38	4·11	4·31
„ 18	222·2	106·24	4·12	4·31
„ 19	222·9	106·19	4·13	4·29
„ 20	223·8	105·84	4·17	4·28

			Total bargains 1955	
1955, High	223·8 (July 20)	115·84 (July 20)	July 13	12,002
„ Low	175·7 (Mar. 15)	106·28 (June 30)	„ 14	12,389
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 15	13,233
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 18	18,253
			„ 19	17,575
			„ 20	17,112

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to July 20 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 13, 1955	Price, July 20, 1955	Net Yield, July 20, 1955 § £ s. d.	Gross Yield, July 20, 1955 £ s. d.
100 3/16	97½	Funding 2¾% '52-57	97 21/32	97½	2 17 6	4 2 6 l
100¼	97⅞	War Bonds 2½% '54-56	98 7/32	98	3 8 6	4 8 9 l
100 11/16	96	War Loan 3% '55-59	96⅛	96 1/16	2 12 6	4 0 4 l
100 23/32	99⅜	Serial Funding 3% 1955	99 23/32	99 21/32	2 0 6	4 0 10
100¼	96½	Serial Funding 2½% 1957	96 9/32	96 7/32	2 17 7	3 18 9
99 15/32	92⅝	Conv. 2% 1958-59	93 5/16	93 3/16	3 4 6	4 2 4 l
97⅞	91½	Exchequer 2% 1960	91 11/16	91 17/32	3 3 4	4 0 11
04½	96 5/16	Exchequer 3% 1960	96¾	96 7/32	2 9 7	3 18 0
00 11/16	90⅛	Savings Bonds 3% '55-65	90⅜*	90½*	2 16 7	4 3 5 l
00⅞	91¾	Funding 2½% '56-61	92¼	91⅞	3 2 4	4 5 7 l
97	86	Funding 3% '59-69	86 7/16	86⅛	3 0 2	4 8 9 l
03 7/16	97	Funding 4% '60-90	97⅛	97⅛	3 0 9	4 17 2 e
96⅞	85¼	Savings Bonds 3% '60-70	85⅞	85⅞	3 0 3	4 9 5 l
02⅞	92 9/16	Exchequer 3% '62-63	93½	93¼	2 14 6	4 1 5 l
99 3/16	87¼	Exchequer 2½% '63-64	88⅛	87⅞	3 1 0	4 4 6 l
95 7/16	83⅞	Savings Bonds 2½% '64-67	84⅜	84	3 2 0	4 6 1 l
94 5/16	82¼	Savings Bonds 3% '65-75	82 11/16*	82½*	2 18 0	4 6 6 l
05⅛	98	Victory 4% '20-76	98⅜	98	2 11 10	4 8 0†
98¼	86¾	Funding 3% '66-68	86 11/16*	86¾*	2 19 10	4 7 6 l
03	92 5/16	Conv. 3½% 1969	92 13/16	92⅝	2 15 2	4 7 8
98¾	87¼	Treas. 3½% '77-80	87⅝	87⅝	2 14 3	4 6 10 l
99 5/16	87	Treas. 3½% '79-81	87⅜*	87¼*	2 14 2	4 6 5 l
88½	77½	Redemption 3% '86-96	78	77½	2 12 11	4 4 0 l
95 11/16	85¼	Funding 3½% 1999-2004	86	85½	2 10 8	4 4 1 l
97⅞	88¾	Consols 4% aft. Feb. '57	91*	90¼*	2 10 11	4 8 6 f
88 9/16	79¼	War Ln. 3½% aft. Dec. '52	81 9/16	80¾	2 10 2	4 7 6 f
89 11/16	79½	Conv. 3½% aft. April '61	81 9/16	80¾	2 10 4	4 8 0 f
78½	69	Treas. 3% aft. April '66	70¾	70½	2 9 6	4 6 6 f
66¾	58 13/16	Consols 2½%	60¾	59¾	2 8 1	4 3 8 f
66¼	58¾	Treas. 2½% aft. April '75	60¾	59¼	2 8 8	4 5 2 f
94 13/16	83 13/16	Br. Elec. 3% '68-73	84 9/16	83⅞	2 18 9	4 7 11 l
93 13/16	82⅞	Br. Elec. 3% '74-77	83 5/16	82⅞	2 16 6	4 5 11 l
109 1/16	99¼	Br. Elec. 4½% '74-79	99¾	99⅛	2 10 5	4 7 8 l
98 13/16	87 13/16	Br. Elec. 3½% '76-79	88⅛	87⅞	2 14 4	4 7 1 l
105⅜	96⅞	Br. Gas 4% '69-72	97⅜*	96⅞*	2 10 4	4 4 10 l
102¼	91⅛	Br. Gas 3½% '69-71	92⅜	92	2 13 8	4 6 1 l
88 7/16	78½	Br. Gas 3% '90-95	79¼	78¾	2 12 2	4 2 8 l
94 11/16	83⅞	Br. Trans. 3% '68-73	84 9/16	83⅞	2 18 9	4 7 11 l
105 5/16	95⅜	Br. Trans. 4% '72-77	95 13/16	95⅜	2 11 8	4 7 0 l
88 7/16	77⅛	Br. Trans. 3% '78-88	78⅜	78	2 15 0	4 5 2 l

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11½ years approximately.

Prices, 1954 High	Low	Prices, 1955 Jan 1 to July 20 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, July 13, 1955	Price, July 20, 1955	Yield, July 20, 1955 £ s. d.
97⅞	90¼	94⅞	85½	Aust. 3½% '65-69	87½*	87⅛	4 9 6 l
101⅞	97¼	101¾	94¼	Ceylon 4% '73-75	97½	97⅜	4 3 9 l
106¾	98½	105¾	94¼	N. Zealand 4% '76-78	94½	94½	4 7 9 l
79¾	71½	75⅝	66½	L.C.C. 3% aft. 1920	68	68	4 8 3
99¾	95	99	88½	Liverpool 3% '54-64	89½	89½	4 9 0 l
87¾	80¼	84	73	M. Wtr. 'B' 3% '34-2003	74½	74½	4 6 0 l
104¼	100	102¼	99	Agric. Mort. 5% '59-89	100½	100½	4 17 3 e
109⅝	71⅞	120	91	German 7%	118½	118½	...
168¾	102	202	149	German 5½%	199	201½	...
171	132¾	199	160	Japan 5% 1907	199	198½	...
198¼	167	243½	190	Japan 5½% Conv. 1930	241½	244	...

Prices, 1955 Jan. 1 to July 20 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, July 13, 1955	Price, July 20, 1955	Yield, July 20, 1955 £ s. d.
		%		%	BANKS & DISCOUNT			
58/7½	48·9	7	*b*	5	*a* Barclays £1	54 –	52/–*	4 12 4
76/7½	63/–	15	*c*	6	*a* Lloyds 'A' £5, £1 pd.	64/–*	64 6	4 13 0
89/3	76/9	18	*c*	9	*a* Midland £1, fully pd.	81/–	79 –*	4 11 2
87/–	76/–	18	*c*	9	*a* N. Prov. 'B' £5, £1 pd.	83/–*	80/–	4 10 0
96/10½	84/6	8	*b*	8	*a* Westmstr 'B' £4, £1¼ pd.	89 –*	86 6	4 12 6
69/–	49 6	8⅔	*b*	3¾	*a* Alexanders £1	50/6*	50 6	4 19 0
58/6	47/6	7	*b*	5	*a* Nat. Disc. 'B' £1	52/–	52 –*	4 12 4
60/–	51/–	12½	*c*	6¼	*a* Union Disc. £1	56 6	54 6*	4 11 9
48/10½	39/6	4	*b*	4	*a* Barc. (D.C.O.) £1	48/–	47 –	3 8 1
51/9	42/3	7½	*a*	7½	*b* Chart. Bk. of India £1	44/6	43 6	6 17 1
					INSURANCE			
21¾	14¼	50	*a*	110	*b* Leg. & Gen. £1, 5/- pd.	20	20⅛	1 19 0
27½	20¼	20†	*a*	45†	*b* Pearl £1, fully pd.	26	27⅛	4 2 3
52¾	41¼	112½†	*c*	117½†	*c* Prudential 'A' £1	49½	50	4 1 9
					BREWERIES, ETC.			
41/–	124/–	33	*b*	10	*a* Bass £1	125/–	126/3	6 16 3
34/9	22/–	25	*c*	10	*a* Distillers 6/8	33 3	33 9	2 19 3*h*
49/6	40/3	15	*b*	8	*a* Guinness 10/-	46/10½	48 1½	4 15 7
93/9	74/9	7	*a*	14	*b* Whitbread 'A' Ord. £1	77/6*	77 6	5 8 4

Prices 1955 Jan 1 to Jly 20 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, July 13, 1955	Price, July 20, 1955	Yield, July 20, 1955 £ s. d.
		%		%	STEEL & ENGINEERING			
46/–	35/9	17½	*c*	4	*a* B.S.A. £1	45/–	45 6	3 16 11*p*
13/10½	10/–	3¾	*a*	10⅞	*b* Cammell Laird 5/-	13/–	13 –	5 7 8
39/3	27/–	...		3	*a* Colvilles £1	35/–	35 9	5 0 8*o*
36 7½	23/–	...		8	*c* Dorman Long £1	36/–	36 –	4 8 11
108 –	62 4½	5	*a*	15	*b* Guest Keen N'fold £1	102/6	106 3	3 15 4
79/9	42 –	12½	*c*	5	*a* Stewarts & Lloyds £1	73/9	76 –	3 5 9
47/–	27 6	6⅝	*b*	4	*a* Summers (John) £1	43/6	43 6	4 11 11*m*
50/–	28 6	6	*b*	4	*a* United Steel £1	44 6*	46 –	4 6 11
47/10½	35/9	2½	*a*	6	*b* Vickers £1	45/6	45 –	3 15 7
					TEXTILES			
30/4½	21 9	4	*a*	6	*b* Bradford Dyers £1	22/–	22 9	8 15 10
35/–	26 10½	3	*a*	7	*b* Brit. Celanese £1	29 6	29 3	6 16 9
29/6	22/–	2½	*a*	6½	*b* Coats (J. & P.) £1	27/–	26 6	6 12 1
55 3	35/–	4	*a*	6	*b* Courtaulds £1	53/–	52 6	3 16 2
34 1½	26 6	7½	*b*	5	*a* Lancs. Cotton £1	29 6	31 –	8 1 3
36 0¾	28	2½	*a*	10	*b* Patons & Baldwins £1	34/–	33 –*	7 11 6
					MOTOR & AIRCRAFT			
22 10½	17 4½	3½	*a*	6½	*b* Bristol Aeroplane 10/-	22 3	22 3	4 9 11
15 9½	9 10½	8⅞	*b*	4	*a* British Motor 5/-	15/–	15 6	4 0 8
27 10½	21 3	7½	*c*	Nil	*c* De Havilland £1	26 9	26 9	Nil
60 –	37 –	5	*a*	10	*b* Ford Motor £1	55/–	53 9	2 15 9*v*
70 9	43 1½	7½	*b*	5	*a* Hawker Siddeley £1	66 6	65 –	3 16 11
52 –	33 6	25	*c*	30	*c* Leyland Motors £1	50/–	51 10½	3 17 1*m*
128 9	71 3	5	*a*	12½	*b* Rolls Royce £1	120 7½	125 7½	2 15 7
12 3¾	6 10½	12	*c*	12	*c* Standard Motor 5/-	10/–	11 10½	5 1 1
					SHOPS & STORES			
42 9	25 –	10	*a*	17½	*b* Boots Pure Drug 5/-	42/–	42 –	3 5 5
47 6	36 9	7½	*a*	20	*b* Debenhams 10/-	46 6	45 3	6 1 7
62 6	45 9	45	*b*	15	*a* Gt. Universal 5/-	59 6	60 –	5 0 0
114 –	97 6	5	*a*	17½	*b* Lyons (J.) 'A' £1	100 6	99 6	4 10 5
76 –	58 6	15	*a*	30	*b* Marks & Spen. 'A' 5/-	72/–	73 –	3 1 8
71 9	55 3	36⅔	*b*	20	*a* Woolworth 5/-	64/–*	63 9	3 18 5*d*
					OIL			
137/–	68 6	5	*a*	14	*b* British Petroleum £1	122 6	132 6	2 5 4*h*
186 10½	100	7½	*a*	13½	*b* Burmah £1	164 4½	184 4½	2 5 7
£61	£50½	6	*a*	10	*b* Royal Dutch 100 fl.	£58¾	£59½	2 10 7
158 9	109 9	5†	*a*	10†	*b* Shell Reg. £1	138 9	150 7½	3 9 4
44 6	26 9	15†	*b*	5†	*a* Trinidad L'holds 5/-	37/3	43 6	3 19 11
					SHIPPING			
37 3	25 10½	5	*a*	7	*b* Cunard £1	27/–	31 –	6 9 0*m*
61 –	45 –	12	*c*	12	*c* Furness Withy £1	52/6	60 –	4 0 0
77/–	55 –	3	*a*	13	*b* P. & O. Def. £1	70/6	76 6	4 3 8
					MISCELLANEOUS			
97 6	61 3	14	*c*	2½	*a* Assoc. Elect. £1	90/–	96 3	2 18 2
133 6	88 9	5	*a*	15	*b* Assoc. Port. Cem. £1	128 9	132 6	3 0 5
111 6	67 –	7½	*a*	15	*b* Bowater Paper £1	107/6	108 9	3 6 2*u*
56 3	44 1½	2½	*a*	7½	*b* B.I.C.C. £1	54/6	55/–	3 12 9
57 3	35 6	4	*a*	8	*b* Brit. Aluminium £1	54/–	57 –	4 4 3
61 3	47 10½	15†	*c*	5†	*a* Brit. Amer. Tob. 10/-	59/6	59 –	4 8 5
$64½	$51¾	3	*b*	3	*a* Canadian Pacific $25	$61¾	$61¼	4 9 4
48 9	31 4½	41⅔	*b*	14⅔	*a* Decca Record 4/-	45/–	45 9*	3 5 7*r*
33 4½	27 –	4	*a*	10	*b* Dunlop Rubber 10/-	31/–	31 6	4 8 11
87 –	54 1½	4	*a*	8½	*b* English Elect. £1	80/–	86 3	2 17 11
75 9	51 3	12½	*c*	4½	*a* General Elect. £1	70/–	75 –	3 6 8
61 6	38 3	4	*a*	6	*b* Imp. Chemical £1	56 3	56 3	3 11 1
65 10½	57 9	12½	*b*	8½	*a* Imp. Tobacco £1	63 6	63 6	6 12 3
$134½	$105½	$2·90		$2·90	*c* Inter. Nickel n.p.v.	$133½	$132½	3 18 7
77 –	57 6	7½	*a*	10	*b* London Brick £1	75 9	76 3	4 11 9
38 6	26 –	6⅝	*a*	15⅝	*b* Monsanto Chemicals 5/-	35 9	35 3	3 1 10
81 3	60 3	3½	*a*	14½	*b* Tate & Lyle £1	80/–	80 –	4 0 6*g*
107 9	72 6	10	*b*	10	*a* Tube Investments £1	95 –	105 –	3 16 2
118 3	95 6	17½	*b*	5	*a* Turner & Newall £1	113 9	117 6	3 16 7
97 9	69 3	6	*a*	9¾	*b* Unilever £1	93 9	97 6	3 4 8
43 6	34 3	7½†	*b*	7½†	*b* United Molasses 10/-	40 3	43 3	5 2 8*q*
49 9	34 –	2½†	*a*	27½†	*b* Cons. Tea & Lands £1	39 9	42 6	24 11 3
3 3¾	1 10½	10	*c*	15	*c* London Asiatic Rbr. 2/-	2 9	3 1½	9 11 11
63 6	38 9	7½	*a*	20	*b* United Sua Betong £1	54 4½	57 6	9 11 4
					MINES			
9 1/16	7 21/32	20	*a*	50	*b* Anglo-Amer. 10/-	8 15/16	8 13/16	3 19 5
143 3	106 10½	80	*a*	120	*b* De Beers 5/- Bearer	130 –	133 9	7 9 7
126 3	78 9	...		...	Free State Geduld 5/-	88 1½	86 3	Nil
70 9	51 7½	10	*b*	10	*a* Randfontein £1	55 9	56 3	7 2 3
10 1½	6 8¼	24	*c*	28	*c* London Tin 4/-	9 2½	9 9	11 9 10
43¾	31½	200	*b*	50	*a* Rhokana £1	42½	43¼	5 15 8

New York Closing Prices

	July 13 $	July 20 $		July 13 $	July 20 $		July 13 $	July 20 $
Balt. & Ohio	47	48	Am. Smelting	51	51½	Inter. Paper	104½	106½
Can. Pac.	33⅜	34¼	Am. Viscose	57⅞	57½	Nat. Distill.	22⅞	22⅝
N.Y. Cent.	46⅝	46⅞	Cel. of Am.	23⅜	23⅜	Sears Roebuck	97⅛	99⅛
Pennsyl.	28¼	28½	Chrysler	87⅜	86⅜	Shell	61⅞	60⅝
Amer. Tel.	187	186¾	Gen. Elec.	53½	52⅝	Std. Oil of N.J.	134¼	134⅛
Stand. Gas	9⅝	9⅜	Gen. Motors	124	125¼	U.S. Steel	53¼	52⅝
United Corp.	6⅝	6½	Goodyear	59¼	58¼	Westinghouse	68½	67½
W. Union Tel.	24¾	24¾	Inter. Nickel	73¼	72⅞	Woolworth	48¾	52½

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 15%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8¾% (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7½%. (*x*) On 12½%.

Industrial Profits and Assets

THE tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 1,000 profit and loss accounts published April-June, 1955 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(20)		(34)		(52)		(22)		(7)		(54)		(89)		(23)	
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year
Gross trading profit	13,654	13,626	8,848	9,630	115,180	132,075	16,520	20,135	3,843	4,112	33,107	36,073	63,412	76,188	20,015	23,331
Income from investments	353	383	101	92	2,014	1,757	452	244	17	13	557	578	1,247	1,026	1,284	1,007
Other current income	...	...	...	1	2	4	5	7	...	...	2	...	24	31	5	6
Non-recurring credits	499	687	359	224	1,480	4,517	431	368	89	52	719	590	2,293	1,841	1,512	839
Total Income	14,505	14,696	9,308	9,947	118,676	138,353	17,408	20,754	3,948	4,177	34,385	37,241	66,976	79,086	22,816	25,183
Repairs and maintenance	314	331	10	...	262	262	1,055	1,018	...	...	...	...	186	159	...	...
Depreciation	1,352	1,416	1,156	1,306	21,225	23,856	1,225	1,283	420	457	6,537	7,125	10,239	12,193	3,853	4,209
Income tax (excl. profits tax)	5,021	4,654	3,174	3,252	48,256	54,284	5,972	6,814	1,287	1,350	11,234	11,310	23,732	27,422	6,705	7,584
Profits tax	1,270	1,295	711	632	3,753	2,755	2,347	1,901	299	407	3,579	2,412	6,899	4,697	1,826	1,718
Directors' emoluments	441	463	712	722	1,705	1,803	569	638	220	242	1,255	1,326	2,689	2,723	761	838
Administrative charges, etc.	103	100	68	93	224	234	185	50	128	112	147	79	342	382	147	145
Contingencies, provisions, etc.	745	694	246	307	1,689	3,014	479	282	24	20	2,246	1,840	2,667	3,482	1,585	3,032
Pensions	82	83	88	93	667	791	119	292	126	58	296	342	320	606	163	196
Minority share in profits	121	117	21	24	2,122	2,554	82	166	134	96	327	411	927	1,042	243	518
Profits retained by subsidiaries	386	462	608	911	15,931	19,878	624	1,287	182	108	2,249	3,396	4,084	7,049	2,347	2,321
Debenture interest	1,037	1,095	90	98	2,790	2,573	384	606	256	256	351	423	745	1,193	33	208
Preference dividends	351	372	182	188	4,465	4,502	222	232	96	132	378	364	954	1,000	436	436
Ordinary dividends	2,172	2,339	1,251	1,404	7,934	10,187	2,628	3,858	661	780	2,698	3,330	5,566	7,371	2,312	2,797
Revenue reserves	1,110	1,273	696	546	3,241	3,859	3,128	2,260	...	196	2,850	4,286	6,675	7,370	4,624	1,522
Brought in (parent company)	3,017	3,017	1,318	1,616	13,938	18,450	5,245	3,635	1,145	1,260	4,415	4,663	14,011	14,962	7,216	5,497
Carried forward (parent company)	3,017	3,039	1,616	1,987	18,450	26,251	3,635	3,702	1,260	1,223	4,663	5,260	14,962	17,359	5,497	5,356

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(5)		(44)		(34)		(30)		(36)		(123)		(19)		(20)	
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year
Gross trading profit	6,169	7,156	88,098	115,190	31,329	32,212	20,177	20,262	42,792	55,233	57,844	67,097	47,265	45,272	16,688	20,598
Income from investments	631	688	3,454	4,206	858	958	76	147	2,389	2,801	2,069	2,406	2,842	2,821	502	675
Other current income	...	...	1	12	...	...	729	1,020	53	58	328	344	...	112	...	...
Non-recurring credits	696	281	4,402	1,560	2,082	1,181	336	1,854	1,003	1,493	4,690	1,510	766	1,536	1,945	1,165
Total Income	7,496	8,125	95,955	120,768	34,269	34,351	21,318	23,283	46,167	59,585	64,931	71,357	50,873	47,741	19,135	22,438
Repairs and maintenance	300	300	814	918	2	...	6	4	766	1,063	29	19	163	25	...	...
Depreciation	849	983	18,976	25,541	3,947	4,546	4,922	4,994	5,394	6,917	11,735	13,207	19,394	20,100	3,357	3,566
Income tax (excl. profits tax)	2,391	2,954	26,478	30,201	11,092	10,885	7,634	7,297	15,277	18,762	22,365	24,426	11,961	8,815	7,719	8,191
Profits tax	527	478	6,038	6,766	2,709	2,510	2,710	1,305	4,353	3,910	4,773	4,223	2,141	1,649	1,247	1,234
Directors' emoluments	228	202	1,903	1,840	1,070	1,117	722	777	1,416	1,646	2,773	2,881	547	559	636	694
Administrative charges, etc.	34	29	326	273	522	451	352	334	104	89	661	613	244	283	63	73
Contingencies, provisions, etc.	730	378	7,889	12,617	3,757	3,165	731	1,067	1,398	2,110	2,347	2,153	5,278	4,861	996	1,173
Pensions	131	116	5,475	6,505	590	610	339	823	1,910	2,082	642	415	357	394	59	81
Minority share in profits	72	95	1,535	2,127	420	443	21	15	460	654	730	1,108	986	947	580	590
Profits retained by subsidiaries	461	821	3,856	6,239	1,329	2,050	764	943	3,471	4,778	3,036	4,059	4,735	4,288	Dr. 1,251	1,103
Debenture interest	35	15	2,761	3,838	359	375	53	105	972	1,655	784	802	242	249	260	253
Preference dividends	98	98	1,562	1,574	316	357	186	241	1,018	1,025	1,303	1,506	312	313	429	445
Ordinary dividends	879	916	9,724	12,770	3,163	3,942	1,783	2,113	4,528	6,556	6,810	8,191	3,028	3,521	2,522	2,862
Revenue reserves	735	550	8,130	8,741	3,992	3,929	2,263	2,647	5,032	7,430	5,744	7,200	1,805	1,475	1,732	2,206
Brought in (parent company)	786	812	11,061	11,549	7,271	8,272	3,843	3,375	5,000	5,068	13,229	14,428	5,346	5,026	2,049	2,835
Carried forward (parent company)	812	1,002	11,549	12,367	8,272	8,243	3,375	3,993	5,068	5,996	14,428	14,982	5,026	5,288	2,835	2,865

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS 1,000 Companies	
No. of Companies	(4)		(21)		(14)		(13)		(111)		(59)		(166)			
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year
Gross trading profit	6,665	5,890	4,781	4,701	5,420	5,915	91,395	112,136	3,549	6,213	7,920	16,645	33,769	36,526	738,370	864,216
Income from investments	255	217	42	36	201	260	11,376	7,313	378	347	253	456	22,657	26,082	54,007	54,513
Other current income	...	...	...	10	...	...	73	629	84	56	86	119	739	779	2,131	3,188
Non-recurring credits	444	775	183	257	132	192	904	685	836	1,087	298	262	2,680	2,272	28,078	25,028
Total Income	7,364	6,882	5,006	5,004	5,753	6,367	103,048	120,763	4,847	7,703	8,557	17,482	59,845	65,659	822,586	946,945
Repairs and maintenance	...	...	12	16	537	608	...	...	15	...	147	8	582	759	5,200	5,490
Depreciation	1,172	1,226	512	516	732	838	21,876	29,859	548	555	938	641	5,517	6,175	144,676	171,509
Income tax (excl. profits tax)	2,508	1,769	1,696	1,564	1,680	1,752	31,465	31,812	1,390	2,338	2,792	6,813	17,456	19,120	269,282	293,149
Profits tax	445	444	382	329	444	353	4,546	5,972	369	721	804	1,741	3,725	3,548	55,897	50,000
Directors' emoluments	198	190	511	523	416	401	582	671	146	159	169	219	1,716	1,710	21,385	22,344
Administrative charges, etc.	5	6	29	37	21	37	779	906	525	536	302	211	2,244	2,496	7,548	7,568
Contingencies, provisions, etc.	599	725	200	241	148	402	2,951	5,347	1,014	1,702	846	2,216	3,884	4,242	42,449	55,070
Pensions	29	22	40	52	63	108	333	267	...	3	48	81	698	715	12,554	14,675
Minority share in profits	...	...	1	12	20	16	4	11	13	11	...	...	459	599	9,278	11,556
Profits retained by subsidiaries	3	...	440	553	412	545	Dr. 356	1,013	33	33	35	120	2,807	2,429	46,186	64,386
Debenture interest	144	137	66	64	120	129	984	1,088	14	12	19	65	5,084	5,502	17,493	20,721
Preference dividends	407	406	98	128	161	190	1,739	1,741	15	16	106	115	2,287	2,419	17,121	17,798
Ordinary dividends	555	623	610	512	494	603	20,256	23,119	739	1,535	1,104	2,625	9,762	12,040	91,169	119,994
Revenue reserves	1,079	1,193	215	199	538	366	18,606	10,956	190	391	773	2,060	3,587	2,740	76,745	73,398
Brought in (parent company)	884	1,104	1,447	1,648	1,037	1,014	7,184	5,467	1,953	1,789	1,140	1,614	16,701	16,758	129,236	134,839
Carried forward (parent company)	1,104	1,245	1,648	1,906	1,014	1,033	6,467	8,468	1,789	1,480	1,614	2,181	16,738	18,105	134,839	153,329

Comparative analysis of 1,000 balance sheets published April-June, 1955 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(20)		(34)		(52)		(22)		(7)		(54)		(89)		(23)	
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year
Fixed assets	87,466	96,285	24,953	27,980	338,830	378,197	35,269	72,865	7,928	8,504	116,058	129,224	156,129	187,145	68,051	95,586
Trade investments	1,413	1,956	435	438	16,698	20,071	6,187	2,180	138	233	3,352	4,938	5,078	5,741	8,625	5,827
Stocks	11,919	12,361	18,638	19,941	269,573	320,782	17,281	24,361	27,857	31,558	37,070	37,962	155,333	166,739	102,966	122,107
Debtors	8,296	8,745	6,233	6,855	139,500	150,268	8,553	11,415	11,043	15,998	32,824	37,714	92,300	101,575	27,880	41,417
Net balances due to parent company	...	...	63	85	996	1,426	1,981	2,195	24	25	744	720	1,531	3,199	397	78
Gilt edged	5,192	4,240	650	123	2,088	1,014	2,296	2,182	11	9	4,221	3,827	12,108	2,876	7,326	2,576
Cash	9,120	9,486	6,680	7,460	65,579	60,948	11,244	7,922	549	745	20,450	24,315	42,062	53,784	18,210	21,500
Other marketable investments	2,411	2,667	613	347	19,506	10,408	189	196	3	9	2,867	2,752	4,798	5,536	2,299	1,720
Intangible assets	4,363	5,963	1,163	1,095	14,087	13,565	1,369	1,319	2,633	2,673	1,332	1,247	1,029	1,025	932	1,583
Total Assets	130,180	139,703	59,428	64,322	866,857	956,679	84,369	124,635	50,186	59,754	218,918	242,697	470,368	527,620	236,686	292,394
Bank overdrafts and loans	1,096	543	1,394	1,630	39,364	45,635	212	1,968	5,965	7,050	4,561	6,100	21,431	18,371	1,221	515
Reserve for future income tax	4,786	4,612	3,430	3,285	31,314	36,104	5,581	6,859	1,185	1,404	11,755	11,425	24,893	30,637	7,233	11,046
Depreciation and obsolescence	6,189	7,403	9,123	9,997	106,871	125,529	4,631	6,132	2,230	2,488	56,271	62,158	64,953	74,552	26,408	40,497
Capital reserves and EPT refunds	6,142	7,092	4,552	4,867	34,876	25,801	5,445	24,139	3,198	4,056	14,165	16,633	38,006	43,876	16,336	15,618
Other provisions	1,137	1,115	529	771	2,721	3,610	1,474	710	616	578	2,192	2,473	3,261	3,261	1,881	3,032
Current liabilities and creditors	17,283	18,114	8,543	8,984	179,551	197,905	14,571	20,070	10,577	14,547	39,676	43,302	98,913	106,339	86,772	99,547
Revenue res. and carried forward	31,784	29,617	10,640	10,149	185,873	216,634	21,555	23,580	8,324	8,407	30,810	36,886	97,113	104,510	56,703	41,418
Net balances due to subsidiaries	11	43	9	25	1,167	5,655	1,408	5	...	...	28	44	267	312	627	...
Minority interests	3,260	5,752	419	796	33,102	34,752	723	3,256	2,289	2,110	6,856	8,569	12,033	12,864	3,730	11,095
Debenture capital	26,043	29,665	2,237	2,842	68,836	61,180	8,874	10,748	6,154	6,146	9,738	9,263	16,269	25,200	788	12,245
Preference capital	12,014	12,014	5,858	5,851	101,271	101,888	7,712	6,414	2,610	5,810	11,246	11,269	28,198	29,603	11,766	11,699
Ordinary capital	20,435	25,753	12,693	15,125	82,411	101,986	12,183	20,754	7,038	7,158	31,620	34,575	65,091	78,095	26,287	45,682
Total Liabilities	130,180	139,703	59,428	64,322	866,857	956,679	84,369	124,635	50,186	59,754	218,918	242,697	470,368	527,620	236,686	292,394

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(5)		(44)		(34)		(30)		(36)		(123)		(19)		(20)	
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year
Fixed assets	26,666	28,106	448,676	533,216	74,163	81,342	51,500	59,854	119,328	148,479	204,836	223,755	226,076	233,816	69,464	77,345
Trade investments	1,449	4,623	22,218	19,278	8,806	7,691	1,798	2,736	13,808	14,717	15,402	20,714	7,370	6,255	7,585	10,343
Stocks	35,992	40,489	142,972	164,442	76,754	85,359	58,487	63,445	47,958	56,196	131,401	150,791	8,241	8,024	60,296	64,777
Debtors	10,730	11,557	80,861	94,532	55,898	63,277	37,111	40,364	39,000	48,332	89,849	104,746	26,388	28,049	19,095	19,145
Net balances due to parent company	...	...	434	635	647	1,200	265	598	174	84	1,190	1,604	...	...	1,405	1,287
Gilt-edged	10,484	6,788	1,761	1,625	1,626	1,233	916	422	7,286	7,826	11,343	8,831	46,164	43,916	548	312
Cash	7,074	9,155	34,600	52,950	24,680	20,432	8,511	14,193	43,175	45,622	45,900	46,223	67,467	63,024	18,223	12,355
Other marketable investments	930	245	4,691	9,886	1,403	1,072	64	117	3,108	4,719	3,044	5,109	25,170	25,338	1,513	2,866
Intangible assets	...	...	21,378	21,924	2,472	2,498	808	827	25,568	29,951	8,883	7,849	1,767	1,320	4,028	4,583
Total Assets	93,316	100,963	757,591	898,488	246,449	264,004	158,860	182,556	299,405	355,926	511,848	569,622	407,643	409,742	180,157	193,013
Bank overdrafts and loans	102	247	17,388	10,239	10,365	10,993	8,756	8,337	2,765	4,236	21,687	24,403	2,225	2,291	4,760	4,023
Reserve for future income tax	2,501	2,890	37,679	42,969	10,542	10,951	8,029	9,406	14,800	18,012	19,815	21,739	4,159	3,954	5,098	5,415
Depreciation and obsolescence	12,394	13,266	90,930	226,926	28,382	31,510	22,970	26,991	40,248	47,453	91,990	102,508	5,421	5,684	27,535	30,215
Capital reserves and EPT refunds	6,268	6,731	167,452	114,828	18,089	19,002	9,267	9,367	12,158	13,594	36,776	30,453	112,166	112,679	16,850	16,989
Other provisions	928	992	2,317	2,369	3,612	3,146	2,501	3,497	5,929	9,703	9,990	10,817	1,025	1,159	6,838	6,800
Current liabilities and creditors	37,825	41,008	109,481	128,616	54,732	58,359	49,112	53,683	46,694	51,706	90,433	102,188	112,813	101,175	20,365	21,002
Revenue res. and carried forward	18,112	17,258	100,883	108,774	52,702	58,141	21,394	24,448	61,046	64,936	99,052	105,746	85,444	84,687	48,868	37,282
Net balances due to subsidiaries	...	...	174	368	150	...	3	3	63	...	191	2,602	...	...	548	423
Minority interests	1,089	1,078	23,045	31,089	4,860	5,472	789	804	9,905	11,469	15,618	16,027	23,950	24,638	3,204	3,473
Debenture capital	400	310	50,353	89,634	5,701	5,642	1,057	4,691	33,174	45,811	20,003	22,101	6,082	6,592	5,577	6,220
Preference capital	3,640	3,640	44,825	54,724	11,424	12,043	7,881	8,022	26,308	26,392	36,895	47,142	10,228	10,228	13,645	14,671
Ordinary capital	10,057	13,543	113,064	87,952	45,897	48,745	27,101	33,307	46,315	62,614	69,398	83,896	44,130	56,655	27,869	46,560
Total Liabilities	93,316	100,963	757,591	898,488	246,449	264,004	158,860	182,556	299,405	355,926	511,848	569,622	407,643	409,742	180,157	193,013

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS 1,000 Companies	
No. of Companies	(4)		(21)		(14)		(13)		(111)		(59)		(166)			
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year
Fixed assets	26,579	30,201	9,924	10,971	17,383	18,975	380,721	320,151	31,427	31,755	24,642	32,073	263,364	281,098	2,809,433	3,106,923
Trade investments	307	574	336	112	897	900	158,927	167,393	1,376	1,445	1,137	3,067	59,379	64,135	342,712	365,267
Stocks	8,052	8,214	12,221	12,679	7,938	9,723	71,666	53,036	2,643	3,461	15,879	21,352	44,335	49,149	1,365,472	1,526,948
Debtors	2,706	2,879	3,686	4,448	4,898	5,576	71,834	72,149	1,013	1,086	2,427	3,948	33,233	40,780	804,358	914,855
Net balances due to parent company	...	5	...	...	289	236	9,516	7,500	...	...	...	...	1,483	1,417	21,139	22,294
Gilt edged	8,322	4,930	218	133	526	473	21,699	27,624	3,948	4,685	669	753	8,387	7,943	157,189	134,341
Cash	4,122	5,509	4,093	4,006	3,925	3,769	58,210	81,149	7,559	8,640	5,401	11,441	35,486	34,000	540,320	598,626
Other marketable investments	...	...	158	158	1,703	1,881	12,269	12,017	722	759	2,399	956	183,700	206,475	273,560	295,233
Intangible assets	1,927	1,955	271	137	75	81	1,467	1,568	124	740	1	236	8,687	8,352	104,364	108,509
Total Assets	52,015	54,267	30,907	32,644	37,634	41,614	786,309	742,607	48,812	52,571	52,555	73,826	638,054	693,349	6,418,547	7,072,996
Bank overdrafts and loans	1	...	699	519	779	1,054	655	407	46	41	3,568	1,503	9,957	13,710	158,997	163,815
Reserve for future income tax	3,937	3,383	1,778	1,661	1,702	1,640	22,468	22,902	1,053	2,284	2,789	6,012	9,103	9,490	235,630	268,080
Depreciation and obsolescence	11,586	12,588	4,361	4,911	5,215	6,322	207,290	161,453	3,976	4,584	8,114	6,825	47,183	51,185	884,261	1,061,177
Capital reserves and EPT refunds	6,298	3,332	1,724	1,434	935	1,242	44,322	45,156	3,861	3,985	3,514	11,695	63,744	68,197	624,578	600,766
Other provisions	106	221	134	134	406	458	60,405	10,415	1,135	1,634	183	360	12,444	15,517	120,764	82,772
Current liabilities and creditors	4,460	4,278	5,331	5,535	5,381	6,061	137,748	163,021	5,753	6,063	*10,070	17,314	56,294	64,735	1,202,378	1,333,550
Revenue res. and carried forward	6,731	7,409	6,719	7,120	8,883	8,843	153,892	84,274	9,333	9,748	9,080	12,099	82,880	87,017	1,206,271	1,188,983
Net balances due to subsidiaries	...	4	...	...	...	...	...	2	...	...	...	...	1,130	1,154	5,716	10,640
Minority interests	...	...	22	21	134	139	261	461	131	135	...	...	9,522	10,994	154,942	182,994
Debenture capital	3,512	3,409	1,384	1,361	2,693	3,921	21,983	22,966	233	193	515	1,830	133,085	143,342	424,693	514,312
Preference capital	8,650	8,650	3,453	3,661	3,728	6,076	31,031	31,031	287	279	4,107	4,107	75,659	78,248	464,368	493,362
Ordinary capital	6,734	10,993	5,302	8,387	5,628	6,858	106,764	200,519	23,064	23,625	10,615	12,081	137,053	149,762	935,949	1,172,545
Total Liabilities	52,015	54,267	30,907	32,644	37,634	41,614	786,309	742,607	48,812	52,571	52,555	73,826	638,054	693,349	6,418,547	7,072,996

* This group includes entertainment, hotels and restaurants, canals and docks, electricity supply, gas, telegraphs and telephones, trams and buses, warehousing, waterworks, coal, finance and land and investment trusts.

Statistics

The following list shows the most recent date on which each statistical page appeared.

British		Overseas	
Prices and Wages	July 2nd	Western Europe	
Production and Consumption	July 9th	*Production and Trade*	July 2nd
Manpower	July 16th	British Commonwealth	July 9th
External Trade	June 25th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	July 16th
Industrial Profits	This week	United States	June 25th
World Trade	This week		

World Trade

(Million US Dollars)

	Exports (f.o.b.)					Imports (c.i.f.)				
				Annual Rate					Annual Rate	
	1938	1953	1954	Oct. to Dec., 1954	Jan. to Mar., 1955	1938	1953	1954	Oct. to Dec., 1954	Jan. to Mar., 1955
WORLD										
Total (1)	**20,842**	**74,766**	**77,358**	**82,487**	...	**23,556**	**76,466**	**79,258**	**82,879**	...
STERLING AREA										
Total	**5,626**	**18,447**	**18,819**	**19,557**	...	**7,784**	**19,986**	**20,618**	**21,305**	...
United Kingdom	2,603	7,525	7,771	7,732	8,666	4,496	9,362	9,462	9,806	11,281
UK dependencies	866	3,227	3,416	3,467	...	903	3,599	3,543	3,745	...
Hong Kong	185	480	424	448	424	188	678	601	655	654
Malaya and Singapore	328	987	1,016	1,100	789	315	1,058	1,026	1,103	1,221
Gold Coast	52	226	294	307	...	50	207	201	229	...
Nigeria	47	348	418	377	...	42	303	319	346	...
Other sterling countries	2,157	7,695	7,632	8,358	...	2,385	7,025	7,613	7,754	...
Australia	530	1,976	1,662	1,874	1,876	527	1,471	1,891	1,849	2,226
Ceylon	104	329	380	386	448	86	338	293	293	299
India	621	1,115	1,182	1,462	1,279	575	1,208	1,252	1,412	1,424
Pakistan		439	359	384	422		349	324	353	352
Iraq	68	407	436	478	...	46	192	207	238	...
Ireland	119	319	322	367	326	203	512	504	512	610
Kuwait	...	650	720	785	760[4]	...	160	...	...	...
New Zealand	225	659	683	591	707	225	538	687	718	...
Northern Rhodesia	50	266	411	444	311	28	163	393	412	380
Nyasaland	5	20				4	21			
Southern Rhodesia	30	165				51	244			
Union of South Africa	161	825	912	1,036	1,018[5]	503	1,310	1,365	1,258	1,513[5]
EPU COUNTRIES										
Total continental countries	**6,565**	**19,438**	**21,481**	**24,279**	**22,869**	**7,803**	**21,290**	**23,652**	**25,898**	**25,955**
Belgium-Luxemburg	733	2,251	2,300	2,563	2,705	765	2,405	2,535	2,604	2,774
Denmark	334	883	948	1,032	1,019	354	996	1,163	1,257	1,184
France	881	3,782	4,189	4,691	4,648	1,324	3,942	4,215	4,209	4,480
Germany, Federal Republic	...	4,389	5,249	6,021	5,624	...	3,771	4,571	5,516	5,218
Italy	553	1,507	1,636	1,711	1,620	593	2,420	2,401	2,428	2,621
Netherlands	594	2,152	2,412	2,724	2,536	803	2,383	2,857	3,220	3,135
Norway	192	508	583	626	651	292	912	1,019	1,168	1,151
Sweden	464	1,480	1,588	1,802	1,502	525	1,579	1,777	1,987	1,988
Switzerland	301	1,201	1,225	1,387	1,198	365	1,176	1,300	1,431	1,390
Turkey	115	396	335	457	355	119	532	478	468	493
Total dependencies (excl. sterling area)	**719**	**2,865**	**3,057**	**3,258**	...	**780**	**3,941**	**4,145**	**4,385**	...
Netherlands Antilles	187	715	771	827	...	253	868	968	1,024	...
NORTH AMERICA										
Total	**4,020**	**20,389**	**19,534**	**20,268**	**19,289**	**3,259**	**16,676**	**15,670**	**15,758**	**16,308**
United States	3,102	15,782	15,096	15,336	14,972	2,465	11,834	11,100	11,083	11,896
Canada (2)	918	4,607	4,438	4,932	4,317	794	4,842	4,570	4,675	4,412
LATIN AMERICA										
Total	**1,647**	**7,599**	**7,842**	**7,844**	...	**1,539**	**6,542**	**7,207**	**7,802**	...
Dollar countries	682	3,990	4,266	4,046	...	572	3,511	3,584	3,802	...
Cuba	143	669	539	370	559[4]	119	529	...	...	...
Mexico	147	536	562	655	636	114	811	723	708	733
Venezuela	181	1,445	1,690	1,746	1,800	107	896	921	1,023	924
Other countries	965	3,609	3,576	3,798	...	967	3,031	3,623	4,000	...
Argentina	408	1,148	1,085[5]	1,105[5]	...	440	862	1,088[5]	1,365[5]	...
Brazil	289	1,539	1,562	1,791	1,191	295	1,319	1,634	1,722	1,404
REST OF THE WORLD										
Total	**2,265**	**6,028**	**6,625**	**7,281**	...	**2,391**	**8,031**	**7,966**	**7,731**	...
Egypt	147	394	397	410	436	185	508	459	552	471
Indonesia	381	820	856	970	802	275	753	629	514	523
Iran	146	...	111	142	231[4]	79	...	222	219	253[4]
Japan (3)	767	1,275	1,629	1,969	1,729	759	2,410	2,399	1,956	2,305

Figures cover general trade as far as possible. Area totals include estimates for countries for which data are not available. Data refer to calendar years with the following exceptions in 1938:—India and Pakistan, year beginning April; Iran, year beginning June.

(1) Excludes China (mainland), USSR, and non-reporting countries of Eastern Europe. (2) Including the trade of Newfoundland in 1938, amounting to $36 million in exports and $31 million in imports. (3) Excluding trade with Taiwan in 1938. (4) Based on two months' data. (5) Partly estimated. (6) Including S.W. Africa.

Financial Statistics

EXCHEQUER RETURNS

For the week ended July 16th there was an "above-line" deficit (after allowing for Sinking Funds) of £333,000 compared with a deficit of £14,318,000 in the previous nine days and a deficit of £3,769,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £28,214,000, bringing the total cumulative deficit to £329,706,000 (£273,327,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to July 17, 1954	April 1, 1955 to July 16, 1955	Week ended July 17, 1954	Week ended July 16, 1955
Ord. Revenue					
Income Tax	1877,400	278,513	285,124	20,358	25,101
Sur-tax	136,000	23,500	21,600	900	900
Death Duties	185,000	52,900	55,000	2,400	3,200
Stamps	74,000	19,800	20,300	1,300	1,400
Profits Tax & EPT	180,000	40,000	46,800	5,200	5,700
Excess Profits Levy	25,000	23,600	10,200	2,500	400
Special Contribution and other Inland Revenue	1,000	450	150	50	...
Total Inland Rev.	2478,400	438,763	439,174	32,708	36,701
Customs	1131,700	329,647	331,916	20,647	21,126
Excise	796,050	188,480	198,525	4,055	4,345
Total Customs and Excise	1927,750	518,127	530,441	24,702	25,471
Motor Duties	80,000	10,201	11,784	631	1,272
TO (Net Receipts)	...	...	...	...	...
Broadcast Licences	25,000	3,850	4,300	...	...
Sundry Loans	24,000	5,842	6,160	...	1,006
Miscellaneous	175,000	35,506	19,641	4	177
Total	**4710,150**	**1012,288**	**1011,500**	**58,045**	**64,627**
Ord. Expenditure					
Debt Interest	600,000	149,542	164 670	...	...
Payments to N. Ireland Exchequer	53,000	13,057	15,255	...	...
Other Cons. Fund	10,000	3,331	4,462	174	...
Supply Services	3862,875	983,935	954,030	60,800	64,400
Total	**4525,875**	**1149,865**	**1138,417**	**60,974**	**64,400**
Sinking Funds	36,000	8,873	8,055	840	560
"Above-line" Surplus or Deficit	**146,450**	**134,971**	**3,769**	**333**	
"Below-line" Net Expenditure*	126,787	194,735	20,967	28,214	
Total Surplus or Deficit	**273,237**	**329,706**	**24,736**	**28,547**	
Net Receipts from:					
Tax Reserve Certificates	137,707	34,357	−3302	−2396	
Savings Certificates	4,600	11,700	− 300	− 500	
Defence Bonds	8,089	1,242	− 260	− 223	

* Since end September, 1954, the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at July 16th this item stood at £15,700,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
July 17	3,260·0	1,411·6	267·2	...	5,038·8
1955					
April 16	3,220·0	1,830·5	269·8	...	5,320·3
" 23	3,240·0	1,765·2	315·9	...	5,321·0
" 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
" 14	3,270·0	1,760·7	275·8	0·8	5,307·2
" 21	3,270·0	1,768·8	295·7	...	5,334·5
" 28	3,260·0	1,808·1	268·4	6·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
" 11	3,240·0	1,905·6	282·7	...	5,426·3
" 18	3,230·0	1,948·7	293·7	0·5	5,472·9
" 25	3,220·0	1,974·9	311·5	3·3	5,509·6
" 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
" 16	3,260·0	2,020·0	293·8	...	5,573·7

THE MONEY MARKET

CREDIT supplies were again short in Lombard Street on the first three days of this week, after a temporary easing before the week-end. This week considerable calling by the banks, together with repayments of last week's penal borrowings, have kept market supplies of credit much below demands. The Bank of England has given help through special purchases. On Tuesday these reached considerable proportions. But the market was still "in" the Bank for a very small amount, as it had been on the previous day; whilst on Wednesday about half the market was moderately affected.

The discount market maintained its bid at £99 0s. 2d. per cent for the fifth week in succession at the Treasury bill tender last week. The offer was down by £20 million to £260 million, and as applications were down by the same amount (to £383.4 million) the market's allotment was virtually unchanged at 55 per cent.

Sterling has continued to hover unsteadily at just under $2.78½ this week, at times with offical support; though in the middle of the week there were signs of a slightly firmer trend. In the forward market, the premium on the three months dollar widened from 1½-1⅜ cents on Thursday of last week to 1¾-1⅝ cents on Wednesday. This movement has actually made the cost of covering interest arbitrage funds in London larger than the differential of around 2.3 per cent between the Treasury bill rate in London and New York.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4
Banks	2½	3 months	4
Discount houses	2½*	4 months	4
Money Day-to-day	2½-4½	6 months	4-4⅛
Short periods	2½-4½	Fine trade bills:	
Treas. bills 2 months	3 13/16	3 months	4½-4¾
3 months	3 11/16	4 months	4½-4¾
		6 months	4¾-5⅛

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	July 21	July 13	July 20
Issue Department:*			
Notes in circulation	1,701·3	1,815·4	1,845·0
Notes in banking dept.	24·1	10·0	30·3
Govt. debt and securities*	1,721·2	1,821·3	1,871·2
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin.	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	12·7	12·6	21·8
Treasury special account	8·7	0·5	2·0
Bankers	277·5	255·1	245·4
Others	68·9	67·9	67·5
Total	367·8	336·1	336·7
Securities:			
Government	337·1	298·2	278·3
Discounts and advances	8·8	27·7	28·3
Other	13·9	16·2	15·7
Total	359·8	342·1	322·3
Banking department reserve.	26·3	12·4	32·7
" Proportion "	% 7·1	% 3·6	% 9·7

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,875 million from £1,825 million on July 20th, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
July 16	240·0	433·1	240·0	31	2·27	34
1955						
April 15	250·0	420·7	250·0	75	3·09	33
" 22	230·0	385·2	230·0	77	1·08	39
" 29	220·0	380·3	220·0	77	11·45	39
May 6	230·0	384·8	230·0	78	3·59	41
" 13	230·0	382·4	230·0	78	4·69	46
" 20	240·0	375·6	240·0	78	4·64	50
" 27	250·0	389·9	250·0	78	4·37	48
June 3	250·0	370·5	250·0	78	11·80	52
" 10	260·0	378·6	260·0	79	7·53	53
" 17	260·0	365·6	260·0	79	5·17	65
" 24	270·0	380·5	270·0	79	4·53	58
July 1	290·0	383·8	290·0	79	4·87	67
" 8	280·0	403·8	280·0	79	4·60	56
" 15	260·0	383·4	260·0	79	4·88	55

On July 15th tenders for 91 day bills at £99 0s. 2d. secured about 55 per cent of the sum applied for: higher tenders were allotted in full. The offering yesterday was for a maximum amount of £240 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	July 20	July 14	July 15	July 16	July 18	July 19	July 20
United States $	2·78-2·82	2·78⅜-2·78½	2·78⅜-2·78½	2·78⅜-2·78½	2·78⅜-2·78½	2·78 7/16-2·78 9/16	2·78⅜-2·78½
Canadian $	...	2·74¼-2·74½	2·74 3/16-2·74 5/16	2·74 3/16-2·74 5/16	2·73 15/16-2·74 5/16	2·73 15/16-2·74 5/16	2·73½-2·74
French Fr.	972·65-987·35	974¼-974¾	973½-973¾	973½-973¾	973½-973¾	973½-973¾	973½-973¾
Swiss Fr.	12·15 5/16-12·33 9/16	12·16-12·16¼	12·15¾-12·16¼	12·15¾-12·16	12·15¾-12·16	12·15¾-12·16	12·15¾-12·16
Belgian Fr.	138·95-141·05	139·65-139·70	139·60-139·65	139·57½-139·62½	139·57½-139·62½	139·57½-139·62½	139·50-139·55
Dutch Gld.	10·56-10·72	10·63¾-10·63¾	10·63¾-10·63¾	10·63¾-10·63¾	10·63¾-10·63¾	10·63¾-10·63¾	10·63-10·63¼
W. Ger. D-Mk.	11·67 3/16-11·84 13/16	11·68-11·68½	11·67½-11·68½	11·67½-11·68	11·67½-11·68	11·67½-11·68½	11·67½-11·68
Portuguese Esc.	79·90-81·10	80·00-80·10	80·00-80·10	80·00-80·10	79·95-80·10	79·95-80·10	79·95-80·10
Swedish Kr.	14·37⅝-14·59⅜	14·41¼-14·42	14·40⅞-14·41¼	14·40-14·40½	14·40¼-14·40¾	14·40⅜-14·40⅝	14·40¼-14·40½
Danish Kr.	19·19¼-19·48¼	19·33½-19·34	19·33½-19·34¼	19·33½-19·34¼	19·33½-19·34¼	19·33½-19·34¼	19·33½-19·34¼
Norwegian Kr.	19·85-20·15	20·00¼-20·01¼	20·00¼-20·01¼	20·00¼-20·01¼	20·00¼-20·01¼	20·00½-20·01	20·00¼-20·00¾
One Month Forward Rates							
United States $		⅛-3/16c. pm	⅛-¼c. pm	⅜-½c. pm	⅜-½c. pm	⅜-⅝c. pm	⅜-⅝c. pm
Canadian $		⅜-⅝c. pm	¼-⅜c. pm	¼-⅜c. pm	¼-⅜c. pm	¼-⅜c. pm	11/16-⅞c. pm
French Fr.		Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis
Swiss Fr.		3-2¼c. pm	3¼-2¾c. pm	3¼-2¾c. pm	3¼-3c. pm	3¼-3c. pm	3¼-2¾c. pm
Belgian Fr.		¾-¼ pm	½-¼ pm	½-¼ pm	½-¼ pm	½-¼ pm	½-¼ pm
Dutch Gld.		4-3¼c. pm	3¾-3¼c. pm	3¾-3¼c. pm	3¾-3¼c. pm	3¾-3¼c. pm	3¾-3¼c. pm
W. Ger. D-Mk.		2-1pf. pm	2-1pf. pm	2-1pf. pm	2¼-1¼pf. pm	2¼-1¼pf. pm	2¼-1¼pf. pm
Swedish Kr.		1 1/16 pm-1/16 pm	1 1/16 pm-1/16 pm	1 1/16 pm-1/16 pm	1/16 pm-Par	1/16 pm-Par	1/16 pm-Par
Danish Kr.		Par-⅛ dis	Par-⅛ dis	Par-⅛ dis	Par-⅛ dis	Par-⅛ dis	Par-⅛ dis
Norwegian Kr.		1/16 pm-1/16 dis	1/16 pm-1/16 dis	1/16 pm-1/16 dis	1/16 pm-1/16 dis	1/16 pm-1/16 dis	1/16 pm-1/16 dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/9	251/9½	...	251/9½	251/9½	251/9½

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The Application Lists will open at 10 a.m. on Tuesday, 26th July, 1955, and will close on the same day.

HADFIELDS LIMITED

(Incorporated under the Companies Act, 1862 to 1886)

SHARE CAPITAL

Authorised		Issued and fully paid
£2,500,000	in Ordinary Shares of £1 each (being the Shares now offered) ...	£2,500,000
£1,500,000	in Unclassified Shares of £1 each ...	—
£4,000,000		£2,500,000

LOAN CAPITAL

£1,250,000 4½% Debenture Stock 1975/85
(being the Stock now offered)

THE IRON AND STEEL HOLDING AND REALISATION AGENCY

Offer for Sale

2,500,000 Ordinary Shares of £1 each at 27s. 6d. per Share
and
£1,250,000 4½% Debenture Stock 1975/85 at £96 per £100 of Stock
of Hadfields Limited payable as follows:

		Ordinary Shares	Debenture Stock
IN CASH	On Application ...	10s. 0d. per share	£25 per cent.
	On 5th September, 1955 ...	17s. 6d. " "	£71 " "
		27s. 6d. " "	£96 " "

For the Shares but not for the Debenture Stock, former members of the Company whose names were on the register on 14th February, 1951, may also, or alternatively tender on the Tender Forms provided for that purpose, an amount of 3½ per cent. Treasury Stock, 1979-1981, the value of which, calculated at the price shown in the Notice issued by the Bank of England and dated 18th July, 1955, is not less than the full amount payable at the price stated above. Treasury Stock on registers other than the register of the Bank of England must be transferred to the Bank of England register before tender.

LAZARD BROTHERS & CO., LIMITED
11, Old Broad Street, London, E.C.2
are authorised to receive applications for the said Ordinary Shares and Debenture Stock.

The Offer for Sale shows (inter alia) that :—

1. The Company and its subsidiaries in the United Kingdom operate as Steelmakers, Steelfounders, Forgemasters and Engineers producing a wide variety of special steels and steel components used in various industries.
2. The Shares now offered rank for all ordinary dividends hereafter to be declared.
3. The Debenture Stock Trust Deed will show (*inter alia*) that :—
   (*a*) The Stock now offered will be secured by a first floating charge on the undertaking, property and assets of the Company, present and future.
   (*b*) Interest will be payable on 15th June and 15th December, the first payment to be made on 15th December, 1955 at the rate of £1 17*s.* 6*d.* (less income tax) per £100 of Stock.
   (*c*) There will be a cumulative sinking fund, beginning in the year 1956, calculated to redeem at par half the amount of the Stock by 15th December, 1985. The Company has the option to redeem the Stock in whole or in part from 15th December, 1975 to 15th December, 1980 inclusive at £101 per cent. and thereafter at par. The Stock will mature for repayment on 15th December, 1985.
   (*d*) The Company may make further issues of Debenture Stock ranking *pari passu* in point of charge with the Stock subject to conditions set out in the Offer.
4. **Net assets of the Group as at 2nd October, 1954, as shown in the Accountants' Report dated 18th July, 1955 which forms part of the Offer for Sale, amounted to £6,196,084 which is sufficient to cover the £1,250,000 of Stock about 5 times.**
5. **The profits of the Group for the year ended 2nd October, 1954 amounted to £850,373 after charging depreciation but before interest payable and taxation. The Directors are satisfied that in the absence of unforeseen circumstances the profits on the same basis for the year ending 1st October, 1955 will be not less than £750,000. During the current year costs are increasing, but the volume of orders has been more than maintained and the Directors would regard £750,000 as a reasonable estimate of the profits of the Group, after charging depreciation but before providing for interest payable and taxation, on which to base their dividend policy for the immediate future. It is their intention to recommend for the year ending 1st October, 1955 a total Ordinary Dividend of 7½ per cent. on the Shares now being offered and to make an interim payment before the end of 1955. One year's interest on the Stock is covered over 13 times by the above estimate of profits.**

Copies of the Offer (on the terms of which alone applications will be considered) and Forms of Application can be obtained from :—

LAZARD BROTHERS & CO., LIMITED,
11, Old Broad Street, London, E.C.2.

HOARE & CO., 4, Crosby Square, London, E.C.3. and **HADFIELDS LIMITED,** East Hecla Works, Sheffield, 9.

FARBWERKE HOECHST AKTIENGESELLSCHAFT

vormals Meister Lucius & Brüning

FRANKFURT (M)-HOECHST

Consolidated Balance Sheet at 31st December 1954.

of **FARBWERKE HOECHST AG.** with its factories
Farbwerke Hoechst
Chemische Fabrik Griesheim
Naphtol-Chemie Offenbach
Lech-Chemie Gersthofen
Bobingen

and its subsidiaries
Knapsack-Griesheim AG., Knapsack
Kalle & Co. AG., Wiesbaden-Biebrich
Behringwerke AG., Marburg

ASSETS

	DM	DM
Fixed Assets		
Plant and Buildings		
Property (a) Business and Residential	36 375 059	
" (b) Factories, Laboratories and other Buildings	126 905 161	
Undeveloped sites	5 820 303	
Plant, Apparatus and Machinery	209,486,461	
Tools, Factory and Office Equipment	14 424 814	393 611 79
Patents and similar Rights		
Participating interests		41 401 37
Securities forming part of capital assets		660 00
Stocks		
Raw and Auxiliary Materials, Fuel	81 187 578	
Semi-finished and Finished Products, Merchandise	117 390 573	198 578 15
Accounts Receivable		
Mortgages	5 416 360	
Payments in advance	8 976 723	
Debtors (Trade)	112 690 304	
Debtors (Associated Companies)	14 754 571	
Miscellaneous Amounts Outstanding	59 040 723	200 778 68
Liquid Assets		
Securities	102 262 342	
Bills of Exchange Receivable	4 048 776	
Cheques	410 735	
Cash incl. balances with Landeszentralbank and Postal Cheque Accounts	1 824 901	
Bank Balances	46 470 323	155 017 07
Transitory Items		2 771 70
Liabilities in respect of Guarantees DM 5 585 690		
		992 818 76

*) 49% Wacker-Chemie GmbH. DM 19 600 000
30.17% Duisburger Kupferhütte DM 9 655 500
Miscellaneous Participating Interests DM 12 145 973
DM 41 401 373

LIABILITIES

	DM	DM
Share Capital		285 700 00
Reserves		
Statutory Reserve	36 338 748	
Special Reserve	35 660 000	
Other Reserves	119 040 712	191 039 46
Adjustment of value under Section 7 Income Tax Act		20 616 87
Contingency Reserve		
Pension Reserve	108 379 770	
Other Reserves	21 795 667	130 175 43
Current Liabilities		
Mortgages	135 200	
Superannuation Funds	90 281 711	
Customers' payments in advance	993 407	
Creditors (Trade)	44 087 784	
Creditors (Associated Companies)	578 015	
Liabilities to Banks	100 438 897	
Liabilities to I. G. Farbenindustrie AG. i. L.	31 261 696	
Other Liabilities	73 829 232	341 565 9
Profit		
Balance brought forward	765 552	
Profit 1954	22 955 526	23 721 0
Equalisation of Burdens Fund—Levy:		
Present Value DM 149 870 229		
Quarterly Instalment DM 2 820 984		
Guarantees DM 5 585 690		
		992 818 7

Consolidated Profit and Loss Account for 1954

EXPENDITURE	DM	REVENUE	DM
Salaries and Wages	186,821 981	Gross Surplus	349 83
Legal Social Security Contributions	13 888 783	Revenue from Participating Interests	3 97
Depreciation of fixed assets	73 722 988	Extraordinary Revenue	6 41
Interest	249 440	Balance brought forward	76
Taxes on Income, Profit and Capital	50 833 385		
Adjustments and Contributions under Section 7 Income Tax Act	10 785 109		
Balance brought forward	765 552		
Profit for the Trading year	22 955 526		
	359 992 764		359 992 7

Supervisory Board: Dr. rer. pol. h. c. Hugo Zinsser, Frankfurt (M.), Vorsitzender; Dr. rer. pol. Leisler Kiep, Kronberg (Ts.), stellv. Vorsitzender; Max H. Sch Wiesbaden, stellv. Vorsitzender; Hans Bassing, Frankfurt (M.)-Sindlingen; Peter Braun, Frankfurt (M.)-Hoechst; Dr. rer. pol. Hanns Deuss, Düsseldorf-Lohau Nikolaus Fleckenstein, Frankfurt (M.)-Zeilsheim; Wilhelm Götz, Frankfurt (M.)-Unterliederbach; Dr.-Ing. E. h. Carl Fr. Müller, Berlin-Kladow; Professor Dr. phil. Dr. E. h. Gustav Pistor, Tergensee-Süd; Professor Dr. phil nat. Dr. med. h. c. Dr. med. h. c. Boris Rajewsky, Frankfurt (M.); Karl Schirner, Freiburg i. Br.; Karl Sch Hermülheim: Professor Dr.-Ing Clemens Schöpf, Darmstadt: Dr. jur. Pierre Vieli, Küsnacht-Zürich.
Board of Management: Professor Dr.-Ing. Dr. rer. nat. h. c. Karl Winnacker, Vorsitzender; Dr. phil. Ernst Engelberts; Dr. phil. Michael Erlenbach; Oscar Gie Dr.-Ing. Paul Heisel; Rechtsanwalt Heinz Kaufmann; Dr. rer. pol. h. c. W. Alexander Menne; Dr. phil. Dr.-Ing. E. h. Friedbert Ritter; Dr. phil. Emil Thiel; Dr. Konrad Weil; Professor Dr. phil. Dr. rer. nat. h. c. Dr. med. h. c. Dr. med. vet. h. c. Gustav Ehrhart (stellv.); Professor Dr. phil. Adolf Sieglitz (stellv.); Dr.-Ing. Wengler (stellv.).

At the annual general meeting held on 28th June, 1955 it was decided to distribute, for the trading year 1954, a dividend of 8 per cent. on the share capital of the com of DM 285,700,000 as at 31st December, 1954. According to the resolution passed at the general meeting the dividend will be paid against the return of the registered s certificates for which certificates to bearer will be issued in exchange. The first notice of the exchange of the shares was issued in Federal Gazette No. 122 of 29th 1955 and in the official stock exchange publication of the same date.

THE BOARD OF MANAGEMENT

FARBWERKE HOECHST AKTIENGESELLSCHAFT

vormals Meister Lucius & Brüning

Balance Sheet at 31st December 1954.

ASSETS	1. 1. 1954¹) DM	Increase DM	Decrease DM	Depreciation DM	DM
Fixed Assets					
Plant and Buildings					
Property (a) Business and Residential	19 446 266*)	8 572 491	277 891	923 759	26 817 107,—
Property (b) Factories, Laboratories and other Buildings	77 407 507*)	24 182 848	214 502	5 910 249	95 465 604,—
Undeveloped sites	3 808 079*)	1 626 411	289 062	—	5 145 428,—
Plant, Apparatus and Machinery	142 035 222*)	66 112 720	1 007 242	39 265 664	167 875 036,—
Tools, Factory and Office Equipment	6 012 971*)	5 439 835	161 057	4 217 741	7 074 008,—
	248 710 048	105 934 306	1 949 754	50 317 413	302 377 183,—
Patents and similar Rights	2*)			1	1,—
Participating interests	93 488 524*)	5 712 616	—	485 259	98 715 885,—
					401 093 069,—

	DM	DM
Stocks		
Raw and Auxiliary Materials, Fuel	61 045 216,—	
Semi-finished and Finished Products, Merchandise	88 911 190,—	149 956 406,—
Accounts Receivable		
Mortgages	2 080 554,91	
Payments in advance	5 239 899,71	
Debtors (Trade)	79 402 388,34	
Debtors (Associated Companies)	16 596 820,17	
Miscellaneous Amounts Outstanding	46 270 464,08	149 590 127,21
Liquid Assets		
Securities	84 346 183,70	
Bills of Exchange Receivable	1 012 314,60	
Cheques	408 917,90	
Cash incl. balances with Landeszentralbank and Postal Cheque Accounts	878 741,07	
Bank Balances	33 784 633,02	120 430 790,29
Transitory Items		2 418 426,37
Liabilities in respect of Guarantees DM 5 585 690,27		
		823 488 818,87

LIABILITIES	DM	DM
Share Capital		285 700 000,—
Reserves		
Statutory Reserve	28 581 546,—	
Special Reserve	35 660 000,—	
Other Reserves	78 040 000,—	142 281 546,—
Adjustments of value under Section 7c and d Income Tax Act		11 892 088,13
Contingency Reserve		
Pension Reserve	87 215 574,—	
Reserve for special purposes	14 936 458,89	102 152 032,89
Current Liabilities		
Mortgages	123 200,—	
Superannuation Funds	77 208 871,75	
Customers' payments in advance	456 791,99	
Creditors (Trade)	29 275 577,19	
Creditors (Associated Companies)	11 094 751,07	
Liabilities to Banks	66 043 897,02	
Liabilities to I. G. Farbenindustrie AG. i. L.	27 356 339,90	
Miscellaneous Liabilities	46 182 644,93	257 742 073,85
Profit		
Balance brought forward from 1953	765 552,50	
Profit 1954	22 955 525,50	23 721 078,—
Equalisation of Burdens Fund—Levy:		
Present Value DM 108 887 614,—		
Quarterly Instalment DM 1 821 237,—		
Guarantees DM 5 585 690,27		
		823 488 818,87

¹) Taking into account the figures for Bobingen AG. für Textil-Faser, the assets of which have been transferred to Farbwerke Hoechst AG. as at 1st January 1954.

Hoechst	Bobingen			Hoechst	Bobingen
*) 18 708 309	740 957	*) 5 565 761	447 210	*) 136 637 544,71	5 626 445,70
*) 71 033 737	6 373 720	*) 1	1	1. 1. 1954	142 263 990,41
*) 3 899 304	208 775	*) 101 913 823	74 701	Increase	17 555,59
*) 129 049 862	12 986 360	-/- 8 500 000			142 281 546,—

Profit and Loss Account for the Period 1st January—31st December 1954

EXPENDITURE	DM	DM	REVENUE	DM
Salaries and Wages		124 841 269,—	Gross surplus after internal accounting	241 595 317,50
Legal Social Security Contributions		8 905 099,—	Revenue from Participating Interests	3 322 783,—
Depreciation of fixed assets		50 802 669,—	Extraordinary Revenues	2 048 178,—
Interest		687 652,—	Balance brought forward	765 552,50
Taxes on Income, Revenue and Capital		32 027 503,—		
Adjustments under Section 7c and d of Income Tax Act		6 746 861,—		
Profit	DM			
Balance brought forward	765 552,50			
Profit 1954	22 955 525,50	23 721 078,—		
		247 731 831,—		247 731 831,—

As a result of our examination of the records and documents of the company, and of the explanation and proofs supplied by the Board of Management, we confirm that the books, the annual balance-sheet and report insofar as the latter amplifies the balance sheet, are in accordance with the requirements of the law.

Frankfurt (M), May, 1955

Treuhand-Vereinigung Aktiengesellschaft
— Wirtschaftsprüfungsgesellschaft —

Dr. A. Meier
Wirtschaftsprüfer

Gerhard
Wirtschaftsprüfer

COMPANY MEETINGS

PATONS & BALDWINS, LIMITED

INCREASED TURNOVER

FACTORIES BOOKED WELL AHEAD

OUTLOOK FOR WOOL PRICES

MR PHILIP A. WRIGHT'S STATEMENT

The annual general meeting of Patons & Baldwins, Limited, will be held on August 23rd at Darlington.

The following is the statement of the chairman, Mr Philip A. Wright, circulated with the report and accounts for the year to April 30, 1955:

In the Chairman's statement which accompanied the Company's Accounts both for 1952-53 and for 1953-54 I referred to the growing expansion in the Company's sales of handknitting and manufacturing yarns, which in the year to May 1, 1954, established a record in weight sold in both the Home and Overseas markets. During the year now under review we have again increased substantially the sales of our handknitting qualities. Undoubtedly the public demand for thick knitting yarns has helped our figures substantially, and while I am very hopeful for the future of our handknitting trade, I think it unlikely that the rate of increase in turnover which we have achieved in the past two years will be maintained.

The abnormal weather experienced during last summer and autumn had its repercussions on the knitted goods industry, particularly in the section of the industry which caters for the bulk trade. As a result your Company's sales of manufacturing yarns for knitted garments fell compared with the previous year. We have, however, increased our sales of weaving yarns and had satisfactory results from our woollen spinning sections.

THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

The increased turnover to which I have referred has happily had its reflection in the Company's trading account, and you will observe that the surplus on trading brought into Section I of the Consolidated Profit and Loss Account has increased from £2,727,492 to £2,970,118. The remaining items in Section I call for little comment from me. The Board are pleased that the results of the year justify the continuance of the practice of paying a bonus to employees when profits so allow and £148,960 has been charged under this head. I refer later in my statement to our policy in this respect.

After all trading charges have been made but before adjustments for taxation, the surplus carried from Section I to Section II of the Profit and Loss Account is £2,091,665, compared with £1,909,628 a year ago.

The total charge in the Profit and Loss Account for taxation on the income of the year is £1,202,791, this figure including UK and Dominion Income Tax and Profits Tax on the whole of the Company's profits, as well as £173,614 covering Distributed Profits Tax on distributions to stockholders, both preference and ordinary. The Budget of 1955 brought a welcome relief from the tax burden in the shape of 6d. off the standard rate of income tax and this is reflected in the lower proportion of profits absorbed by taxation this year.

TAXATION PROVISIONS

A sum of £223,095 has been brought back to the credit of Section II of the Profit and Loss Account for United Kingdom and Dominion Taxation provisions not required. The Company's financial year, ending as it does on or about April 30th in each year, means that Income Tax is not payable on the profits of a trading year until some nineteen months later. The standard rate of tax for the fiscal year 1955-56 has been reduced by 6d. in the £, with the result that an over-provision at the higher rate of 9s. on last year's profit has this year been freed. In addition to this, the Revenue Authorities have accorded to the Company a more favourable treatment for tax purposes consequent upon the "cessation" of business on the formation of Patons & Baldwins (Australia) Limited and Patons & Baldwins (Far East) Limited than it was prudent to count upon, so that on this account also provision made in an earlier year is not now required.

The computation of the taxation liability of a Company such as this with wide interests in the Commonwealth and abroad, with the consequent complications of Dominion and Foreign Tax Credits and the delay in agreement of liabilities, necessarily involves prudence in the estimation of liabilities at the time of preparing the Company's Accounts. As progress is made with the final agreement of liabilities any over-provision made in a particular year is released and flows back to the Profit and Loss Account.

After taxation adjustments and charges and after excluding £63,045 for the interest of outside stockholders in the profits of Patons & Baldwins (Australia) Limited, the net surplus for the year carried to the Appropriation Section is £1,048,924, compared with £774,934 last year.

THE APPROPRIATION ACCOUNT

Patons & Baldwins (Australia) Limited, our subsidiary company in Australia, although it has not contributed so much to the surplus of the group as was the case last year, has, in all the circumstances ruling, had a satisfactory year. The subsidiary company has maintained the distribution on its ordinary stock, of which one-third is held by Australian investors at 6 per cent and has, in addition, transferred a sum of £A50,000 to Reserve. The parent company's share of this appropriation, viz., £26,561, is shown as the first item in the Appropriation Account.

During the year we have continued to redeem by purchase in the open market the Company's 4 per cent First Mortgage Debenture Stock, and to replace this capital £70,409 has been transferred from profits to Capital Reserve.

After charging the two items mentioned and bringing in the balance on Profit and Loss Account from last year of £580,870 the profit available for disposal is £1,532,824. Of this amount the dividends on the Company's Preference Stock issues absorb £117,205 and the interim dividend of 2½ per cent on the Ordinary Stock paid in February this year takes a further £72,568, giving a balance of £1,343,051.

The Directors recommend that this sum shall be dealt with in the following manner:

£	
303,466	in payment of a final dividend of 7½ per cent and a bonus of 2½ per cent on the Ordinary stock.
500,000	appropriation to General Reserve.
539,585	to be carried forward to next year.
£1,343,051	

THE FINAL DIVIDEND AND BONUS

With the exception of the year 1951-52 in which occurred the severe fall in wool values, your Board has since 1946 been able to recommend a dividend and bonus on the Ordinary Stock making a total distribution each year at the rate of 20 per cent. During the year 1954/55 a scrip issue of Ordinary shares was made from capitalised reserves which doubled the issued Ordinary capital. Maintaining the same distribution on the Ordinary stock this year would have involved a final dividend of 7½ per cent which with the 2½ per cent interim already paid would make 10 per cent for the year. Your Board are pleased that the profits of the year justify their recommending to stockholders not only a final dividend of 7½ per cent but a bonus distribution of 2½ per cent.

In doing so the Board wish to emphasise that the increase in the distribution has advisedly been described as a bonus as the Board do not at this juncture consider that the increase can in all circumstances be looked upon as a permanent institution. Until wool values have settled down to a more steady level your Company and the Wool Textile industry as a whole will be liable to suffer from fluctuations in stock values and these fluctuations must necessarily find reflection in the results of your Company.

THE CONSOLIDATED BALANCE SHEET

Taking the group as a whole, net assets after deducting the interest of minority stockholders have risen from £15,718,733 to £16,274,417, an increase of £555,684.

Our programme of reorganisation and modernisation of the older Scottish Mills has made progress during the year but as I indicated last year our capital expenditure has steadied down to a more normal level and additions to capital during the year have nearly been counterbalanced by normal depreciation charges with the result that the net value of our fixed assets does not show a very material change.

Group stocks show a fall from £11,930,417 last year to £10,359,752, a further dividend from the reorganisation of our planning of production, control of stocks and our wool buying to which I referred last year.

The fall in value of stocks together with the profitable trading of the year are both reflected in the considerably improved liquid position of the group. Last year Bank Balances and cash stood at £199,214 compared with similar balances and temporary investments which this year total £2,303,127. Reference to the position two years ago when Bank overdrafts stood at £1,821,838 emphasises the change in the liquidity of our affairs.

THE WOOL MARKET

There has been some easing during the year in the value of merino wools. On the other hand, crossbreds are dearer than a year ago. At present prices, merinos would appear to be not very far away from a basis which might easily prove an average for some time ahead. On the other hand, the gap between merinos and crossbred prices appears too narrow and the latter may very easily be well above their future average. In view, however, of the shortage in the world clip of crossbreds and the heavy demand for them, particularly from the East, I would not expect any worthwhile easing in prices in the near future.

PRODUCTION RESEARCH

Throughout the year we have continued and indeed intensified our programme of research to find improved methods of production. Particular attention has been paid to the application of electronics for the purposes of quality control, and really worthwhile results are being obtained in the elimination of faults and irregularities in our products. In our dyehouses the installation of new plant and methods of dyeing has enabled us to meet the growing demand of the trade for yarn dyes of exceptional fastness to light and washing. Indeed, we are achieving an outstanding reputation for this class of work. Further, a great deal of preliminary research work has been done with very promising results, which we are confident will enable us to extend the range of our products.

CONSUMER PROTECTION

There has lately been considerable publicity, both politically and in the Press, urging the need for protecting the public against shoddy goods. That there are such goods on the market is unfortunately true, but the enforcement of the new Merchandise Marks Act and the work of the British Standards Institution in certain fields are undoubtedly having an effect in the right direction. To attempt to establish rigid specifications for textiles is impracticable. In a field in which infinite variety of colour, material and design is necessary flexibility is essential.

That the formation of a Ministry, a panacea for all evils in some minds, could effectively protect the consumer is, in my opinion, wishful thinking. Surely the right method is the closer liaison between manufacturers, distributors and the appropriate knowledgeable consumer organisations. It is upon these lines that we are working and that we intend to develop.

EXPORTS

It is disappointing that through this year we have been unable to extend our progress in the export field, and have only barely maintained our figures. In the USA the worsted industry is still very depressed, and in Canada there has been a further deterioration. The refusal of the Canadian Government to consider any alteration in tariffs on wool textiles, while probably sound from the point of view of international trading, is likely to result in a continuance of this depressing state of affairs.

I see little hope of improvement in the near future. South America is still a closed market. The Australian restrictions on imports should be a help to our Australian subsidiary, while having little or no effect on our trade from this side. The outlook for the future in the European markets is more hopeful, and we look for more business in the other markets of the world.

PERSONNEL—THE BONUS TO EMPLOYEES

I have already stated that the Board have, out of the profits of the year, awarded a bonus to employees and are glad that the hard work and loyalty of all our workers both at home and abroad can be recognised in this way. Although the Company had in a number of years prior to 1942-43 paid a bonus of comparatively small amount to employees, it was not until the early years of the war that the Board endeavoured to formulate any general policy in this matter. In every year since 1943, with the exception of the trading year 1951-52, when a trading loss was suffered, the Board have felt able to award to employees a share in the profits of the Company, this being done when the ordinary stockholder has had a reasonable return on his risk capital, and the internal needs of the Company by way of reserves for consolidation and expansion have been met. When this method of profit sharing, for it is no less, was first considered in broad principle in 1940 the Board had hoped to ally it with some form of co-partnership through the application of the share of profits given to employees for the purchase of ordinary stock in the Company very much on the lines of the recently announced scheme by Imperial Chemical Industries Limited.

Having regard to the large number of women workers employed by your Company, it was felt that the co-ownership aspect through ordinary shares was not in all circumstances desirable. The Board of your Company do, however, take the view that profit sharing as such is a desirable thing and that after the two partners in industry, namely, those who provide the risk-bearing capital and those who give their work, have received their respective rewards in the form of a reasonable Ordinary dividend and wages or salary, there should be further participation in profits by both parties. Your Board value highly the good service and loyalty of the Company's workers and staff and consider that the policy of profit sharing through an annual bonus out of profits is a valuable plank in good employee relations. If from the worker's point of view it could be more understood that his interests, those of management, and of the shareholder are the same and that the prosperity of the worker is inalienably bound up with the prosperity of industry as a whole, then much misunderstanding would disappear.

THE FUTURE

As to the future, the fashion for casual clothing which has caused the demand for thick wools will, I hope, continue through the autumn. There is some sign of a return of interest in speciality wools and your Board has every intention of fostering this. In the case of machine yarn, stocks of finished goods in the hands of the trade are very reasonable and there are signs of improvement in the principal centres. Your factories are booked today for considerably further ahead than they have been for some months past.

TRUST HOUSES LIMITED

CAPITAL EXPENDITURE REAPS REWARD

The Fifty-Second Annual General Meeting of Trust Houses Limited was held on July 15th at Brown's Hotel, Dover Street, London, W.

Captain A. R. S. Nutting, OBE, MC, the chairman, presided and in the course of his Speech said:

Since the war we have spent large sums of money on various schemes of improvement in many of our hotels and I am glad to say that we are now reaping the rewards of this policy. The consolidated profit and loss account discloses a trading profit of £570,714, compared with £472,231 in the previous year—an increase of £98,483.

After charging taxation on the profits of the year, the net profit of the group is £250,541 as against £190,598—an increase of approximately £60,000. Adding to this the balance brought forward from the previous year, we are left with an amount available for appropriation of £319,363, of which £9,028 is being retained in a subsidiary company.

We propose to place to reserve for improvement and development of properties the sum of £100,000. As I have already pointed out, this year's results have proved the wisdom of this policy, and I can assure you the amount is not excessive—in the five years up to March 31, 1955, we have provided a total sum of £288,000 for this purpose, but have actually spent £338,000. In addition, of course, to this sum we have spent no less than over £2 million in maintaining our properties during this period. We also propose to increase the final dividend from 5 per cent to 6 per cent, making 9 per cent as against 8 per cent last year, and to carry forward £103,326 as against £68,822 brought in.

When we come to consider the interim Ordinary dividend next year, it is our intention to make the declaration on a basis which will diminish the disparity between the interim and final payments. No inference other than this intention should therefore be drawn from the rate of interim dividend then declared.

The total turnover for the group shows an increase on 1954 figures of £588,665. It is true that we have been compelled to raise some of our charges, but 46 per cent of the increased takings for apartments and 40 per cent of the increased takings for food represent additional business. I think you will agree that this is largely due to the fact that it is our policy to give good value for money.

The freehold properties of the group have increased by £182,000. This figure includes the purchase of the Clarendon Hotel, Leamington Spa, Gt. Western Hotel, Reading, Imperial Hotel, Exmouth, Battleaxes Inn, Elstree, Bell Inn, Epping, 36, Barkston Gardens, Earl's Court, and the Berystede Hotel, Ascot, the last four of which were previously held on lease.

Last year we introduced a pension scheme for the managers of the company's houses. This was very well received and we now have under consideration the provision of pensions for the other staff in our houses.

You will be glad to know that in spite of the recent railway strike receipts have been well maintained.

I would like to pay a very sincere tribute to our management and staff at our head office and at all our houses; running a hotel is, as you all know, a personal business and the reputation of a house can be made or marred by its management and staff.

The report was unanimously adopted.

BOVRIL LIMITED

LORD LUKE REVIEWS A SUCCESSFUL YEAR

BOVRIL'S CONTRIBUTION TO THE NATION'S HEALTH

An encouraging picture of expanding sales at home and abroad was presented by the Right Honourable Lord Luke, Chairman of Bovril Limited, at the fifty-eighth Annual General Meeting of the Company, held in London on July 20th.

WIDER RANGE OF FOOD PRODUCTS

Reviewing the progress of the Company during the past year, the Chairman referred particularly to the varied range of food products manufactured from meat, milk and citrus. These products made a valuable contribution to the nation's diet and helped to build up resistance and maintain the vigorous health needed to combat a treacherous climate and the rigours of modern life. Research was helping the Company to add to progress for a strong, healthy nation.

STEADY INCREASE IN HOME SALES

During the year Bovril sales had shown a satisfactory increase. For nearly 70 years Bovril had been sold as a stimulating hot drink, as a sandwich spread and for use in kitchen and sickroom. It was gratifying to know that it had so many loyal adherents.

Bovril Corned Beef had returned to the market and had been very well received because of its excellent quality. Supplies from the Argentine had improved and the demand for all sizes would soon be met.

Jaffajuce had proved most popular in spite of a bad summer. Because of its high juice content it contained much natural Vitamin "C" which was of great value to those who drank it all year round.

Their Northern Ireland Creamery continued to make National Dried Milk, and good quality Cheddar and Cheshire Cheeses were manufactured to the limit of production capacity. Cheese manufacture was a new industry in Northern Ireland. They were the only manufacturers and naturally proud of their achievement.

Sales were still expanding for Ambrosia Creamed Rice and Ambrosia Cream, manufactured by Ambrosia Limited, their associated Company in Devon. Sales of Bovril Weaning Food had also steadily increased. Mothers appreciated the convenience of the cube for preparing their children's food.

EXPORT SALES WELL MAINTAINED

Export sales of Bovril had been well maintained and in several markets their turnover had made useful gains. Bovril (Eire) Limited had had the highest sales for many years. Bovril (Canada) Limited had had another successful year. In the USA the Company's products had maintained their position in the market.

MODERNISING PRODUCTION

Prices of raw materials, particularly meat extract, were more reasonable, but had not yet reached a point where they influenced costs. There had been a further, but less pronounced, increase in the cost of packing materials. The Company were constantly seeking new and improved methods of production and hoped that their proposed installation of automatic machinery would help to reduce costs. The new Jaffajuce production line had proved most satisfactory.

IMPROVED SHIPMENTS FROM ARGENTINA

Difficulties had been experienced in the Company's Argentine factory because of the unsatisfactory basis on which the meat industry was operated. Negotiations were proceeding to establish a satisfactory basis for the future.

So long as the Argentine found difficulty in organising her economy so would those Companies who were part of that economy find it hard going. If the Government could show more confidence in industry and permit it to contribute more to the general economy by giving industries credit for knowing how best to organise their business, the sooner would Argentine ambitions for greater prosperity be achieved—for it was the loyal co-operation of Companies like theirs that had meant so much already to Argentine aspirations.

The Group had benefited through the manufacture of beef extract stock and powder at Santa Elena, and had been greatly assisted by the shipments of these materials made possible by the recent Anglo-Argentine Trade agreement. The products were being moved to the United Kingdom as rapidly as possible and their export had helped the Argentine national economy.

Their Aberdeen Angus herd at Ampthill, Bedfordshire, continued to win prizes at Shows in this country. In the Argentine the quality of the cattle continued to improve and interesting large-scale experiments were being carried out with vaccinations against foot-and-mouth disease.

ACCOUNTS: GRATIFYING RESULTS

Their financial results for the year were most gratifying. In the Consolidated Profit and Loss Account, the Profit on Trading amounted to £799,000 compared with £756,000 in the previous year. Income from Trade Investments was up by £8,000.

The Group's Net Profit was £342,000 of which £56,000 belonging to the Parent Company was retained in the Subsidiaries. The payment of Pre-Preference, Preference and Ordinary Dividends absorbed £85,800. In view of the improved results the Directors recommended a final dividend of 12½ per cent on the Deferred Stock, making 15 per cent for the year. £50,000 was transferred to Reserve, leaving the carry forward at £234,760, an increase of £19,672.

LONG SERVICE AWARDS TO STAFF

The Chairman paid the warmest tribute to the staff, both at home and abroad, for all they had done for the Company. Nine members, who had completed 30 years' service, were presented with Long Service Staff Awards. This brought the total awards to 276.

The Chairman ended on a note of "some personal pride." His eldest son, he said, the fourth generation of his family in the business, was working with the Argentine Company for a year.

CIE GÉNÉRALE DE TÉLÉGRAPHIE SANS FIL

(Paris)

The annual general meeting of the Compagnie Générale de Télégraphie Sans Fil was held on June 24th in Paris, Monsieur Robert Tabouis presiding.

The following is a summary of the report presented by the Board:

The industrial division showed further progress during the year, and its turnover rose by 25 per cent compared with 1953.

Among the numerous projects carried out by the Company in 1954, an off-shore order for electronic anti-aircraft computors is of particular interest.

In his statement the President recalled the pioneering work done by the Company, and the lead it gave when it took the initiative in developing a specifically French technique which has proved its worth both in France and abroad.

Judging by the results achieved to date, prospects for the current year seem favourable both for the Company itself and for most of its subsidiaries.

Gross trading profits in 1954 rose from Frs. 922,095,959 to Frs. 1,081,394,114. Including income from securities of Frs. 109,292,605 and miscellaneous receipts, total profits amounted to Frs. 1,296,940,617. The net profit shown in the profit and loss account amounted to Frs. 355,015,670, after deduction of general expenses and financing charges and allowing for an appropriation of Frs. 381,098,729 for amortisation and other provisions, as well as for extraordinary expenditure totalling Frs. 46,604,154. This figure compared with Frs. 337,739,538 for the year 1953.

A dividend of Frs. 491,844 gross (Frs. 42 net) was recommended, payable as from July 11th.

The report and the resolutions proposed by the Board were adopted, and Monsieur Maurice Ponte, Director General of the Company, was elected Managing Director.

[It is regretted that in the report of the meeting of Compagnie Générale de Télégraphie Sans Fil, published in our issue of July 9th, we inadvertently printed the text of the speech delivered by Monsieur Tabouis in 1954.]

BARCLAYS BANK DCO

CAPITALISATION OF RESERVES

An Extraordinary General Meeting of Barclays Bank DCO was held on July 20th at 29 Gracechurch Street, London, E.C.

Mr J. S. Crossley, Chairman of the Bank, presided.

The meeting passed a resolution for effecting the capitalisation of £2,155,375 from the Reserve Fund. This increase of £2,155,375 in the issued capital will be divided into fully paid Ordinary shares of £1 each to be issued free to Ordinary stockholders on the register at the close of business on Wednesday, July 6th, 1955, in the proportion of one new Ordinary share for every £5 Ordinary stock held.

The new shares, however, do not rank for dividends declared in respect of the period prior to October 1, 1955. Fractions due to stockholders will be paid in cash by the sale of the fractions remaining after the allocation of one for five.

The proceedings terminated with a vote of thanks to the chairman for presiding.

THE BRITISH BANK OF THE MIDDLE EAST

YEAR OF PROGRESS

The sixty-sixth ordinary general meeting of The British Bank of the Middle East was held on July 19th in London, Sir Dallas Bernard, Bt, the chairman, presiding.

The following are extracts from his statement circulated with the report and accounts for the year to March 31, 1955:

Once again we have to report a year of increased activity and accounts which show strength and development. Our public deposits and ancillary accounts are up £10 million to £53 million. Cash in hand and at bankers and Money at Call are £8,600,000, against £16 million the previous year, but a new item of £6,100,000 Treasury Bills accounts for most of the difference.

Investments in British Government and other securities all with fixed redemption dates, at £18,885,000 compare with £14,940,000 the previous year.

INCREASE IN LOANS

Loans, Advances and Bills Purchased and other accounts at £22 million against £15 million show that we have taken advantage of the business opportunities which have presented themselves.

We now have 20 Branches and five sub-Branches overseas, and of these 25 establishments, only two—Baghdad and Basra—were open before the war.

We are engaged on a building programme and, in particular, the current year should see the completion of a fine new office building in Baghdad. In the past we have written down our Fixed Assets from our inner reserves, but we have decided that these should be shown in the Balance Sheet and written down out of Profit and Loss Account. You will see, therefore, in our Accounts the amount spent and the amount written off to our Profit and Loss Account during the year under this heading.

The Accounts show a strong position and the profit for the year fully justifies the payment of a final dividend of 6 per cent, making 10 per cent for the year.

During the past year there has been an undoubted improvement in political conditions in the Middle East of which you will be well aware and economic prosperity still seems to be firmly based on expanding oil revenues.

The oil production of the Middle East again increased, the total in 1954 being 133 million metric tons, against 118 million in 1953. Iran accounted for 2,500,000 metric tons last year and is the only oil-producing country in the area where we are not established. According to recent statistics, 62 per cent of the proved oil reserves of the world are in the Middle East and there is no doubt that exploratory searches now going on will show that the figure is even higher. We are well placed to take advantage of present developments and trade of the area and can have reasonable expectations for the future.

LOCAL CONDITIONS

Aden: There are five banks in Aden, competing for a small volume of business and margins are very fine. New houses for our staff are in the course of construction and we have bought a good site on which to build office premises.

India: Progress of the Bank's new Branches at Bombay and Calcutta has justified the Board's decision to reopen in India. Both Branches have played an active part in widening and increasing the scope and utility of the Bank's activities. They have developed close business connections with our Branches in the Persian Gulf and achieved a notable participation in India's import and export trade with other centres also. Together with the other exchange banks, our Bank has contributed to the Industrial, Credit & Investment Corporation of India, which, supported by contributions from the International Bank, the Government of India and private capital, has been formed to participate in the promotion of private and industrial undertakings in India.

Iraq: Our Branches at Baghdad and Basra had a busy and successful year; increasing business in Baghdad has made work extremely difficult in our present office, which is too small for our requirements, and our operations will be much facilitated when we move to the new premises. A sub-Branch was opened in Rashid Street, near Southgate, Baghdad, in May, 1954. This has been a great convenience for our many customers in that area and has proved its usefulness.

Jordan: In March we opened a new Branch of the Bank in Jerusalem, Jordan, which will increase the bank facilities available to the inhabitants of the western part of the country.

Libya: Our Branch in Tripoli has made steady progress.

Although I have joined your Board recently, I am already conscious that the Bank is well served by its Staff, British and non-British, at home and overseas. Your thanks are particularly due to our Managers overseas, who, following our withdrawal from Iran, have adapted themselves to the changed conditions of our service with skill and devotion.

The report was adopted.

JOHN THOMPSON LIMITED

(Steam Power Plant and General Engineers)

LARGE INCREASE IN OUTPUT

MR EDWARD W. THOMPSON'S REVIEW

The twentieth ordinary general meeting of John Thompson Limited was held on July 20th at Wolverhampton, Mr Edward W. Thompson, MA, JP (chairman and managing director), presiding.

The following is an extract from his circulated statement:

For the year 1954 the gross trading profits of the Group were £2,049,591, which is an increase of £576,831 or 39 per cent over the previous year. The net profits for the year after paying £954,464 in Taxation and £250,052 for Depreciation and special Depreciation Reserve amount to £777,586 as compared with the previous year's figure of £413,168.

One of the most satisfactory features of your Company's record for the year 1954 has been the large increase in output; the amount invoiced over the whole Group of Companies for last year was £17,345,484—an increase of £2,924,479 over the corresponding figure for 1953. The corresponding output for the year 1950 was £9,460,336 so that in four years the output of the Company has almost doubled.

The Consolidated Balance Sheet shows that the total unappropriated profits and reserves of the Group at the end of last year were £3,004,310—an increase of £554,815 over the corresponding figure at the end of the year 1953.

The net profit figure at £777,586 is very encouraging. We are enabled to provide additional and very necessary reserves for future development; and at the same time to pay a Final Dividend of 10 per cent to Ordinary Stockholders, with a Bonus Dividend of 5 per cent, making a Final Dividend of 15 per cent for the year 1954.

NEW INTERESTS

John Thompson Industrial Constructions Limited has had a reasonable year, but we expect even better results for 1955, and this Company has a good order book.

As regards John Thompson-Leonard, Limited, I indicated in last year's report that a stake in Canada would be of great advantage but should be regarded as a long-term policy. Orders are improving for its normal products, but we have also commenced the manufacture of Metal Windows in space which was made available in the Canadian works. The additional plant we installed is now fully employed and should prove profitable. The Board are satisfied that this Company should go ahead.

South Africa—John Thompson-Albert de Jong (Pty) Limited. We have had an important business exporting to and contracting in South Africa for many years via our subsidiary Company, John Thompson (South Africa) (Pty) Limited, of Johannesburg. For some years past, however, it has been evident, and in fact the Board had agreed in principle, that some degree of manufacture in South Africa was inevitable, and we had therefore been negotiating for some time for a suitable works site. An approach was made to us last year from boilermakers already established in Cape Town with the request that we should collaborate with them in the building of suitable new works for boilermaking and ancillary products. In the end the approach resulted in our making an outright purchase of this business with its existing contracts, orders, some machinery, stock and goodwill. We are now engaged in building a new works on a convenient industrial site at Bellville, a few miles outside Cape Town. It is hoped that this works will be in full production towards the end of this year.

NEW DEVELOPMENT—NUCLEAR POWER

I mentioned in last year's report that we were endeavouring to keep right in the forefront of possible new developments and had Atomic Energy very much in mind. In fact for the last six years several Companies in the Group have completed important contracts for the Atomic Energy Authority in this wide and varied field. One section of this work has now culminated in the order for the major engineering contract for Dounreay, the new Station in Scotland, which will be the first full-scale "Fast-breeder" reactor for power production.

As an entirely separate project we have become associated with the AEI Group, with whom we are taking our full share both in personnel and finance, to form a special Study Team with headquarters of its own. This Team is now working to place itself in a position to build complete Atomic Stations of the gas-cooled reactor type both at home and for contracts abroad.

The output for the home companies so far this year shows a substantial increase over the corresponding figure for 1954. I am also pleased to say that orders booked at the time of writing this report (May, 1955) are more than keeping in line with our output. With large contracts the order book does, of course, tend to fluctuate, but at the present time the amount of orders on hand is approximately £38 million.

The report was adopted.

E. K. COLE LIMITED

ANOTHER YEAR OF PROGRESS

The annual general meeting of E. K. Cole Limited was held on July 19th at Westcliff-on-Sea.

Mr E. K. Cole, Chairman and Managing Director, presided and in the course of his speech said:

We have had another year of progress. The consolidated figures of the Company and its subsidiaries show that the trading profit amounts to £839,936 and the net profit before deducting tax is £707,529, an increase of £118,697. The taxation liability has been provided for by the transfer of £402,750 to taxation reserve, leaving a net profit of £304,779.

It gives me pleasure once more to be able to state that the turnover of the Company achieved a new high record.

DIVISIONAL ACTIVITIES

Radio Division: During the year the trading conditions of the Industry continued at a high level, though the seasonable nature of our business was a little more marked. The advent of the new commercial television programmes, the first of which is planned to start in the London area during September this year, will, I feel, assist in maintaining public interest at a high level, thereby resulting in a continuing demand for our television receivers.

Sales of radio receivers were well maintained and with the opening of the first FM Station at Wrotham on May 1st, the interest shown by the public in the new types of receivers designed to receive these transmissions is most encouraging.

I am pleased to report that a new record in turnover for the division, though once again we were unable to meet all the demands made upon us during the peak selling season. The new radio, car radio and television models designed by our research and development departments have upheld the Company's reputation for products of outstanding performance, reliability and appearance and have been widely approved by our dealers and the public.

The uncertainties arising due to purchase tax still continue and it is to be hoped that the Government will try to tackle this problem. The adverse effect on industries subjected to this particular form of tax does not seem to be fully realised and I feel sure that its continuation is not in the best interests of the economy of the country as a whole.

Your subsidiary company, Egen Electric Limited, makers of specialised radio components, has had a very successful year.

In the past year your subsidiary company, EKCO Electronics Limited, has made further progress in the development and sale of electronic equipment for commercial use and has expanded its turnover in the field of nucleonic measurement at home and abroad.

Plastics Division: There has been an improvement in both turnover and profit from the operations of this division.

Heating Division: In the year under review the division increased its turnover substantially.

EXPORT

The difficulties to which I referred last year in regard to markets overseas still continue and in certain aspects are becoming more accentuated, and though we were able to maintain our volume, in order to compete, the margins on certain of our products marketed overseas had to be very fine.

The report was adopted.

WALKER CAIN LIMITED

"POOR OLD BEER"—ONEROUS TAX BURDEN

The thirty-third ordinary annual general meeting of Walker Cain Limited was held on July 14th in London.

The Right Honourable Lord Brocket (the Chairman) presided, and in the course of his speech said: In assessing the merits of the accounts of the past year it is necessary to bear in mind two factors—the appalling weather experienced last year and the continued increase in the costs of production. A moderate decline experienced in the sales of draught beer was counterbalanced by a continued increase of sales in bottle.

I have repeatedly stressed the detrimental effects of the high rate of beer duty. There is little doubt but that too great a proportion of what the customer pays is accounted for by taxation. Over a year ago, and in lighter vein, the Chancellor made an oblique reference before a Northern audience to "Poor Old Beer," yet, subsequently, he has chosen to ignore the Trade's well-founded claims for a reduction in duty. I think the time is overdue for a substantial reduction of this onerous tax, which compared with other rates of purchase tax on goods is disproportionately high, averaging over 150 per cent on each pint of beer.

In the field of new building and major improvements, active steps are being taken to implement as rapidly as possible the many schemes which had been prepared during the restricted period. When completed, the cost will fall not far short of £1 million over the next few years.

The report was adopted.

GORDON (MALAYA) RUBBER ESTATES

CROP ESTIMATE EXCEEDED

The thirty-second annual general meeting of Gordon (Malaya) Rubber Estates, Limited, was held on July 20th in London, Mr T. J. Cumming (the chairman) presiding.

The following is an extract from his circulated statement for 1954:

The profit amounted to £41,403 which, with the balance brought forward from last year of £11,877, and the final payment of the War Damage Award of £5,648, made £58,928 for Appropriation. It is recommended to pay a dividend of 5 per cent, less income tax, on the Ordinary Stock requiring £8,297 and to carry forward £11,311.

With regard to the Oban (Nigeria) Rubber Estates Limited, good progress in the development is reported. Latest advices are that approximately 6,000 acres will be planted by the middle of this year and that budding is proceeding over the first 3,000 acres.

With reference to the Gordon Company acreage, there is a small adjustment showing an increase in the planted acreage of 72½ acres representing the area taken in hand to replace that cut out by the Japanese.

The crop harvested for the year was 2,069,150 lb, which was in excess of the estimate of 2 million, and in view of the disturbed conditions must be considered very satisfactory. The average yield over the tapped area of 4,056.8 acres works out at 510 lb per acre.

The crop estimated for 1955 is again put at 2 million lb, and if the present market price continues throughout the year, results should be not unsatisfactory.

The report was adopted.

ALLIED SUMATRA PLANTATIONS, LIMITED

MR A. L. MATHEWSON'S SPEECH

The twenty-ninth annual general meetin of this company was held on July 20th, i London.

Mr A. L. Mathewson, OBE, Chairman the Company, presided and in the course his speech, said: The 1954 rubber crop, 11,177,057 lb, was within one per cent that for 1953. About seven-eighths of th planted area was in exploitation and th agricultural condition of the estates showe on the whole, a further material improvi ment.

Thanks to our highly-efficient new palm o factory it was possible to exploit the oil-pal area to full advantage and to achieve a recor output of 1,489 tons of oil and 407 tons kernels.

The average selling price of our outpu showed an increase over 1953 equivalent about 3½d. per lb whilst our unit cost of pr duction exclusive of duties was only ve slightly above the 1953 level, a satisfactor achievement in existing conditions. The di ectors have transferred £25,000 to Exchan Reserve, thus raising it to £50,000, and it proposed to repeat the previous year's div dend of 5 per cent, less income tax. Out a total of some £54,000 estimated to be remi table in respect of 1953 trading, only £16,5 was received up to December 31, 1954 £24,000 more has been transferred since th date.

Although fluctuations are bound to occ from one year to another it may be interest to note that net liquid assets in th United Kingdom were approximately th same at December 31, 1954, as they we when possession of the estates was resum in 1947, namely a little more than 6s. per of stock.

NEW INDONESIAN EXCHANGE CONTRO REGULATIONS

After the Board had passed the 19 accounts and the results had been publishe new regulations were promulgated by th Indonesian Exchange Control whereby ove sea companies must, before remitting profit deposit in a special account with the Ba of Indonesia 40 per cent of the annual fisc profits remaining after payment of Indo nesian Company Tax; three-fifths of wh then remains will, subject to permit, remittable, the other two-fifths bei required to pay the levy on remittances i posed by Emergency Law No. 5 of March 1954.

It seems inevitable that the remittanc which our subsidiaries may be permitted make in respect of 1954 will now fall sho of the amount brought in to the holding com pany's accounts by way of dividend, althou the latter was fixed on a conservative bas in relation to the remittance regulations th existing. It was, however, against just su contingencies as this that £25,000 was add to Exchange Reserve, thus as far as can foreseen at present making adequate prov sion for this clawing back of remittab profits.

The manifold difficulties and handica under which estate enterprise in Indone endeavours to carry on, although well know have to be experienced to be fully realised.

Doubtless it would be unrealistic to anti pate a material change for the better advance of Indonesia's first general electi announced to be held before the end of th year. This and subsequent developments w be followed with the closest interest, and likely to be profoundly important in shap future policy.

The report and accounts were adopted.

ALLIED IRONFOUNDERS LIMITED

A YEAR OF EXPANSION

The twenty-sixth annual general meeting of Allied Ironfounders Limited was held on July 21st in London, Mr W. H. Smith, Vice-Chairman, presiding.

The following is an extract from the circulated statement by the Chairman, Mr James Shaw:

Our trading profit, stated before charging depreciation, Directors' commission and certain other expenses, is £2,684,837, which is by far the best result achieved by the Group. This improvement is due both to the inclusion of the profits of Wallis and Company (Long Eaton) Limited for the six months since its acquisition on October 1, 1954, and also to the higher profits earned throughout the group.

Taxation on these profits amounts to £1,222,000. In this figure we have the benefit of the reduction of 6d. in the UK standard rate of tax, but it includes also approximately £150,000 for the penal profits tax levied on distributed profits. This tax is calculated at 20 per cent on the gross amount of dividends, and is equal to almost 36 per cent of the net dividends. I am happy to note that the Royal Commission on the Taxation of Profits has suggested some modification of this unsatisfactory tax.

After allowing for the proportion of profits attributable to outside shareholders, and retaining £154,531 in subsidiary companies, we have £938,032 of the profits of the year available for disposal. We shall be incurring very heavy capital expenditure over the next few years, and to make some provision against this we are allocating £486,242 to General Reserve, bringing the figure in the Consolidated Balance Sheet to £1,500,000. We are recommending to you the payment of a final ordinary dividend of 8¼ per cent, making a total of 13¾ per cent for the year. Last year, before the 100 per cent bonus issue, we paid 22½ per cent, the equivalent of 11¼ per cent on the present ordinary share capital.

We have had a year of expansion against a background of stable economic conditions. Labour relations were good, material supplies adequate, and, with modernised plants well employed, a high standard of productivity was achieved.

OUR PRODUCTS

Rainwater and Soil Goods.—The demand for these cast iron plumbing fixtures arising from the national building programme kept our Works at high pressure and the year's output far exceeded that of any previous year.

Baths.—Here also the market absorbed a record number of these products, the demand being stimulated by attractive new models in a variety of designs and colours.

Cookers and Space Heaters:

Aga.—No product has added more to the prestige of our group. It has been pre-eminent in the domestic field for many years. The original cooker has required little change in design and appearance, and the principles of its construction have now been incorporated in larger cooking units, water heaters and space heaters.

Rayburn.—This series of cookers, water heaters and room heaters has established a reputation and an increasing demand through their efficient performance on alternative fuels.

Gas and Electric Cookers and Heaters.—Smoke abatement legislation will influence changes in the type of fuel for domestic and other purposes and we plan to increase our trade in these appliances.

Oil Fired Apparatus.—The same considerations have prompted us to examine the possibilities of expanding our present operations. Improved units for domestic and industrial use are now on field test.

Heavy Duty Cooking Equipment.—The Falkirk Iron Co.'s long established reputation in this business has been enhanced in the course of the year by the installation of their kitchen apparatus at the new London Airport.

WALLIS AND COMPANY (LONG EATON) LIMITED

In recent years fabricated steel has been employed in many of our cookers and other units and it was therefore a natural expansion of our manufacturing activities when we acquired the business of Wallis and Co. (Long Eaton) Limited. This purchase has given us a highly successful business, enjoying a widespread reputation for its products and promising an expanding output which will give an impetus to our operations in complementary fields.

WORLD TRADE

Exchange difficulties and import restrictions, along with industrial developments in our traditional overseas markets, limit our contribution to the export trade which is so vital to this country. We are continuing our efforts to secure overseas orders, and in countries where import restrictions have caused a serious loss of business we have taken steps to establish and develop our own manufacturing units.

OUTLOOK

We have entered the new period with our works well employed and with good prospects. The progress of last year should be maintained subject to a fair climate in the national economy, and we look forward in a spirit of optimism but not complacency. In my review of the Accounts I have referred to substantial capital expenditure on developments and new projects. These will take some few years to reach full maturity but you may rest assured that they are being planned to secure the long-term prosperity of the Group.

The report and accounts were adopted.

HENRY HOPE AND SONS

RECORD TONNAGE OUTPUT

The fifty-seventh annual general meeting of Henry Hope and Sons Limited was held on July 20th at Halford Works, Smethwick, Mr Michael Hope (chairman and managing director) presiding.

The following is an extract from the chairman's statement, circulated with the report and accounts for the year ended April 2, 1955:

TRADING RESULTS

I am afraid that for the second year in succession I have to report a serious decline in our trading profits at home, although our sales were almost equal in value to last year's, and our tonnage output was a record in the Company's history.

The results of our American subsidiaries more than offset this decline in the parent company's profits, but taxation in America is even higher than in this country, and our net consolidated profit after tax is slightly lower than last year's.

Your directors recommend that the Ordinary Dividend be maintained at 27½ per cent. As you will see from the accounts the Preference and Ordinary Dividends will then absorb £90,750, leaving £105,278 to be added to the reserves and carry forward.

RISING COSTS

The decline in our profits at home is due to rising costs which we were reluctant—perhaps too reluctant—to pass on to our customers in higher selling prices. During the year copper rose from £235 to £363 a ton, and there were other less spectacular increases in most of our raw materials and services. The home price of steel remained fairly constant, but we were compelled to buy certain Continental sections during the winter to supplement our normal British supplies at a heavy premium.

Even more serious than the rise in material costs was the increase in wages which was agreed between the national Federations of Engineering Employers and Trades Unions in April, 1954; together with corresponding or consequent increases in staff salaries this cost the Company over £50,000 during last year.

In face of these combined increases in cost we felt compelled to raise most of our selling prices during the early months of 1955. This was too late to affect last year's results, and I am afraid that the latest wage increase in the Engineering industry, which came into force in April, 1955, and is expected to cost the Company an additional £70,000 in 1955-56, is setting off another round of price increases.

MONOPOLIES COMMISSION

The Monopolies Commission are still engaged in their painstaking investigation of the Standard Metal Window industry, as they have been for the last 15 months. It seems a long time in which to find out whether the public is getting a decent article at a fair price.

AMERICA

Our two American subsidiaries benefited from the high level of the US building industry throughout the year. Under the energetic management of the American directors they have maintained the high reputation of your Company's products and provided the larger part of last year's profits. In view of the violent fluctuations which take place in the American economy they have prudently retained a substantial proportion of their profits. I think it is worth reminding you that we have reaped a far higher return in dollars from our investment in these two manufacturing concerns than we could have hoped to obtain by exporting windows from this country, though we do not hesitate to fill individual contracts by direct exports when conditions are suitable.

HOPE'S HEATING AND ENGINEERING LIMITED

Our Heating Company had a successful year with sales at a new high level. Their technical staff are developing a number of new ideas for automatic central heating both with oil burners and mechanical stokers.

The report and accounts were adopted.

THE METAL BOX COMPANY LIMITED

SIR ROBERT BARLOW'S REVIEW

The Thirty-fourth Annual General Meeting of The Metal Box Company Limited, was held on July 15th at the May Fair Hotel, Berkeley Street, London, W.

Sir Robert Barlow, the Chairman presided.

In his review the Chairman reported a year of extreme activity. Home Sales had increased from £33,424,000 to £41,166,000, Overseas Sales from £10,156,000 to £11,437,000, making a total increase of over £9 million. Group profits, after depreciation and taxation had risen from £1,731,000 to £2,472,000 (which is 4.7 per cent on Sales), the ordinary dividend had been raised from 15 per cent to 20 per cent, and £1,200,000 had been put to reserve.

Emphasising the widening range of the Company's products, Sir Robert outlined the developments in each of its five groups.

(1) Open Top: The Wisbech factory had this year made a full contribution and at this factory, as well as at Sutton-in-Ashfield and Acton, warehouse extensions had been completed. Similar extensions were also in progress at Worcester. Owing to the continued increasing demands for food cans, a factory was being built at Westhoughton, while a new factory was planned for Carlisle, and another in the South to be in operation in 1957. A flat top beer can was now in production for the export markets, and would shortly be introduced on the Home market.

(2) General Line: The Leicester factory had come into operation. A new factory had been planned for Swindon and extensions started at Palmers Green. Production capacity was being increased at Hackney, Hull and Liverpool.

(3) Paper Products and Flexible Packages: The factory at Speke was to be extended at a cost of £340,000, while production of polythene at Portsmouth had more than doubled.

(4) Caps, Closures and Injection Mouldings: The production of closures, valves and fittings in thermoplastic materials for use with metal and glass containers had been commenced.

(5) Machinery Building: The building of specialised machinery continued to expand. A £100,000 extension to the Crawley factory was in hand.

EXPORTS

The Company's direct exports during the year totalled over £6 million compared with £4,700,000 last year. About £37 million worth of goods were estimated to have been exported in Metal Box containers.

TINPLATE

The tinplate supply position continued to cause concern.

The Iron and Steel Board's Report of February last anticipated that even when the new mills came into operation and even if the old hand mills were kept in full production, the supply of tinplate would be inadequate. "The need for a further strip mill seems clear enough," said Sir Robert.

TRAINING

Among the schemes mentioned were the Day Continuation Classes for boys and girls under 18, the addition of a new Mechanical Engineering Apprentice Training Centre to the three which exist already, the Graduate Trainee Scheme and the Company's Pre-National Service Course.

CAPITALISATION OF RESERVES AND NEW ISSUE

It was proposed to convert the Capital Reserves amounting to £5,374,720 into ordinary capital on the basis of one new share for each share now issued, bringing the issued ordinary capital to £10,748,948. In addition, it was intended to make a further issue of ordinary shares for cash to shareholders, staff and employees.

The Report and Accounts were adopted, the dividend approved and the retiring Directors re-elected.

Resolutions were also approved for an alteration to the Articles of Association, the increase of the Authorised Capital to £20 million and, the consent of the Capital Issues Committee having been obtained, the capitalisation of £5,374,474 of Reserves and the issue for cash of 2,400,000 Ordinary shares of £1 each. The Directors have accordingly resolved to make the following issues:

(i) 5,374,474 Ordinary Shares to be issued as fully paid up by way of Capitalisation of Reserves, and

(ii) 2,400,000 Ordinary Shares to be issued for cash at £2 per share—of the latter 2,147,955 are being offered to Ordinary Stockholders and the remainder to employees.

VENT-AXIA LIMITED

CONTINUED PROGRESS

The Nineteenth Annual General Meeting of Vent-Axia Limited was held on July 19th in London, Mr J. C. Akester, chairman and managing director, presiding.

The following is an extract from his circulated statement:

You will have learned with deep regret of the death in December of Admiral Sir Wilfrid R. Patterson, KCB, CVO, CBE. Although Admiral Patterson had been with us only some four years, the contribution he so ably made will have a lasting and most beneficial effect. His integrity, kindliness and likeable personality make him sorely missed by all who knew him.

In submitting the Accounts for the year ended March 31, 1955, it is satisfactory to note we have continued to progress. The Trading Profit of the Group was £158,346, which is £43,029 more than last year. The Net Group Profit, after providing taxation of £84,926, was £73,420. Net Assets of the Group have increased by £41,379 to £287,129 and Current Assets exceed Current Liabilities by £266,661.

The Directors recommend payment of a Final Dividend on the Ordinary Stock of 55 per cent less tax, making 85 per cent less tax for the year compared with 70 per cent last year.

During the year the demand for Vent-Axia has shown a steady upward trend, both at home and abroad, and we believe this will continue as people everywhere become more conscious of the need for ventilation and appreciate the excellence of Vent-Axia to meet this need.

Our subsidiary Company, Axia Fans Limited, has progressed satisfactorily and as anticipated when we took it over some eighteen months ago. The work undertaken by this Company is at present mainly for the Shipping Industry. It covers the manufacture and installation of ventilating and heating systems for passenger and crew accommodation, engine rooms, holds and refrigerated cargo spaces. All this work is of a precise and exacting nature, and it is gratifying to know we continue to enjoy a growing and most happy relationship with the many important companies engaged in this industry. The turnover of Axia Fans Limited during the past year reached a new high level, and the orders in hand and those anticipated will keep their works busy for at least the next two years.

The report and accounts were adopted.

THE TRUSTEES CORPORATION, LIMITED

A RECORD YEAR

The Sixty-seventh Annual General Meeting of The Trustees Corporation, Limited, was held on July 20th at Winchester House, E.C.2. In the absence of the Chairman, Sir Edwin S. Herbert, LLB, his statement, of which the following is an extract, was read by Sir Gordon Touche, MP:

Our gross revenue from Interest and Dividends is a record at £482,188. In addition to this, we have collected £30,965, against £18,031 in the previous year, in respect of relief from foreign taxation. Receipts from underwritings are £2,210 greater, at £3,467. The receipts from Trustee and other fees show little change at £6,901.

The revenue from Winchester House can be considered very satisfactory, and at £30,593 shows an increase of £5,816 over the previous year.

In November last, we placed privately £500,000 4 Per Cent Debenture Stock, 1984-92, at 99½. This has increased the charge for Debenture Interest, this year, from £30,000 to £40,333, and in a full year will cost £50,000. After charging this and other expenses and taxation for the year of £230,366, there remains a balance in Revenue Account of £237,044, an increase of £33,926 over the previous year.

The market value of our investments at £9,203,111 shows a surplus of £5,030,847 over the book value, or 120.6 per cent against 92.7 per cent a year previously. This can be considered satisfactory, and if a valuation was taken at today's prices the surplus would undoubtedly be greater.

Our Reserves now total £1,088,034, and as we have already announced, it is our intention to capitalise £437,500 of these Reserves by the issue of the fully paid £1 Ordinary Share for each £2 of Ordinary Stock held.

Over a period of years, suggestions have been made that we should make our Stock transferable in units of less than the present minimum of £1. In view of the heavy premium at which our Ordinary Stock now stands on the Stock Exchange, we have decided to make our Stock transferable in units of 5s. and, in due course, an application will be made to the Stock Exchange for a quotation in the new form.

Providing that nothing arises during the remainder of the year to disrupt the trade of the country, I shall hope to be able to present you with figures this time next year at least as good as those now under review.

The report was adopted, and the total Ordinary Stock dividend of 28 per cent for the year was approved.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of ASSISTANT LECTURER IN HISTORY with special interests and qualifications in Medieval History. Salary scale £550 to £850 per annum with membership of the F.S.S.U. and Children's Allowance Scheme.—Applications should be sent not later than August 8, 1955, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited for the following posts in the Department of Economics:—(i) Temporary Research Assistant to assist with research on the structure of property and property ownership in postwar Great Britain.
(ii) Temporary Tutor.
Salary for each post will be between £400 and £500 per annum, according to qualifications and experience.
The appointments will be for one year in the first instance and may be renewed for a second year. Applications should be sent by August 15, 1955, to the Registrar, University College, Singleton Park, Swansea, from whom further particulars may be obtained.

BRITISH OVERSEAS AIRWAYS CORPORATION invite applications for the post of an ANALYSIS OFFICER for Operational Research and routine statistical analysis of its engineering and flying operations. Applicants should hold First or Second-class Honours Degree or equivalent in scientific subjects supported by practical research experience. Desirable additional qualifications would be a knowledge of transport or engineering industries and/or statistical qualifications. The salary would be within the range of £985 to £1,290 per annum.—Applications in writing should be sent to Staff Superintendent (Recruitment), B.O.A.C., London Airport, Hounslow, Middlesex.

LEADING COMPANY of Public Works and Building Contractors proposes to establish a Works Study Department and will appreciate applications for the appointment of Chief Works Study Officer.
Candidates should possess all the needful attributes in the highest degree; the salary paid will not be less than £2,000 per annum. Applications should be accompanied by full personal and business details, should indicate remuneration required, and should be addressed to Box 147.

CHIEF ACCOUNTANT for C. & J. Clark Limited Group of Companies, Shoemakers Street, Somerset. 5,000 employees. Age 30 to 40. Salary £2,500-£3,000, according to experience and qualifications. Top hat Pension Scheme. Capable of administering full budgetary control and standard costing.—Apply Binder, Hamlyn & Company, 121 Queen Victoria Street, London, E.C.4, giving details of present job and salary and past experience and qualifications.

CHAPPIE LIMITED, manufacturers of canned dog and cat foods, invite applications for the post of Statistical Officer.
This is a new position and the successful candidate (male) will be directly responsible to the Chief Statistician and will be concerned both with general commercial and industrial statistics and with particular problems. Preference will be given to graduates with good honours degrees in mathematical statistics or in mathematics with a recognised qualification in statistics. Post-graduate experience in the application of contemporary statistical techniques to practical problems in industry or research is desirable, but not essential. The starting salary will not be less than £1,000 per annum, plus non-contributory pension, life assurance and sickness benefits under a comprehensive Social Security Scheme. Assistance will be given with housing.
Applications, giving details of career to date, should be addressed to the Personnel Manager, Chappie Limited, Melton Mowbray, Leicestershire, and the envelope endorsed "Statistical Officer."

ATTWOOD STATISTICS LIMITED.—Applications are invited for positions as a Senior Client Service Executive. The Attwood Consumer Panel is a continuous market research service subscribed to by leading national advertisers of branded consumer goods. The position calls for the ability to interpret and present the research findings to top level management of the client companies. If you are in the age bracket 35-40 with sound experience in the field of marketing and advertising, and preferably with a university background, apply—in writing only—giving full personal details, to Contact Director, Attwood Statistics Limited, Chantrey House, Eccleston Street, London, S.W.1.

RESEARCH ASSISTANT required.—Applicants must have had experience in the conduct of surveys. Apart from working on surveys, he or she would also be required to assist in general statistical work of the media and market research department.—Apply to Market Research Manager, T. B. Browne Limited, 117 Piccadilly, W.1.

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BENSON'S have a vacancy for a Senior Assistant in their Research Department. Experience required of planning, administration and interpretation of field surveys; some practical marketing knowledge desirable.—Write to Mr. Frost, S. H. Benson Limited, Kingsway Hall, Kingsway, W.C.2.

MARKET RESEARCH.—A large West End Advertising Agency is looking for an Honours Graduate (Male) in Economics and Statistics to join its Market Research Department. Applicants should have some previous practical experience in this field, while wider experience in the world of commerce will be an advantage. The position calls for initiative and personality, is pensionable and offers opportunities for the future.—Apply, with full details, to Box 146.

OPPORTUNITY with scope for initiative and advancement with a professional company. Book-keeper, accountant able to deal with wages for small staff. Five-day week.—Write in confidence to Box 144.

CHARTERED ACCOUNTANT with at least three years' experience in oil accounting required by the Saudi Arabian Government to work in Saudi Arabia. The initial Contract will be for a period of eighteen months, upon completion of which two months' vacation is granted with full salary, accommodation or liberal cash allowance in lieu thereof will be provided. The salary being offered will vary according to ability and experience of the candidate, but is in the neighbourhood of £2,000 per annum.—Apply in the first instance, giving full particulars, to Messrs Singleton, Fabian & Co., 30 Southampton Buildings, Chancery Lane, London, W.C.2.

STATISTICIAN.—A vacancy exists for a Statistician at the Head Office of a large industrial organisation. The successful applicant, in addition to being responsible for the continuation of the present programme, will be expected to initiate the application of statistical methods to a wider range of technical and commercial problems. The minimum qualification is an Honours Degree in Statistics or Mathematics with Statistics. Previous industrial experience is essential.—Only persons who can justify a four-figure starting salary should apply to Box 143.

THE Paris office of an international firm of accountants invites applications from newly qualified accountants and from accountants experienced in accounting and business machine installations. Interviews will be held in London.—Box 126.

ATTWOOD STATISTICS SURVEYS DIVISION is expanding and requires additional Research Executives. Applicants should have had wide experience of consumer and market research and should be used to discussing with clients all aspects of the surveys they have controlled.—Full details of experience, education, etc., to Manager, Surveys Division, Attwood Statistics Limited, Chantrey House, Eccleston Street, London, S.W.1.

Important paper exporting firm, with widespread controlling interest in paper manufacture and paper conversion, seeks executive (aged between 40 and 55 years), preferably with good paper background and with a wide experience in organising and controlling shipping, financial and administrative work. Commencing salary minimum, £2,500 per annum, or more, according to qualifications. There is a later possibility of a seat on the Board. Company has first-class Superannuation Scheme. Only really first-class men need apply.—Box 136.

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LONDON COUNTY COUNCIL

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Vacancy for Statistical Officer with planning experience. Salary on scale £945 to £1,134, according to qualifications and experience. Duties include research from prime sources in connection with land use, population, density, industry and transport, and interpretation and application of statistics to solution of town planning problems.—Application forms, returnable by August 11, 1955, from Architect (AR/E/SP/4), The County Hall, S.E.1. (1110.)

THE INTERNATIONAL LABOUR OFFICE invites applications for a post of English-Language Verbatim Reporter in the Stenographic Section of the International Labour Office, Geneva, Switzerland.
Qualifications required: (1) Nationality: United Kingdom. (2) Age: 23 to 35 years. (3) Education: Good Secondary School education or equivalent in experience. (4) Languages: A fully satisfactory working knowledge of French or Spanish will be considered an advantage.
For further particulars and application form apply, enclosing stamped addressed foolscap envelope, to the International Labour Office, 38-39 Parliament Street, London, S.W.1.
The closing date for the receipt in this Office of completed application forms is August 31, 1955.

MANUFACTURER of world-famous precision product selling through chemists, chain stores and tobacconists with head office in London area seeks Marketing Executive with potential for promotion. The man selected would be responsible initially for advising on product planning and appraising the effectiveness of various marketing and advertising policies. The post is well paid and superannuated and has excellent prospects. Applicants should be aged 30-40, with recent practical experience in the administration of nationally advertised products. Some experience with market research techniques, product development and export or home markets would be desirable.—Apply, stating age, education, present salary and experience, to Box 149.

AN EXPANDING FIRM OF STOCKBROKERS wishes to appoint an administrative manager to be responsible under the partners for internal organisation. Knowledge of modern office methods and experience in selection and control of staff essential. Age 35-45. Salary £1,500-£2,000, according to experience. Superannuation scheme.—Box 139.

A RESEARCH OFFICER (Female) is required by the Market Research Department of Alfred Pemberton Limited. The position is a progressive one and calls for a person of mature judgment, having a good knowledge of the organisation of sample surveys, together with first-hand fieldwork experience and writing ability.—Write in the first place, setting out full details of education, experience and salaries earned, to the Research Manager, 22 Wood's Mews, London, W.1.

INDUSTRIAL ASSOCIATION in London has vacancy for Woman Assistant to take charge of small library of records, statistics, etc., and prepare short editorial notes for publication.—Apply Box 148.

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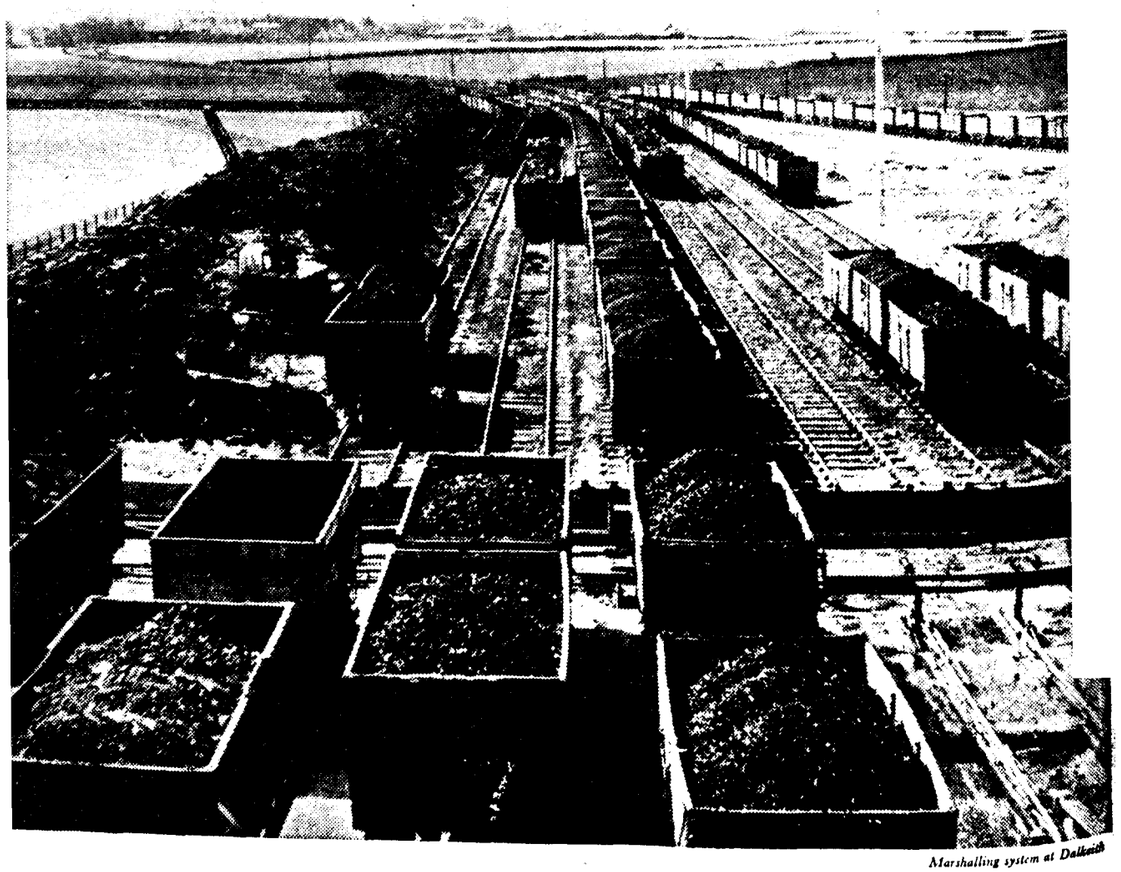

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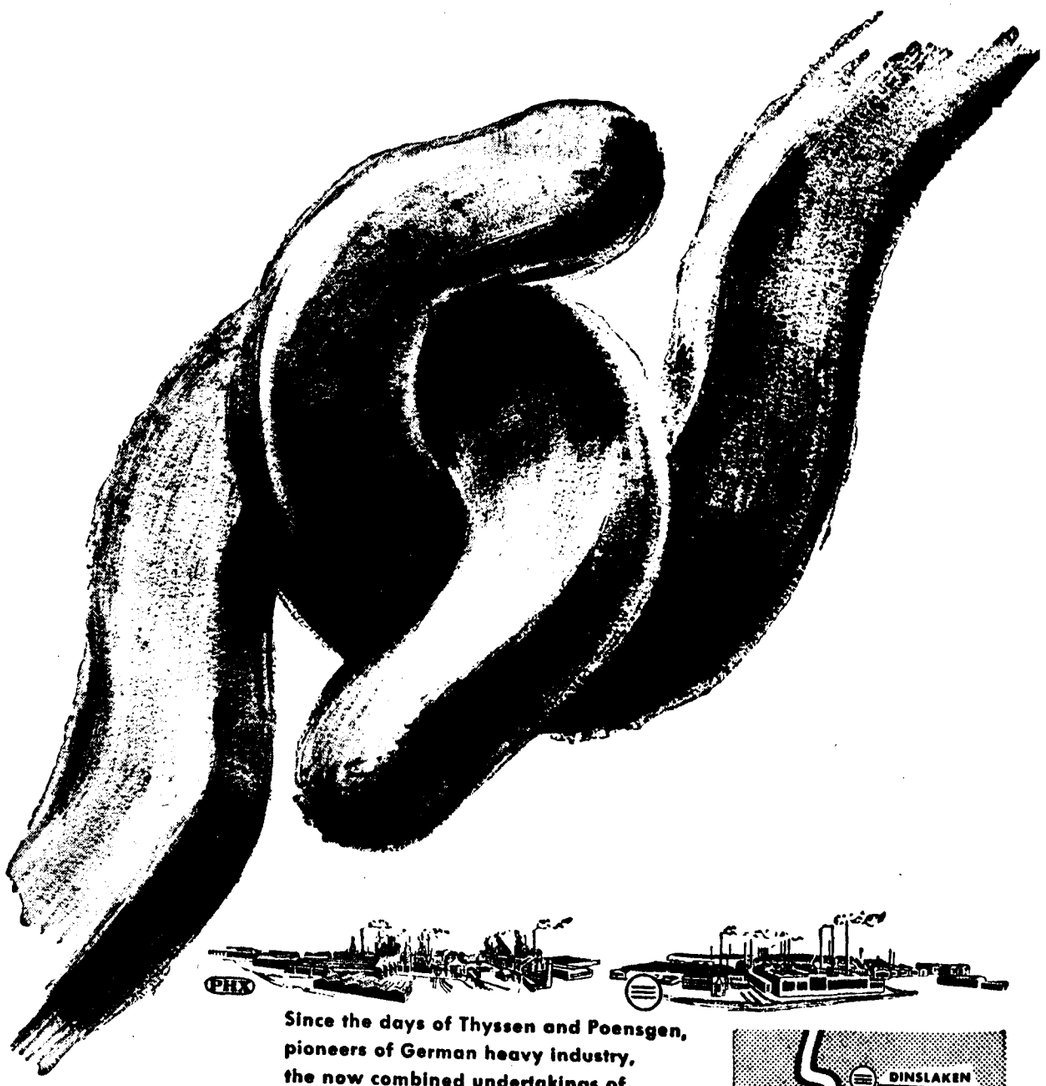

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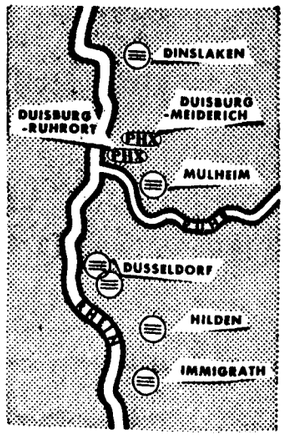

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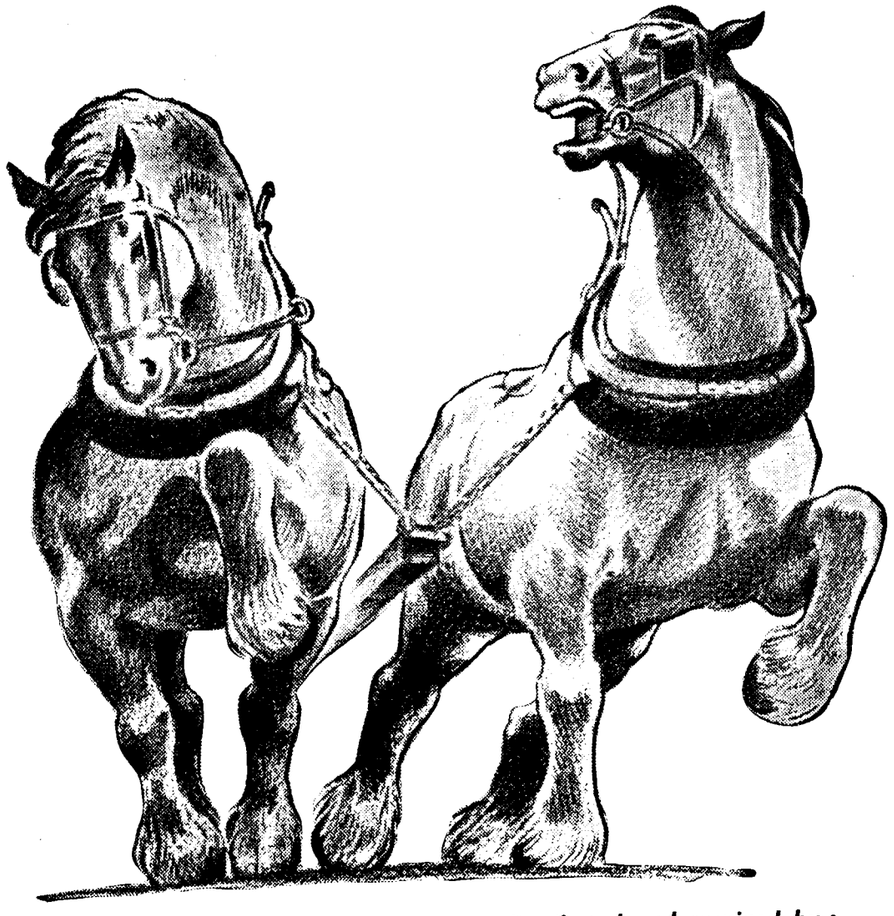

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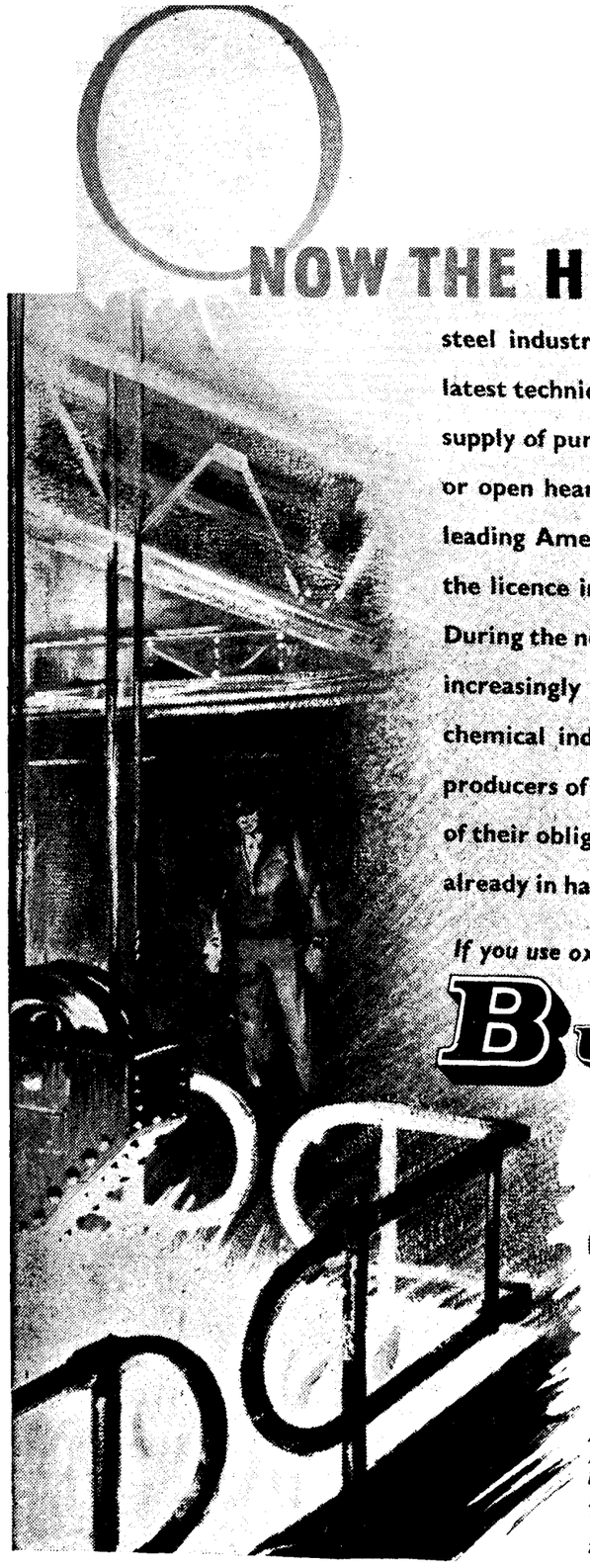

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PUBLICATION	CIRCULATION	DENSITY PER 1,000 POPULATION
RADIO TIMES	8,223,612*	163
READER'S DIGEST (U.S.A.)	10,500,000	67
LIFE (U.S.A.)	5,615,000	36

What is more difficult to weigh, but nevertheless a critical element in an advertising medium's worth, is the authority of the editorial context in which the advertisement appears. It is like trying to evaluate the benefit of a good address, or estimating the bonus in sales derived from transferring a shop to a street of high reputation. Some of the BBC's own authority, universally envied, carries over to the pages of its major publication to the benefit of any product advertised there.

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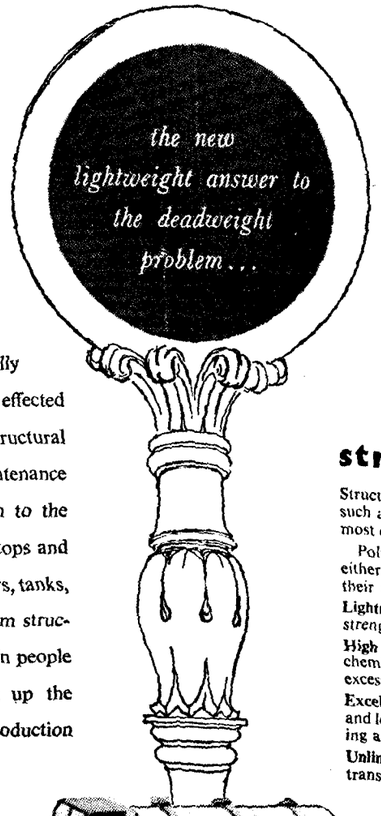

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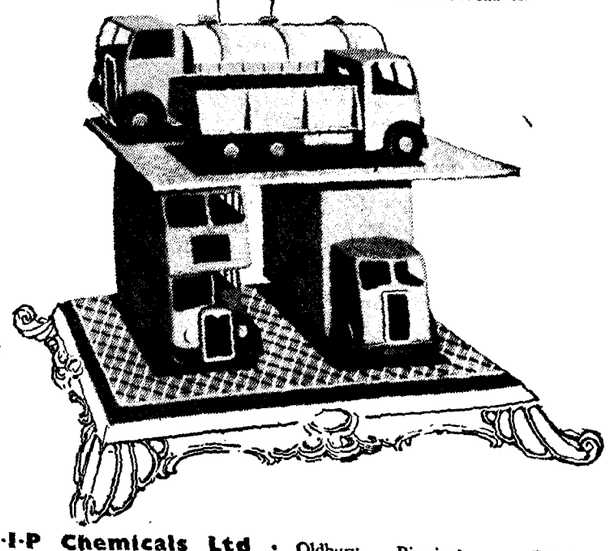

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The Economist

FOUNDED 1843

JULY 30, 1955

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On Top of the World?

"GOD," exclaimed the sober *Journal de Genève* last week, "needed only six days to create the world, but He had the advantage of working alone." The four heads of government enjoyed no such solitude during their six days' labour. Trailing platoons of advisers, trailed by whole battalions of reporters and cameramen, they presented the reverse of the picture that Sir Winston Churchill once sketched, a conversation piece in which the great men, relaxed and insulated, rambled intimately through the cigar smoke in an attempt to understand, and to make understood, the working of one another's minds. But fortunately no task of creation faced the Four last week. They reached no decisions, they came no closer together on any of the great issues that divided them, and their "directive" to the foreign ministers and the disarmament sub-committee gave no clear direction. Yet, despite all these things, the Geneva conference cannot be regarded as a failure or even as a complete waste of time. The ascent to the "*summit*" was never intended to be a climax, and should never have been treated as such. It was a first stage in a much longer journey. As M. Faure put it—aptly enough in a week during which more Frenchmen were thinking of the *Tour de France* than of Geneva—"We are engaged in a cycle race, not trying to break through the sound barrier."

Judgment on Geneva must therefore take the form of a weighing up of the extent to which further progress towards a secure peace has been made possible by the conference. And into the scales must be put not only the four delegations' formal utterances and their final compromise text, but the whole content of the meeting and its impact on the world. It is good that the great men should have met and parted on cordial terms. It is good that their meeting should have lessened, in however small a degree, unfounded suspicions and fears that might have led the world into an unnecessary and disastrous war; and even if this diminution of fear arises largely from a common horror of the hydrogen bomb, that does not make it less valuable. It is good that the education of the cribbed leaders of the Kremlin is to be continued next spring by a visit of Marshal Bulganin and Mr Khrushchev to London, when they will have further opportunities of learning that a western "capitalist" country is not in the least what Marx and Lenin said it was. It is to be hoped that they will go to Washington—and perhaps also to one or two of the quiet little towns of the Middle West, where the material and spiritual benefits of prosperity, combined with freedom, can best be observed.

But these obvious gains at Geneva ought not to distract attention from others that may prove more measurable and more lasting. Not only did the statesmen enjoy the opportunity of looking into each other's faces. A great part of the world was also given an unusually vivid glimpse of the purposes of the powers. It is hard to tell to what extent the peoples of the Soviet world will be allowed to learn what their masters learnt at Geneva, that the strongest of the free nations

are led by men who sincerely want peace ; but it is fairly certain that Mr Eisenhower's simple and powerful words will echo instructively in many non-Communist countries where suspicion of American intentions has been widespread.

Only the more thoughtful, unfortunately, are likely to grasp the less simple revelations of the conference. For Geneva revealed with remarkable precision the contrasting aims and methods of the western and the Russian leaders. It was notable, to begin with, that all the new initiatives and suggestions came from the western side: Mr Eisenhower's offer to exchange military maps and air survey facilities with Russia, Sir Anthony Eden's suggestions of a five-power pact and of reciprocal inspection of armaments in central Europe, M. Faure's project for diverting defence expenditure into world development, and the joint western appeal for a lowering of barriers to free human contact and movement. Marshal Bulganin, for his part, sat tight, and if anything tighter. The Russians showed little interest in the various western attempts to reassure them—although, after openly spurning Sir Anthony's first proposal for an exchange of international guarantees, they showed more curiosity about his later modifications of it. They held to their familiar demands for the liquidation of the Atlantic alliance and the removal of American forces from Europe ; and they made it more clear than ever before that they mean to grant Germany reunion only after the whole of Western Europe has been stripped of protection so that it can be remodelled into the shape that Moscow prefers.

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It ought to count as one of the most useful results of the Geneva meeting that these uncompromising Soviet terms were there exposed for all to see, and the Russians' unchanged ambition of winning Germany made plain. By far the greatest danger that lurks in the path of further progress towards a secure peace is precisely the tendency to ignore what Marshal Bulganin set out so clearly at Geneva. It is to be feared that in the weeks and months to come there will be a great deal of talk, in the West as well as in *Pravda*, about the need to preserve the "Geneva atmosphere" as if it were in a bottle, and the shrillest charges of spoiling this atmosphere will be made against those who point to what was actually said and done at Geneva.

It needs to be realised that the "directive" to the foreign ministers which was so painfully put together at the conference could only be agreed upon at all thanks to the now familiar technique of "doubletalk." The words in it that give an appearance of common purpose are precisely those which are interpreted in quite different ways by Communists and by free peoples: "free elections" for Germany, "control and inspection" of armaments, "free contacts and exchanges" between peoples. And "security" itself must now be added to the vocabulary of doubletalk, for it is sadly plain that the "collective security system" which the Russians propose for Europe would not merely provide no security but has as its real objective the "liquidation," to use Marshal Bulganin's own words, of the security that the western democracies have built for themselves in Nato and Western Union.

There is also a more particularly painful facet of the Geneva conference which the West dare not ignore. The fact that the Russians maintained their opposition to any early reunion of Germany sharpened German doubts about the rightness of Dr Adenauer's course, and the apparent willingness of the western governments (particularly the British) to contemplate "provisional" arrangements with the Russians on the basis of a divided Germany (however realistic and honestly intended they may have been in fact) inevitably fosters the fears of the Germans that a deal will be done at their expense. It was in this sector that the Soviet tactics at Geneva were most shrewd. If they succeed in so weakening the Chancellor's position that his fellow-countrymen, in spite of all warnings, opt for reunion on Moscow's terms, then a devastating blow will have been struck at western unity and security.

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It can hardly be recalled too often that it is that same western unity, of which Nato is the embodiment, that has brought us to the point where a meeting like that of last week is possible, that has led the Soviet rulers to talk, and listen, politely to men for whom they formerly had nothing but abuse, that has brought about their professed readiness to go again into questions such as balanced and controlled disarmament and to discuss for the first time the raising of the iron curtain that blocks free human contact between their subjects and the free peoples. Is this the time to begin weakening the very instrument that has been so successfully used to bring about the new atmosphere of hope ? History is littered with the wrecks of great enterprises that failed simply because of their initial success—because, as things get easier, free peoples habitually slacken off the tautness and vigilance that saw them through the earlier, darker hours. The Soviet technique at Geneva was to see to what extent outward bonhomie could save them from having to make real alterations in course. If the free nations hold fast to their essential purposes, which are entirely peaceful and protective, they now have real hope of seeing the Russians translate their smiles into something more solid ; only if the democracies give way now is that hope likely to be dashed. Mr Eisenhower rightly told the American people this week that the "acid test" would begin only when the foreign ministers meet in October ; it may be questioned whether he was equally right in postulating "some giving on each side"—what, in fact, can the West surrender without abandoning its vital needs ?

The fruits of Geneva may indeed begin to be garnered before the year's end—if the free nations hold their line. But if they accept sham for substance, and lose their grip on essentials, the fruits may never be gathered.

Tightening Up

THERE is something very familiar about the spectacle of a parliamentary debate on measures of economic restraint just before the summer recess. It has happened in July of every odd-numbered year since the war, with the sole exception of 1953. Perhaps the first and most important question to ask is whether this really is the familiar pattern all over again, whether nothing has been learned in recent years and whether we really are back in the state of chronic crisis for the British economy.

Mr Butler would claim that any resemblance with what happened in previous years is purely coincidental. There is nothing seriously wrong with the economy—on the contrary, it is strong and buoyant. But partly because of the pressure of abounding production on resources, particularly of imports, and partly because of the dislocation of the export trade by recent labour disputes, especially the dock strike, there is a temporary gap in the balance of payments, not large enough to constitute a crisis, but too large to be ignored. Therefore there must be an effort to "tighten up"—to reduce spending a little and to increase saving a little. Mr Gaitskell, naturally enough, will have none of this. The situation is "gloomy and depressing" and it is the direct fault of the Government. It is the effect of "a doctrinaire application of what is called Conservative freedom in a situation of brimfull employment," complicated by "blatant electioneering" and by "bad and incompetent administration." As always in a political debate, the truth lies somewhere between the rival party claims. But on the particular short-term issue of what has gone wrong this summer and what should be done to put it right, Mr Butler seems to have the best of the argument. The policy of economic freedom (the application of which has seemed to many people to be timid rather than doctrinaire), so far from inevitably producing a crisis now, has been the chief means whereby it has been possible for the very rapid expansion of the last four years to continue so long without a bout of economic indigestion. Though Mr Butler may be hanging too much on the dock strike, it is absurd of Mr Gaitskell to wave it aside altogether. As for the efficacy of credit policy, which has been Mr Butler's main reliance, and which Mr Gaitskell (for reasons which it has always been difficult to understand) is so anxious to deride, there were signs in May, before the strikes, that it was beginning to work, and it is certainly far too soon to give it up for lost.

Indeed, the main criticism that can be made of Mr Butler's statement is not that he is placing too exclusive a reliance on hard money and tight credit, but that he is not relying on them enough. His statement on Monday seemed to show a reluctance to push the policy home and a willingness to rely on exhortation of a faintly moralising kind instead ; and this impression was confirmed when Thursday noon passed without any announcement from the Bank. A letter has been addressed to the banks telling them of their duty to reduce advances ; but nothing was said about squeezing still further the reserves on which the credit structure is based. It is true that it is a Chancellor's duty to expound his policy, to express his wishes and (where he can) to issue his directions. In particular, neither Government departments nor local authorities nor the nationalised industries are likely to take very much notice of conditions in the capital market unless the Treasury tells them they must. No one but a fanatic would want the Chancellor to remain dumb and let his actions do all the speaking. But exhortations and directions should not be used as substitutes for action. To see Mr Butler relying on them so heavily on Monday, and refraining from raising Bank rate on Thursday, is to wonder whether he is losing some of the courage of his convictions.

He must, however, at least be given credit for avoiding the cardinal error of trying to retreat into quantitative "planning." It is true that there is a hint of this in the new restrictions on hire purchase transactions—not, indeed, in the fact of the restrictions but in the discrimination that they exercise between one industry and another. But this error (if it be one) is redeemed by the firmness with which the Chancellor rejected the thought of quantitative restrictions on imports. On the whole, the judgment must be that the weapons the Chancellor has selected are of the right kinds ; the doubts must be whether he is wielding them with sufficient determination. If he pushes ahead resolutely with the restriction of credit, his prospects of success are fair enough.

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All this, however, is on the short-term plane, in the context of the immediate problem of restoring the exchanges over the next few months. But behind these immediate necessities there are the long-term weaknesses of the British economy, and it is when one turns to what Mr Butler had to say about them that optimism must be diluted. For he had very little to say, and less to propose.

What are these fundamental weaknesses ? Two of them can be illustrated by matters that are very much in the public eye at present. First, why does the British economy have to have dearer money than other countries ? And secondly, why does the pound sterling have these recurrent spells of weakness ? The chief reason in each case is fairly obvious: interest rates have been forced up here because the nation is not saving enough to meet the demand for capital, in industrial investment, in welfare-investment and in overseas

investment. And the pound sterling has its sinking spells because we have not learned how to control our costs at home: it is weak on the exchanges because it is weak at home.

Any sound long-term policy would therefore set itself to tackling these causes of weakness. There is relatively little that public policy can do to change the saving habits of the public—at least in a hurry. But it could do a great deal to cut out the unproductive and unnecessary waste of capital. The biggest waste of capital in this country today is the continued building of enormous numbers of houses which would not be wanted if the public were left entirely free to judge for itself how many houses it wanted, relatively to other things. If houses, new and old, were let at honest rents, the only remaining housing problem would be what to do with all the empty houses. Yet so far from tackling this problem, Mr Butler went out of his way to nail to the mast the flag of 300,000 new houses a year.

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Nor is there any more willingness to face the equally obvious cause of the steady rise in prices—which is that free collective bargaining in a state of brimfull employment leads to a steady and rapid rise in labour costs. Both Mr Butler and Mr Gaitskell, in Tuesday's debate, stated this problem with admirable clarity. Both declared that it must be solved. Neither made any contribution to its solution. Yet if anyone asks why it should be so much more difficult to solve here than in other countries, the reason is not very hard to find: employment in this country is much more brimfull than it is elsewhere. In the United States, the ratio of unemployment to the total labour force at the present moment is about 4 per cent—and everybody is talking about the unprecedented prosperity. In this country the ratio of unemployment is now less than 1 per cent, and if it showed the slightest tendency to rise there would be a sense of outrage. It is this hypertension in the labour market that enables such fantastic claims to be put forward by the unions—and to be conceded, at least in part. It is this state of affairs that can enable a newspaper to report a demand by the engineering unions for higher wages, shorter hours, less overtime and longer holidays next door to a column headed "Germans grab lead in car market"—without anybody thinking it odd. It is this state of affairs (as everybody knows, though nobody will say in public) that is undermining the pound.

It is all very well for Mr Gaitskell to demand full employment without inflation—but he must know that he cannot get it unless he is prepared to persuade the members of his party to accept either a curb on the freedom of the unions or a much less rigid definition of what constitutes full employment. It is all very well for Mr Butler to say that the present exchange rate will be maintained in all circumstances—but he must know that he cannot do it until he is prepared to face the political dangers and personal unpopularity of insisting on stability of prices at home. There is an eternal triangle in economics; everybody always wants Brimfull Employment, Free Collective Bargaining and Stable Prices. But though a community can choose any two, it cannot have all three at once, certainly not in full measure. At present, the British public, with the consent and encouragement of both parties, prefers the first two, and insists on having them in their absolute form—there must be absolutely no unemployment, and absolutely no check on the ability of a handful of agitators to hold the country to ransom. That is why there is more inflation in this country than in the rest of the world. That is why the pound sterling is never strong for long. That is why, though Mr Butler's measures may succeed in restoring the position for the next few months, they will not make it permanently secure.

Until there is a government that will tackle the absurdities of the housing situation, that will discipline the public sector and that will be less desperately scared of a very little temporary unemployment—until that time there will be no sound long-term policy in this country. The profoundly depressing fact about this odd-year July is not that sterling is weak again, but the demonstration that not even a government with a majority and a five-year run before it can apparently afford to face the facts of economic life.

Adulteration of Food

The case against the shopkeepers would appear to be made out. It is necessary indeed to remember that the statements made before the Parliamentary Committee have been *ex parte*, that even what we think demonstrative proof sometimes admits of an answer, when the other side is heard. . . . We are made very uncomfortable by reading the horrible list of articles which we are supposed to have been eating and drinking all our lives, but few of us have felt an equal amount of discomfort from the actual effect of the guilty viands. Still we are far from denying that adulteration does go on to a great extent, and that its prevalence is very disgraceful to a civilised society. The desponding shrug their shoulders and wonder what we are all coming to; the cynical observe that the world is made up of rogues, that all classes are equally corrupt, and with this assurance appear to be completely satisfied; while the great majority shake their heads, say that something must be done, and mutter the words "Government" and "Parliament," as though some spell were to come from that quarter to abate the evil. But is this blind dependence on Government to cure evils, we know not and scarcely care to think how—is it wise or courageous? There have been drones in all ages who would get effects without causes, thought without thinking, by the easy interposition of some infallible authority: it is the same temper which would indolently look to Government or Parliament to remedy a great social evil. . . . Be the remedy social or moral, or both, it lies in our own hands: in neither case can it be reduced within the precise limits of an Act of Parliament.

The Economist

July 28, 1855

Australia's Anti-Cyclone

STABILITY characterises Australia in the sixth year of the Menzies regime; but it is a vulnerable stability, particularly in the economic sphere. Politically, the coalition of the Liberals with the Country party still looks unassailable. It is true that Dr Evatt has outwardly achieved unity within the Australian Labour party, and the crushing defeat of the Anti-Communist Labour party—the right-wing splinter group in Victoria—at the recent state elections has discouraged Labour leaders in other states who might have been thinking in terms of rebellion. But outward unity cannot disguise unhappiness among individuals; and, being unhappy, Federal Labour members lack fight. Only the irrepressible Dr Evatt retains his pugnacious instincts unimpaired.

The violence and bitterness of parliamentary speeches have tended to distort any true appreciation of Australian public opinion on the unprecedented decision to send Australian forces abroad in peace-time. Public opinion polls suggest remarkably little interest in the project, and certainly not much opposition to it, deeply though it conflicts with Australian traditions. But it is difficult to determine how far this mild reaction is due to the average Australian's normal lack of interest in public affairs, or to a conscious acceptance of present realities that may leave the Federal government lagging behind in its approach to this controversial problem. From an international point of view, the Australian decision to send up to two divisions to Malaya, as part of the strategic reserve available to the South East Asia Collective Defence Treaty organisation, must be warmly welcomed. It certainly removes the criticism that Australians were content to leave their protection in the hands of the Americans, while paying no more than lip service to international defence measures.

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Coupled with a generally friendly and helpful attitude towards their Asian neighbours of the "near north"—the West New Guinea issue, owing to its special circumstances, is an exception—the dispatch of Australian troops lends coherence to a foreign policy which is still in the making. It may be hoped, at the same time, that the infantry battalion, the three RAAF squadrons and the two RAN warships earmarked for Malaya will be considered as a minimum rather than a maximum contribution to the common effort in South East Asia.

If Australians generally are luke-warm about foreign policy—and therefore acquiescent, despite the rude noises of the opposition—they are traditionally far from quiet on industrial issues. The almost unruffled peace of the past five years (as compared with the war and the immediate postwar period up to 1949) is therefore a powerful factor in the stability of Mr Menzies's administration. There is little doubt that the reigning economic facts have cut the ground from under the feet of old-fashioned militants in the Labour party. High earnings have led to an unprecedented hire-purchase boom, and this in turn has been an unexpected contribution to industrial and political stability; union members paying for cars, refrigerators and washing machines are reluctant to part with their wages even for so time-honoured a pastime as striking. This determination to be good has redounded to the credit of the able Minister for Labour, Mr Harold Holt, and has been reflected in the apparent collapse of the Australian trade unionist's traditional distrust of anti-Labour administrations.

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Prosperity, then, has assured Mr Menzies the firm support of the floating voter, at least to the extent that this anonymous personage is convinced that his continued good fortune is safer in the present Prime Minister's conservative hands than in the less predictable ones of Dr Evatt. But it must be conceded that this support is at the best negative: the floating voter is aware of serious weaknesses in Mr Menzies's cabinet team and of its often uninspiring performance. The uncommitted elector—to vary his label—may not be grumbling too much about life in an inflated economy, but he has been heard to remark, more frequently than government leaders might consider healthy, that the administration has "run out of policy."

To the extent that this criticism is valid, it partly rests upon the government's reluctance to come within grasping distance of—and much less to grasp—politically untouchable nettles, such as the economic risks inherent in Australia's dependence on wool, the arbitration system for wages, or even the rate of exchange of the Australian pound. Of these, the most taboo is the arbitration system: it is considered politically suicidal for any Australian government to interfere with the functions of the Arbitration Court, if only because the system it embodies is an article of faith with the trade union movement. Yet Australia, as a nation, can ill afford to overlook the fact that the system, in practice, has been a watertight device to ensure a continuing inflationary spiral. Its quarterly basic wage adjustments, based on a retail price index and maintained through the period of rapid inflation, left Australia stranded with a high-cost structure. By freezing the basic wage after some of the other causes of inflation had been removed, the Arbitration Court merely closed the stable door after the horse had bolted.

Sir Arthur Fadden's pre-budget statement at the end of June and the latest figures of the balance of payments

are twin clouds on the economic horizon. The one revealed an expected budget surplus of £A56 million (compared with an estimated £A200,000), and the other disclosed an overseas trade deficit of £A68 million for the year just ended. Since only £A30 million of the expected surplus is due to underspending on defence, the remaining £A26 million of it, as Sir Arthur observed, can only be due to inflation, reflected in its turn in a steep rise in imports which, again in turn, is responsible for the unfavourable trade balance. Wool and the exchange rate—those other political untouchables—must come in for their share of blame for this state of affairs. The great wool boom was the chief culprit of the 1950-51 inflation; and the unreal exchange rate of the Australian pound was an accessory before and after the fact. But it is apparently asking too much of a government that depends upon the support of the Country party that it should end the free auction system that determines wool prices; that it should curtail graziers' profits by appreciating the Australian pound when it was undervalued, or increase these profits by depreciating it now that it is overvalued. It is curious that no government spokesmen has yet been detailed to explain or defend the policy of using tariffs and import quotas, rather than the exchange rate, to reduce the trade deficit. Yet a respectable case could be made out on the government's behalf, by presenting these *ad hoc* devices as part of a general plan. It is doubtful, on the other hand, whether, on a long-term basis, the palliative of import restrictions will prove a substitute for greater flexibility of the exchange.

All told, then, it is in his country's economic vulnerability that Mr Menzies may strike his principal political hazards. The recession of 1951-52 was followed, after a delay, by a bout of unpopularity for the government from which it emerged only with difficulty. Another recession, bringing unemployment of measurable proportions, could reverse the political outlook for the governing parties; it is unlikely that such a recession is just around the corner, but the present coalition cannot afford to ignore the possibility. Indeed, the certainty that someone will have to take some unpleasant economic measures sometime is one of the strongest reasons for supposing that Mr Menzies will not allow the present House of Representatives to live out its natural term. An early election would be a legitimate political manœuvre. But in the economic field it would justify itself only if it were to be the prelude to a resolute tackling of problems which cannot for ever be left to settle themselves. Indeed, Mr Menzies's statement in Sydney this week shows that he is aware of the full implications of the economic problem.

Any Old Masters?

(BY A CORRESPONDENT)

THE market for old masters in recent months has been very comparable with that for blue chip industrials. Too much money has been chasing too few good pictures. The head of steam in the market for modern pictures has been relieved by the steady flow into this country of good paintings; and such "new issues" have been readily taken up. But the shortage of old masters has now produced a market in which even experienced investors will do well to move warily in the acquisition of "growth stocks."

The current sale season ends this week, and Christie's and Sotheby's close until September. It has been a season of very high prices for certain lots, and a very high general level of prices, as those who followed the results of the sale at Sotheby's on June 9th and July 20th, and at Christie's on July 15th, cannot but have noticed. It has been a record season; but some dealers have been expressing their doubts about whether the market is as firm as it looks.

It is, of course, well known that old masters of all schools and nearly all periods have increased markedly in value in the postwar inflationary years; the value placed on them as investments is perhaps best indicated by the prices of those which are of undisputed quality. A good measure of the rise in the value of the first-rate work of art, which cannot but represent steady capital appreciation, is provided by two Guardis, which realised £1,400 and £1,350 at Sotheby's in June, 1946, and when sold as a pair on March 23rd this year fetched £9,000. The trend in prices realised by old master drawings is no less significant. At Christie's on January 29th last year, 25 drawings by Wilson were sold for 6,470 guineas, and at Sotheby's last month a drawing by the Sienese artist, Francesco di Giorgio, fetched £9,500, and one by Lorenzo Lotto went for £8,000. Comparison with prewar prices when they can be made are even more instructive. At Christie's on January 29th last year an important landscape by Jan Lievens fetched 2,600 guineas. In 1926 it went for 390 guineas. At the same sale last year a Crucifixion by Giovanni da Milano was sold for 1,600 guineas. In 1932 it realised just £28.

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But there are certain categories of pictures which now fetch far less than they did between the wars—of these, the most obvious instance is provided by English portraits. Fashion, of course, may be as important as inflation in determining present prices. One has only to look at the fate of the Victorian "masterpieces," which once fetched thousands of guineas, to see that.

Pictures—more especially old masters—are sold not only by the artist's quality and period, but also by condition. The ruin of a once fine picture may go for remarkably little, while examples of far more modest "masters" in perfect condition fetch thousands of guineas. This is a problem in valuation which may easily trip up the optimistic buyer; repaint is a deceptive thing and, under saleroom conditions, can occasionally even elude the expert.

Familiarity may also breed contempt. A painting that has become well known on the art market is one not likely to be highly prized. But also its constant appearance in salerooms may cause it to lose value. Conversely, a picture that has attracted the attention of art historians, has been reproduced or included in a public (as opposed to a dealer's) exhibition, will gather prestige and value. Several pictures from the Royal Academy's recent winter exhibitions, notably those of Dutch and Flemish art, have fetched subsequently very high prices in the saleroom.

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The shortage of good old masters is continually pushing up the price of the less distinguished pictures. The high prices recorded in recent months have in the main been paid for some surprisingly modest pictures. Not a single unquestionably first-rate Italian picture has appeared at either Christie's or Sotheby's and compared with the standards of the Duveen period, there have been few second-rate pictures either. Nor is this the result of sellers avoiding Christie's or Sotheby's; the quality of the pictures in the regular exhibitions held by the larger West End galleries has also markedly declined. Many of London's foremost dealers have only one or two notable pictures to show.

Such really attractive pictures by decorative artists as have appeared in the salerooms have therefore commanded prices that would quite recently have seemed well outside their class. A Canaletto fetched 9,000 guineas at Christie's on July 15th, and a pair of Paters went for 14,000 guineas on the same day. At this rate, the London market price of, say, a fine Watteau is only to be contemplated with awe. Minor works signed by well-known names have fetched extraordinary prices—a small Hobbema, for example, was sold at Christie's on July 15th for 5,800 guineas. (It is true, of course, that modest pictures generally fetch a better price in important sales.) The most minor artists who can be dignified with the name of "master" are also doing well. In the Seymour-Maynard sale at Christie's on January 29, 1954, a small picture by Bernardino Fungai was sold for 900 guineas. It was a charming thing, in its way, but Fungai from any point of view is a most modest performer. At Sotheby's on June 9th, of this year, two panels by Niccolò da Foligno were sold for £1,450. They were appealing; but they were the minor work of a minor artist. An even more astonishing price was given at Sotheby's on July 20th for a Lazzaro Bastiani—£550. It was not even an outstanding example of Bastiani's work, and Berenson was not far wide of the mark when he put Bastiani down as "a feebly endowed artist with little if any independence." The market in its present state will apparently gobble up any Italian Renaissance picture, however mediocre, if it is in reasonable condition and of a pleasing subject.

Indeed, it is turning to periods which have previously been entirely unfashionable. Examples of the rising prices fetched by artists who have for years been little valued are provided by pictures of the Mannerist and Baroque periods. They have been rising steadily since the war. And, after years of neglect, so have certain painters of the Barbizon school. Just after the war, good examples of Daubigny could be bought for less than £100. At Christie's a year ago an admittedly pleasing picture by him fetched 800 guineas. In the Vagliano sale at Christie's this month a Daubigny sold for 2,800 guineas. Theodore Rousseau and Harpignies have also gone up in price.

It is not likely that the market will be changed by the reappearance of really good pictures especially as many of the few that have come into salerooms have gone permanently out of commercial circulation through purchase by a museum or by leaving the country. Italian dealers have been particularly active in buying back their country's long-lost old masters. Nor is there much chance that the new regulations allowing works of art to be imported from America to be auctioned here will fill the London market with pictures of a kind that would choke off the demand for those which now sell so well.

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What, then, is the prospect? Unless there is a general collapse of security prices, in the short run it is a fair expectation that prices of second-rate and, indeed, even lower-rated pictures, provided they are decorative and in good condition, will continue to increase. The owner of a minor, but attractive Renaissance painting or drawing, a good Ibbetson, or an appealing Dutch *petit maître*, has a good short-term investment. Old masters of real quality are sound, long-term investments, unless the price paid was well above the rates instanced—or the general rise in the price level is abruptly halted. But it would be rash to assert that the present high prices will be maintained for many of the pictures now changing hands. The vogue for Italian eighteenth-century views by minor artists, such as van Lint, must be regarded as temporary, and the purchase of such pictures today very speculative. The time may come to unload some of the other "old masters" now being bought at famine prices. That is, by those who buy pictures as an investment simply; most pictures, it should not be forgotten, are still bought for the pleasure they give.

Notes of the Week

Send-off for MPs

THE Prime Minister produced a perfect first act curtain to the parliamentary session by his announcement on Wednesday of the forthcoming visit to Britain of the Soviet leaders. He could not have done more to send members of all parties off on holiday in a glow of contentment at work well done. Certainly most MPs felt by the end of the week that they were ready for as long a recess as the Government would allow, and Mr Shinwell's last-minute protest fell completely flat. By Wednesday evening only 40 or 50 Labour members bothered to stay at Westminster to hear the first major foreign affairs speech by their new Foreign Minister-designate, Mr Robens. After Sir Anthony's announcement the debate was largely anti-climax. For the Geneva conference is history and all the practical details have been passed to the foreign ministers. Tension has relaxed and MPs have relaxed with it.

The economic debate was a good deal more to the point. Mr Gaitskell had clearly spent some pleasurable hours polishing up the epithets with which he pointed the contrast between Mr Butler's storm-warning on Monday and the sunshine radiated from the Tories only two months back before the election was safely in the bag. The line of Labour's attack was obvious enough, but it had one or two novel features. Mr Gaitskell was found taking his own advice to the party to take note of the growing Americanisation of our society—by protesting at the difficulties now being imposed on young couples wanting to acquire refrigerators and television sets. This is certainly an Americanised exposition of the Labour doctrine of fair shares. Labour speeches were also notable for attempts to debunk Mr Butler himself. His imperviousness to the more sordid aspects of political controversy irritates the Opposition beyond bearing at times. The Chancellor showed himself ruffled occasionally, but emerged fairly unscathed, and the setback has not greatly dented the confidence of his backbenchers. They praised his stern virtue, indeed urged that it might be sterner. They have not forgotten that he above all ministers put the butter on their electoral bread.

No Compromise From Bulganin

AS if his final speech in Geneva were not intransigent enough, Marshal Bulganin declared on Sunday in East Berlin that "the Soviet Union will be unshakable in its determination to hold fast to the point of view about the settlement of the German question which it put forward in Geneva." This assertion is a depressing contrast to President Eisenhower's declaration that there must be concessions on both sides when the October conference of foreign ministers meets. As the Soviet leader pointed out, the joint communiqué should not be allowed to disguise the fact that two different programmes for Germany were advocated during the discussions. There is unfortunately no reason to disbelieve him when he promises the East German satellites that no compromise will come from the Soviet side.

On the following day Mr Khrushchev added a blunt declaration to the effect that the workers in the "German Democratic Republic" would never agree to abandon "all its political and social achievements, all its democratic achievements." The German Communist press has emphasised that a reunited Germany must fall into line with the eastern zone on some major internal issues. There is nothing new in this item of Soviet policy; Herr Ulbricht—now tactfully kept in the background—has said it before. But this time the West German press is opening its eyes to the realities of Soviet policy, as revealed in Geneva and Berlin. Communist frankness has left little room for illusions in Germany, and that is something for which to be grateful to Marshal Bulganin and Mr Khrushchev.

Mixed Neutralists at Geneva

IT is doubtful whether either the Soviet leaders or the German journalists were impressed by the strangely assorted collection of German neutralists who gathered to make their views known in Geneva during the four-power conference. They included Colonel Bogislav von Bonin, Herr Stegner (an independent *Bundestag* deputy who formerly belonged to the Free Democratic party), Pastor Niemoeller and another evangelical church leader. The anti-Adenauer camp displayed its inefficiency and curious alliances at its press conferences. Pastor Niemoeller failed to turn up in time for his meeting, and an earnest German girl representing a "peace" delegation urged the waiting journalists to go to hear Colonel von Bonin instead. The colonel, who is a Prussian officer to the backbone, was dismissed from the Bonn ministry of defence because he campaigned in favour of a military plan of his own, and is now associated with neutralists to the right and left. At a joint press conference with the colonel in Geneva, Herr Stegner pleaded for Germany to look for friends in the East as well as the West, and praised Sir Anthony Eden's plan for a demilitarised zone because it might become a model for the whole country.

The unimpressive company in which Colonel von Bonin

appeared in Geneva gave a hollow ring to his claim of strong support in Germany. He is military adviser to a group called the *Deutscher Club 1954*, which is said to include bankers and industrialists as well as politicians; the group presented Marshal Bulganin with a letter setting out the colonel's proposals for a small German defence force of 150,000 men, and the withdrawal of the Russian and western armies, as a preliminary to German reunion. The church leaders were granted an interview by Mr Semeonov, head of the German department in the Soviet foreign office, but Pastor Niemoeller was, it seems, given to understand that the neutralists had staged a very feeble show in Geneva. The Russians are never very interested in small fry. Their eyes are on Dr Adenauer, and if the Chancellor had chosen to make the first move there is little doubt that a Soviet representative would have called on him in Switzerland. But Dr Adenauer is waiting until September; his trip to Moscow then will open a new chapter in the struggle for Germany.

Taking Indo-China Gently

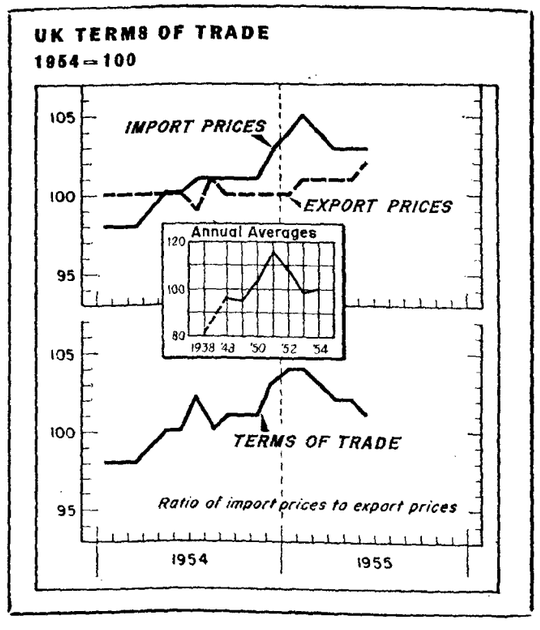
IT was fortunate for the bonhomie of the Geneva conference that the subject of Indo-China never reached the conference room during the formal sessions of the Big Four. The violence and arson in Saigon seemed to offer a perfect sounding-board for Communist propaganda; and it was surprising that when the subject did come up for discussion—above the friendly clatter of cutlery and crockery, at luncheon between Sir Anthony Eden and Mr Molotov—the Russian Foreign Minister allowed himself to be so easily persuaded by Sir Anthony's counsel of moderation.

It seems clear that Mr Diem, the southern Vietnamese Prime Minister, encouraged the demonstrations against last year's Geneva agreement, not expecting them to degenerate into violence and to result in the manhandling of members of the international supervisory commission. Such pious hopes cannot excuse a display of official irresponsibility which has done further damage to the nationalist government's standing in the world. But Sir Anthony was wise to turn down Mr Molotov's suggestion of a conference of the powers that signed last year's agreement, and the Russian Foreign Minister was unexpectedly amenable in accepting his refusal. In the event, it was a victory for common sense that the State Department, as well as the Foreign Office and the Quai d'Orsay, should have sent a telegram to Mr Diem advising him to meet the Viet Minh representatives without further delay to discuss the elections that are supposed to take place in a year's time. The July 20th deadline thus passed without provoking a breakdown in Geneva.

The senseless outrage in Saigon is all the more deplorable when it is contrasted with the law and order that prevail in the north, even though these depend on rigid Communist discipline. The comparison will be drawn with pleasure by Ho Chi Minh, who has just come home after his personal triumphs in Peking and Moscow. The Moscow triumph, as it turned out, was the lesser of the two; by granting the Viet Minh government a mere £35,800,000, a poor second to the grant of £115 million from Peking, the Russians demonstrated their willingness to allow China the lion's share of economic control over northern Vietnam. Although neither grant solves the twin problem of the north—shortage of currency and of rice—their long-term value, particularly in propaganda, should not be under-rated.

Controlled Smoke Control

THE Government has obviously been listening to the critics in framing the Clean Air Bill. Held up against the Ringelmann Smoke Chart it comes out a lightish grey. Householders certainly have somewhat less to fear from it than they had from the Beaver Committee report, largely because, though local authorities will be empowered to declare smoke control areas, in which it will be an offence to emit smoke subject to certain exemptions, the power to confirm the order will remain with the minister; and by now the minister seems to have grasped the fact that smokelessness depends on the supply of smokeless fuel. His confirmation can, accordingly, be related to facts of the supply situation, which are not likely to permit any very rapid extension of smoke control areas. It is not expected that the cost to the Exchequer of grants to local authorities for operating such areas, and paying 40 per cent of the cost of converting household grates, will exceed £3 million a year, but it is unlikely that so much could be spent quickly or that local authorities will be in any hurry to find their share of the money—30 per cent. The cost of converting a house is more likely to work out at £20 than the Beaver committee's estimated £10, so that, taking operating costs into the account, finance has been provided to convert a medium-sized town a year. House owners (in some cases occupiers) will have to pay 30 per cent of the cost, and the



condition of receiving the grant will be that "the adaptations in question are carried out to the satisfaction of the local authority"; so that a good deal of discontent and a great deal of administration can be anticipated in advance.

As was expected, the Bill prohibits industry from emitting dark smoke and requires that the emission of grit and dust is to be reduced "as far as practicable"—a vague phrase whose meaning will have to be thrashed out in the courts, if it is not tightened up when the Bill goes into committee. Though the Bill provides for penalties—£10 for smoking house chimneys—it leaves the matter of policing to local authorities to solve. But the tenor of the Bill is caution; it is evidently intended to do little more than bring pressure to bear on industry and to enable local authorities to make further experiments with residential areas. This is, indeed, all that can be done at this stage; the major factor in ridding the air of smoke will undoubtedly be industry's (and the railways') conversion to oil fuel and the fitting of new houses with smokeless fuel fires. When smokeless fuels are abundant, it may prove simpler to extend the grant for conversions to all houses, whether a smoke control area has been declared or not. But that time is distant, and meanwhile the minister will have the worrying job of adjusting the spread of smokeless areas to the output of smokeless fuel.

Fair Play for Junior Ministers

THE further postponement of a decision about raising the pay of junior ministers is indefensible. The Prime Minister has pleaded preoccupation with other matters; it sounds reasonable, but this question has been under review for over a year. It was in May of last year that the House of Commons passed a motion calling for better pay for both MPs and junior ministers. The MPs got a rise of sorts within a matter of weeks, and it is just a year ago this month that they started getting their new £2 a day sessional allowance. But the junior ministers are still waiting and, as their pay can be changed only by legislation, are destined to go on waiting at least until November.

The Government may well feel reluctant to raise junior ministers' pay just when the Chancellor is demanding economies in public spending; but this is tantamount to arguing that ministers should be paid by results. It is said that the Government fears that it would start fresh trouble over MPs' pay. The Treasury is in the throes of negotiations about a pensions scheme for members, and MPs are resisting the Treasury's pressure for a contributory scheme with the claim that they would need a bigger salary to meet the contributions. It is a weak argument; but in any case it should not be beyond the wit of the Government to keep the issues separate. One simple improvement is ready to hand. At the moment junior ministers are getting, in addition to £1,500 by way of ministerial salary, £500, representing half the salary of an ordinary MP. This is quite illogical. They (and perhaps senior ministers as well) should get the full pay of an MP, together with the sessional allowance. This would raise a junior minister's total income from the present £2,000 to around £2,750. A minister is still an MP with a constituency, whose interests he is expected to represent in addition to his ministerial duties; and junior ministers cannot supplement their earnings as backbenchers must and—unless Parliament is to become professionalised—should.

Restoring the Kabaka

THE somewhat complicated arrangements under which the Kabaka can be restored to his throne if the Buganda parliament (the Lukiko) agrees to them, and which have been greeted with such relief on all sides, amount to an ingenious face-saving operation. But they are none the worse for that, if they get the Colonial Office and the Buganda out of an intolerable situation. Ever since the legal ruling last November that recognition of the Kabaka was withdrawn under the wrong article of the 1900 treaty—though not that it was wrong to withdraw it—the Baganda have been confirmed in their resolution that a new constitution for their country must be inaugurated by the Kabaka in person; that the new ministers must receive the insignia of office from his hands as prescribed by custom. They insist that if a constitutional monarchy must come it shall come with the free and dignified transfer of powers on tribal soil, and that changes in the relations between Britain and Buganda shall be sealed with the same ceremony with which they were first entered into. The Lukiko committee modified the Hancock recommendations, and a legal version has now been achieved which the Lukiko can accept—but not under the "duress" of a monarch in exile.

The Colonial Office, on its side, has seen the wisdom of coming to terms with this stubborn sense of national rights. But it cannot agree that the Kabaka should return with exactly the powers whose misuse provoked his removal. After long and difficult negotiations a compromise has been reached in a temporary agreement which the Kabaka can sign in exile, and under which his representatives can appoint ministers, but which will be identical with the main agreement which the Kabaka will freely sign when, six weeks later, he returns to Buganda—to be received, probably, as a victor and martyr.

Under both agreements, however, he becomes a constitutional monarch, and Buganda consents to elect members to the enlarged Legislative Council for Uganda as a whole, which the Governor is now putting into effect. When the Kabaka gets back, Buganda representatives will have been elected to the new Council in which Africans will have half the seats, Buganda will be interlocked with Uganda, and the new ministerial system will be in operation, with an Asian minister in the multiracial team. But there could still be a last-minute hitch over the Asian minister, even though the new government is soothingly described as "not multiracial in the accepted sense of the term."

Morocco on the Brink

IT becomes weekly more obvious that French policy in Morocco faces a clear alternative: either to make up its mind who is to be Sultan—the deposed one, the new one or a third man agreeable to both—or else to lay the protectorate open to an era of pitched battle between French resident and Moroccan nationalist. Such a battle is, as things stand, more likely to be provoked by French extremists than by the Moroccans, because most Moroccans still want good relations with France, whereas the diehards who form a majority among the French settlers would welcome a situation that would force the French army to come to the defence of their persons and their very considerable property.

The danger of a pitched battle was made painfully obvious this week at Meknes, where the new Resident General, M. Grandval, started a fact-finding tour of his parish. Even before he reached the city the French police (members of the *Groupes Speciaux de Protection*) had opened fire on a Moroccan crowd that was waiting to acclaim M. Grandval, whose liberal outlook, and courage in purging the Casablanca police of partisan Frenchmen, have captured Moroccan imagination. Admittedly, the crowd was prematurely coupling his name with that of the ex-Sultan, but the police were far too ready to pull their triggers. Perhaps they fired through sheer nervousness, perhaps as a reflex stimulated by the ardent desire of many settlers to prove that M. Grandval's liberalism is a wrong policy. Either way, fifteen people were killed, all Moroccans.

M. Grandval wisely decided to cancel the rest of his tour, but tempers remain inflammable, and Frenchmen who see no harm in vilifying him in front of the Moroccans will certainly work to keep them so. If the situation grows no calmer, M. Grandval's only course will be to disarm a police force that has, on the most favourable interpretation, proved so rattled as to be beyond his control. In its place he will have to call in the army; and it is to be hoped that he does so on his own terms, that is, as a police force, instead of on the settlers' terms, which would mean that the army was simply being used in defence of French demands. He has already done this at Casablanca, and, since the affray at Meknes, all indications are that only thus will he get the calmer atmosphere necessary if France is to tackle the question of the throne.

Mixture as Before in Israel?

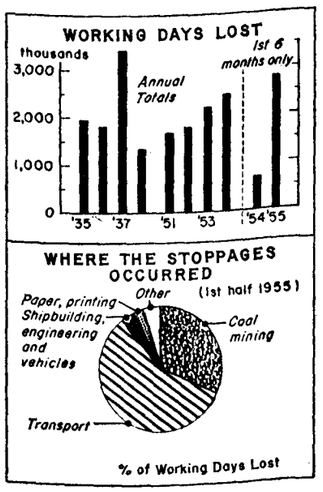
THE results of this week's poll in Israel have disappointed all those who had hoped for a clear-cut result and for progress towards a two-party system. Admittedly, prophecy was a gamble. Heavy immigration had taken place since the 1951 election, and the franchise had risen from 670,000 to 1,060,000 voters. Of the extra voters, many were Arabs, but over 300,000 were Jews and more than 70 per cent of these came from oriental countries. It was known that this oriental element was likely to strengthen the religious bloc—that is, the big group of sects which, in politics, opposes

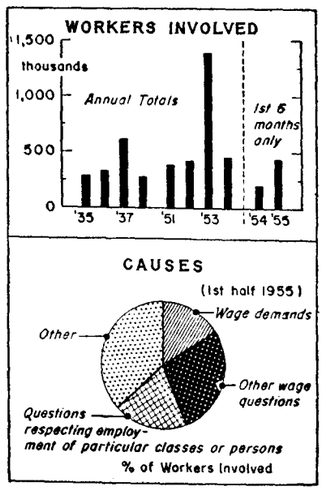
Remedies for Strikes

ONE of the charts below shows that the number of working days lost in the first six months of 1955 was greater than in the whole of 1954. Yet it would be wrong, as the Minister of Labour told the National Joint Advisory Council, to draw the conclusion that industrial relations in general have deteriorated. It just happens that three important strikes have followed each other in quick succession. It is, however, all to the good that the council should consider, as it did on Thursday, the suggestions that have been made to prevent strikes, and which the Minister of Labour laid before it without commending any in particular.

The council decided that these should be discussed in detail by the Joint Consultative Committee, which is a sort of subcommittee, at the end of September. This will give the three sides that it represents—the Employers' Confederation, the Trades Union Congress and the nationalised industries—time to think. In particular, the TUC General Council will by that time have asked Congress for wider powers to intervene in inter-union disputes. The council did, however, come to one conclusion. Like the Minister of Labour it held that strikes were not a problem that should be dealt with by general legislation.

That rules out such proposals as compulsion for a secret ballot, for arbitration, for a waiting period between announcing a strike and striking, or for first exhausting the use of the negotiating machinery. It leaves room for voluntary agreements in individual industries on these or other lines; but that leads back to the Minister's own recipe for industrial peace—an improvement in human relations, in the techniques of communication and consultation—without which voluntary agreements are valueless. The Ministry of Labour's report for 1954, which was published this week, says that progress in this direction has been meagre. But there is great variation, not only between firms but also between industries. Certainly the docks (included in the chart under transport) and coal mining still seem to be without the first idea of how to keep the peace.





what it regards as the grave risk of converting Israel from a theocracy into a secular state. But otherwise the only guide to the inclinations of the newcomers was the result of the May elections to the *Histadruth* (Jewish Federation of Labour) which suggested that the new voters would leave the old proportions little altered.

In fact, some alteration has occurred, although the total proportions of voters who prefer labour leadership has changed little. The main effect of the vote is to reduce the influence of the two chief adversaries on the economic front —Mapai and the General Zionists, standing respectively for state control and free enterprise—and to increase that of several medium-sized, militant groups whose programmes lent themselves to the simple slogans and poster colours that attracted the newcomers. The chief gainers on this ground were the religious bloc and the ultra-nationalist, expansionist, hand-on-holster *Heruth*.

The parties enjoy proportional representation in Parliament, and the balance between them can be judged from the following figures which, though preliminary, are unlikely to alter greatly:

PERCENTAGE OF TOTAL VOTES CAST.

	1951	1955
Left		
Mapai	37·3	31·9
Achduth Avoda	} 12·5	8·0
Mapam		7·0
Communists	3·5	3·9
Arab parties voting with Mapai	2·0	2·5
Liberal		
Progressives	3·2	4·2
Right		
General Zionists	16·2	10·9
Heruth	6·6	13·25
Religious groups (left and right) ..	11·8	14·5

Mapai must still lead any coalition, and it remains to be seen whether its founding father, Mr Ben Gurion, views the increased difficulty of composing a harmonious cabinet as a challenge or as a snub that gives him cause to return to the desert. For whoever becomes premier will need to don the same old velvet gloves as hitherto. If he wants to command a really clear majority, he must give some portfolios either to the General Zionists on his right or to *Achduth Avoda* on his left. Velvet gloves are found more comfortable wear by Mr Sharett than by Mr Ben Gurion.

Delay over Cyprus

It is unfortunate that the British Government cannot see its way to holding the tripartite conference on Cyprus until August 29th; for delay is bound to dissipate the meagre stock of good will created by the British initiative. In theory, the British would have liked to hold the conference as early as possible; Mr Macmillan told the Greek foreign minister as much when he met him at Strasbourg early this month, and he appears to have mentioned the possibility of a meeting in the first part of August. But no firm dates were suggested, and in the end the previous engagements of British ministers forced a postponement until August 29th; even then Mr Lennox Boyd, the Colonial Secretary, will not be back from his tour of the Far East.

For the Greeks, the question is complicated by the fact that August 20th is the deadline set for the inclusion of items on the agenda of the United Nations General Assembly. The decision to hold the conference at the end of August thus confronted them with a dilemma: either to let the UN deadline go past, and thereby invite strong criticism in both Greece and Cyprus, or to place Cyprus on the Assembly's agenda now, and thereby invite criticism from abroad that they are spoiling the atmosphere of the conference in advance and prejudging its outcome. The decision was not an easy one, but it is a pity that they chose the latter course, especially as all responsible Greeks must realise that there is no solution for Cyprus in another appeal to the United Nations.

To make matters worse, it is being alleged in Athens that the British Government changed the date of the conference —in fact, no earlier date had been firmly fixed—and that the delay is a perfidious manœuvre designed to embarrass the Greek Government and if possible to prevent its appeal to the United Nations. Such charges are, in fact, untrue; but it is a sad measure of the present thick atmosphere of mistrust that they should apparently sound plausible in Athens and Nicosia. The persistent failure of the British Government to treat the Cyprus problem with the urgency it demands must bear a fair share of the blame for this situation, which might have been avoided if the British had proposed a tripartite conference immediately after the failure of the Greek appeal to the United Nations last year.

The Simmering Copperbelt

The long-drawn negotiations between the Rhodesian copper companies and the European mineworkers on the issue of African advancement to skilled jobs have now reached a critical point. The European union has made some considerable advance on its original grudging offer to transfer the "ragged edge" jobs only to the African list; it has extended the list, and has even consented to have a limited range of jobs broken down to render them capable of being filled by African mineworkers. Until recently the union apparently still wished the list to be a final one—that is, to retain a veto on the transfer of any further jobs to Africans. It accepts neither a scheme which offers Africans a proportion of skilled jobs, nor one which provides Africans with a continuous ladder to skilled jobs, even though any Europeans who might be displaced by Africans are guaranteed work, and the rule of equal pay for work of equal value is made the arbiter of the labour market. But it now seems to be moving to a position in which it would yield jobs to Africans immediately and await the result of a full job analysis designed to work out how many more jobs could be transferred later.

There may yet be an agreement on some such basis, although the Rhodesian Selection Trust group is heavily committed by its previous statements to bring about a ladder of advancement. It takes the attitude that it is ready to re-serve notice of the termination of the Labour

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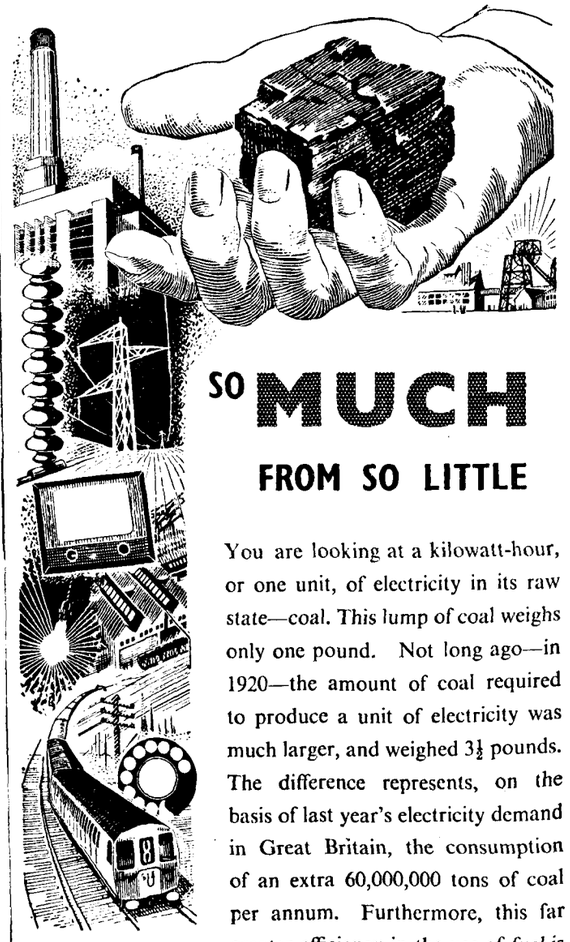

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greement on the European union, and to take the conse-
uences, upon its expiry, of putting Africans in skilled
bs, fragmenting jobs, and re-evaluating them. But the
robability is that it does not believe that the majority of
uropeans on a "wage" of £200 a month really contemplate
strike. Much of their present anger is attributable
ore to loss of bonus resulting from RST's selling
olicy—at a fixed price that is well below the open market
rice—than to African advancement. If, however,
l the white miners came out, it is doubtful if any
roduction at all could be maintained from any of the
ines (it was only reduced when the Africans came out).
uch an interruption in Rhodesian supplies would be bad
or the market and bad for the metal (quite apart from
ncidental damage to the revenues of the Federation); but
the copper companies feel that there must be a showdown
or the sake of progress in the years of development ahead
n the Copperbelt, the buoyancy of the copper market makes
he present the most favourable time to force the issue with
he least possible loss to the companies.

Boffins' New Ladder

In a debate on the adjournment on Thursday of last week the Minister of Education enlarged upon his plans for developing advanced courses in the technical colleges. There is to be a National Council for Diplomas in Technology, under the chairmanship of Lord Hives, the chairman and joint managing director of Rolls-Royce Limited. This will not itself conduct examinations. It will establish a national award in advanced technology, and by controlling the standard of admission to courses, their curricula and final examinations, will seek to ensure that this award is comparable with a university first degree. The courses are to be held at some 20 or 30 regional colleges, which will be under the control of a single or of a group of local authorities. There will thus be three levels of technical education: the universities; the regional colleges, which will divest themselves of their less advanced work; and the local technical colleges, for work of a lower level, such as the Ordinary National Certificate.

So ends a controversy which has gone on far too long. A national award was recommended five years ago by the National Advisory Council for Industry and Commerce. But in the conflict of opinion between the local authorities (anxious not to lose control), the professional bodies (anxious about standards) and those who think that higher technology should be the preserve of institutions of university status, a decision on policy has been sadly held up.

The present policy is a reasonable compromise. The local authorities keep their control, yet the Council for Diplomas will be an independent body; and the professional bodies will be represented on the boards of studies that advise the council. It is a policy designed, as Sir David Eccles hopes, to create a broader path to higher technology than that of the grammar schools and universities, one which is related more closely to industry, and which the brighter modern school pupils may travel. But it would be rash to think that it can be realised quickly. To staff so many advanced technical colleges will not be easy. At the Federation of British Industries' Conference last April (the report of which is published this week) it was suggested that technical colleges should release their teachers for occasional spells in industry. It will be still more necessary for industry to release its staff for regular spells of teaching in the technical colleges.

Singapore in a Hurry

The crisis that has blown up over a disagreement between the Governor of Singapore, Sir Robert Black, and the Chief Minister, Mr Marshall, would be ludicrous if it did not risk tragic consequences. The Governor has been in the colony barely three weeks, and Mr Marshall has been Chief Minister little more than three months. Yet now the Commissioner-General for South East Asia is trying to make peace between them, the Colonial Secretary is urgently awaited as the *deus ex machina* who alone may prevent the ministry's resignation, and Dr Nkrumah, apparently the doyen of colonial premiers, is counselling patience from Accra by telegram. The trouble started because the Governor could not see his way to approving the proposed appointment of two out of four extra junior ministers, but it has now been exalted into a demand for immediate self-government, carried in the Legislative Assembly by 28 votes to one. To cap all, the motion was framed by the Assembly's right-wing members, and it took the intervention of Mr Marshall, the leader of the Labour Front, to tone down the wording from a demand for independence to a demand merely for self-government.

Yet this is the Assembly which, a few weeks ago, watched with anxiety to see how Mr Marshall would face the challenge to law and order offered by the strikers and the students, which was enormously relieved when he showed himself capable of shouldering responsibility and bringing the necessary emergency regulations back into force, and which raised no protest when the Chief Secretary flayed the left-wing members of the House for their part in the rioting and killing. But a reaction from that mood of enforced realism has set in, and the Governor's use of his prerogative powers has enabled everyone to join in the escapist pastime of attacking the imperial power. Mr Marshall is triumphantly in opposition—as he expected to be when he put up for election—and is at the head of a popular crusade. Dr Jagan in British Guiana was little more impatient than Mr Marshall is now showing himself to be of the idea of working an admittedly transitional constitution for a few years in order to gain experience of administration and the realities of power.

This instability of temperament has all along been the main lever in the hands of the extremists, who know well that if Mr Marshall resigned, and new elections were held on some popular issue, they might easily romp home. The result could only be the suspension of the constitution and the strengthening of Communist organisation in the colony, which is Britain's principal naval base in the East. Perhaps the Governor has been wanting in finesse, but the events of the last few days show that Singapore is far from ready for full self-government.

Colonels' Bogey in Indonesia

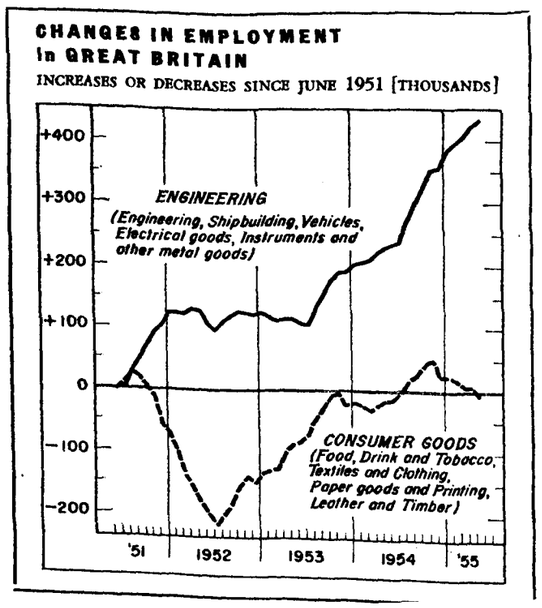
ORDERS of the Day, whole volleys of which have been exchanged by the antagonists, have been the most lethal ammunition used in the Indonesian army crisis, but they have been enough to bowl over a defence minister, wing a chief of staff and demolish a government. The resignation of Dr Sastroamidjojo's cabinet came at a difficult moment, only two months before the country's first general election is due to be held. All the parties have published assurances that they do not intend to let the crisis interfere with the election arrangements, and Indonesia's young democracy is probably self-confident enough now not to let itself be turned aside from its first real test; but it would have been better if the preliminary manœuvrings involved in Vice-President Hatta's search for a new cabinet could have been avoided.

The army, where opposition to Major General Utoyo's appointment as chief of staff started the crisis, has proved itself a tough bargainer. Not content with the resignation of the Defence Minister, Mr Kusumasumantri, whom it principally blamed for the chief of staff's nomination, it then rejected the government's suggestion of a compromise by which Major General Utoyo would resign after a brief, face-saving interval. The army's resistance has been led by the acting chief of staff, Colonel Lubis, and he has been joined by a number of regional commanders, including Colonel Kawilarang, who for some time has been engaged in a running fight with the Defence Minister to decide who should hold military authority in Jakarta, the capital. Their objection to Major General Utoyo seems to be that he does not measure up to the standards of efficiency which an officers' conference drew up at Jogjakarta not long ago; but they probably also have doubts about the politics of the Defence Minister, who, although a devout Moslem, was a student in Moscow and belongs to the Communist-influenced Progressive party. There is little doubt that under the constitution the appointment of the chief of staff is a matter for the government; the army's aim seems to be to extract an unwritten promise that it can have the power of veto. The next government is bound to be in the nature of a caretaker until the election; and one of its primary cares will be to devise a way of satisfying the army, perhaps by promising to restrict the final choice to an approved short list, without making the government's decision a pure formality.

Greek Lesson for Finns

THE "Geneva spirit," with which the Communists have been so liberally plying the West recently, has had an unexpectedly intoxicating effect in Finland. Moscow's repeated demands for the evacuation of foreign bases in Europe have led one of the most independent-minded of Finnish newspapers, *Helsingin Sanomat*, to draw the Russians' attention to the fact that their own base at Porkkala, within gun range of Helsinki, is a source of "constant fear" to the Finns. As the paper points out, the difference between Porkkala and the Nato bases which Mr Molotov hopes to abolish is that Porkkala was forced on the Finns by the peace treaty at the end of the war, whereas the American and British forces are in Europe by the invitation and consent of their hosts. It is uncommon for a Finnish voice to be raised so clearly about the hard facts of Russo-Finnish relations. Unfortunately, Moscow is unlikely to be stung into relaxing its grip. The recent cancellation of the "blackout" imposed on Finnish trains passing through the Porkkala zone brings no promise of further concessions; it has taken the Russians ten years to realise that in any case nothing can be seen from the train but a dense curtain of pines.

The comments on Porkkala have drawn a heavy rebuke from the journal of the Prime Minister's Agrarian party, which says sternly that "the management of the country's foreign affairs is not for the uninitiated." This is partly an internal feud, for it was *Helsingin Sanomat* which earlier this year deflated the Prime Minister's enthusiastic reception of the Communist plan for a "neutral belt" with a scathing analysis of Russian motives. But the Finnish government is perennially anxious lest anything be said to attract Russia's unfavourable attention. Its nervousness has again been shown by the vigour with which both parties in the present coalition, the Agrarians and the Social Democrats, have attacked a recent speech by Professor Virtanen. The professor had criticised the Helsinki "peace" assembly and said that a small country ought to be ready to fight for its independence (the Swedes could give their neighbours the same advice); he also suggested wickedly that if the Greeks had yielded to the Persians before Thermopylae the Persians would no doubt have written in the history books that it was done "through the unanimous will of the people." Unexpectedly, one of the first effects of the fixed smiles which now wreathe Moscow's face may be to encourage freer speech among nearby small countries like Finland; when the cat is playing at good neighbours, life is likely to be a little less constrained for the mice.



A Problem of Filling

IN essentials the Dentists Bill, which has been introduced into the House of Commons, is the same measure as the one that emerged from the House of Lords in the early days of the last Parliament. It was a measure that had been largely drafted under the Labour Government, and it had two main purposes: first, by establishing a General Dental Council, to give self-government to the dental profession, which is at present controlled by the Dental Board of the General Medical Council; second, to relieve the shortage of dentists by providing a recognised status for different classes of ancillary dental workers.

On the whole, there was general agreement with the first of these aims. But the proposals regarding ancillary workers were strongly resisted in the House of Lords, and when Sir Winston Churchill's government failed to introduce the Bill in the Commons, Labour members taunted it with having yielded to protests from the dentists. What the dentists objected to was the proposal that some ancillary workers should be trained to fill teeth and pull out deciduous teeth, this constituting in dental eyes a serious blow to the high professional standards of dentistry.

The proposal, as was made clear at the time, is based on New Zealand's school dental service, on which at least two bodies (one of them a dental mission) have reported favourably. The new Bill, moreover, strengthens and makes more precise the safeguards that were in the old. The ancillaries trained to fill and extract teeth will work only in public clinics and only under the direction of a dentist; their training will be in the hands of a special statutory committee of the General Dental Council, and if an experimental scheme for training them is unfavourably reported on—by the council—the whole idea will be dropped. It remains to be seen whether the dentists will renew their opposition when the Bill again sets out on its parliamentary course. Before doing so, they should bear in mind the undisputed fact that during the next ten years some 40 per cent of registered dentists will reach the age of 65, while the number of new students in 1953 was only just over half the annual number deemed desirable by the Teviot Committee on dental manpower. Dental ancillaries cannot fill this threatened gap. But they should enable the services of qualified dentists to be spread more thinly.

Letters to the Editor

Bolder than They Think

SIR—The essential thing is that no one shall sit in judgment in a case where he has been engaged on the preliminary detective work and the ensuing prosecution. But it is also desirable that those who sit in judgment shall be trained in judgment. You, however, in your note of July 16th, demur to the Monopolies Tribunal being identified too closely with trained legal minds, on the ground that in this field a decision should be reviewed if the climate of opinion changes, even though other things remain the same.

Your objection does not sufficiently take into account the extent to which legal decisions reflect public opinion, and, indeed, changes in public opinion. This was first authoritatively demonstrated by Professor Dicey in his "Law and Public Opinion in the Nineteenth Century," and is particularly exemplified by the changing attitude of the courts in this very field of restraint of trade.

Nevertheless there are good grounds for thinking that both here and in the analogous field of administrative law a blind adherence to precedent might introduce an undesirable rigidity. But the doctrine of *stare decisis* is not an inevitable concomitant of the rule of law. It would be perfectly possible, and in my view desirable in this branch of jurisprudence, to lay down that precedents shall be followed unless sound reason is shown for a departure. It is on this principle that the Conseil d'Etat proceeds so successfully.—Yours faithfully,

J. E. S. SIMON

House of Commons

A Share in the Atom

SIR—I have read with much interest the supplement on atomic energy in your last issue. I should like to mention one important fact about the activities of Associated Electrical Industries. These were described in your survey as "Zirconium uranium alloys and electrical equipment." It is true that our fundamental research station at Aldermaston Court is carrying out metallurgical work directly related to the development of the nuclear reactor. But it should also be known that the AEI, who are collaborating with John Thompson Ltd., will in fact be in a position at Geneva to quote prices and delivery dates of research reactors of the water moderated "swimming pool" type and to prepare designs for complete atomic power stations.—Your faithfully,

R. H. VEYSEY

Associated Electrical Industries, Ltd.

A Bill in Need of Repair

SIR—Your article on the Road Traffic Bill in the July 2nd Air Edition is a surprise to me in that you seem to feel that if an ordinary commercial garage or filling station was an "authorised examiner" that the chosen garage would be placed in an invidious position and their competitors and customers in a helpless one.

We have had compulsory automobile insurance and semi-annual compulsory automobile inspections for many years in Massachusetts. These inspections, which consist largely of checking on brakes, lights, windshield wipers, horns and rear view mirrors, are conducted by garages and filling stations and I know of no one that feels put-upon by that system. The charges for these minor repairs are pretty well known, and if one does not agree with the decision of one of the official stations he may go to another one. If some minor repair is necessary, the person does not have to get it done at the official station but can go to any garage of his own choosing.

I can see no reason why this system could not work successfully in the old country, particularly as you have a more homogeneous population.—Yours faithfully,

MARTIN C. BROOKS

State Mutual Life Assurance Co., Worcester, Mass.

Borrowed Plumes

SIR—If, as Mrs Dunlop says, dry cleaning does no damage to fabrics but only takes out dirt, why is it that garments, in perfect condition, that need only refreshing, usually come back from the cleaners limp and lifeless? The fact that "re-texturing" is recommended by the cleaners implies that the cleaning process used has a deteriorating effect on the fabric itself. Perhaps dress hire firms are establishing their own dry cleaning works because their clothes have not been receiving the treatment they should have. So, if they want superior work, dress hire firms must do it themselves.—Yours faithfully,

London, S.W.3 G. R. FOWLER

Books & Publications

Commercial Visionary

THE LIFE OF LORD NUFFIELD.
By P. W. S. Andrews and Elizabeth Brunner.
Basil Blackwell. 372 pages. 25s.

"MORRIS'S main asset," an old business associate told these biographers, "was his nice appreciation of price and costs. Basically, he was a buyer and a very acute buyer indeed. . . . The basis of Cowley is buying, not manufacture." The remark sums up an industry—particularly in its early, dynamic stage of growth—as well as a man.

For the popular motor car is a work of commercial, not of engineering, genius. The special talent of W. R. Morris, as of Henry Ford before him, lay in envisaging, earlier than his competitors, just how many cars might be sold if the price were brought low enough. Supplying the car at the price—buying the parts from specialists who could manufacture cheaply and putting them together—followed, and the economies were achieved essentially in bargaining, not in assembly. Mass production—new engineering methods of handling longer runs than had ever been asked for before—began with the suppliers with whom Ford and Morris placed their orders: it was not until 1933, indeed, that the moving assembly line was introduced into Cowley.

Morris, like Ford, was a mechanic rather than an engineer, an entrepreneur more than either. His first employment, at fifteen-and-a-half, was also the last time he worked for an employer: within a few months he had set up on his own in the cycle trade in Oxford. His interest in selling and servicing cars developed remarkably soon into a firm intention to challenge the Ford Model "T" on the roads of Britain, and a quite clear idea of how he was going to do it. His first car, the Morris Oxford in 1913, was produced from parts specially designed for manufacture by outside specialists, at a time when most British manufacturers made all their main components themselves.

The Morris Cowley, with which Morris really planned to challenge the Model "T," took "buying out" further. He decided to attack American supremacy with a British design of which the engine, gear box, front and back axles, steering and transmission were all supplied from America, because no British maker could offer them as cheaply. The Cowley was planned for 1915; war intervened, delaying delivery of the engines and reducing their cost advantage when the McKenna duties were imposed in 1915. A few cars were made during the war, and after it the American engines were used up, but in altered postwar conditions British suppliers took over the manufacture.

What became the Nuffield Organisation arose during the twenties and thirties as Morris took over several of these major suppliers of his bought-out parts. He did so essentially to secure continuous supplies for a very rapidly expanding assembly business with which some component manufacturers found it difficult or commercially too risky to keep pace. But his own commercial policy was unshaken: in 1924, although he had taken over manufacture of his engines, bodies, and radiators, he was still clear:

> There is no point in producing any article yourself when you can buy from a concern specialising in the work. I only buy a concern when they tell me they cannot produce enough of the article in question for our programme . . .

And even in 1951, vast as the Nuffield Organisation had become, its purchases from outside accounted for £42 million out of a turnover of £65 million.

Lord Nuffield's industrial empire, and the second career of benefaction to which he devoted much of its proceeds, were therefore built upon a commercial vision—which was translated into success by buying the parts out and keeping the money in. For the financial sustenance of this growing business came from profits ploughed back; up to 1936, while he held all the ordinary shares of the Morris companies, Lord Nuffield had retained in the business about £11 million of the £13 million of profits (after tax) that the business had amassed.

In a preface to this book, Mr Andrews mentions that he originally saw the project (in a more limited form) as "an act of piety," and also that Lord Nuffield, when first approached, "had some distaste for any formal biography." Both facts could have been inferred from the content and style of this book, which are respectable, respectful, devoid alike of any hint of drama or any sparkle in treatment. But it is only fair to note that it labours under heavy burdens, being an "official" biography of a subject whose powerful reticence is well known, and disclosing some early and recent history of a concern that still exists within the larger British Motor Corporation. Moreover, even the bare facts of such a life of enterprise are fascinating; most of them have been faithfully if circumspectly set down here.

Inside Germany Today

BACK INTO POWER.
By Alastair Horne.
Max Parrish. 323 pages. 18s. 6d.

MR HORNE has the field of books on current Germany almost to himself in this country; but even if there were other runners, he would be to the fore with this well-informed, balanced and readable book. As a good journalist—he was the *Daily Telegraph's* correspondent in Bonn for over two years from May, 1952—the author does not attempt too much. He presents his "story" attractively, with a solid basis of facts and keeps to the period and places he knows. His is not a soul-searching analysis of Germans in general, or of Dr Adenauer in particular. In fact, the book would have gained from a pen-portrait of the Chancellor's personality, with more explanation of his policy and its mainsprings. Nor are the observations about Germans always correct. The cliché, for instance, that big business and Nazism go hand-in-hand is too readily accepted. The average big industrialist today fights shy of any return to state controls, not to mention a totalitarian dictatorship, and it is their common opposition to socialism that brings the industrial world and the German Liberals together. It may also be pointed out that Mr Horne is off the mark in assuming that the Germans—an emotional and unstable people—are phlegmatic.

It would be unfair, however, to criticise the author for not achieving something he did not set out to do—reveal the German mentality. His current history is excellent. He begins with the signing of the European Defence Community treaty and Bonn conventions in 1952, passes through the birth of Western European Union, and ends in 1955, after the Russians had offered Austria freedom in exchange for neutrality, thereby indicating their tactics for Germany. He describes the tussle in Bonn over the treaties, and gives a particularly good account of the federal elections in 1953, when Dr Adenauer reached the peak of his popularity. Something more might have been made of the effect on the voters of Dr Erhard's successful liberal economics. To the average man, Socialism meant a return to ration cards, and this had a great deal to do with the Christian Democrats' victory.

In general, Mr Horne is least good when dealing with Germany's economic recovery. His summary of its causes is inadequate, and it would be better not to have committed himself to the statement that "management in the earlier stages kept profits down to the bare minimum required to attract capital for reconstruction." But he rightly puts his finger on the extraordinary building achievements (520,000 units in 1954), due largely to the tax exemptions that were granted on money invested in this field of private enterprise. It is also revealing to learn that the loss of working days through strikes averaged only 700,000 in the four years from 1949, compared with Britain's postwar average of nearly two million a year. And Mr Horne mixes his statistics nicely with reportage, descriptions of visits paid to the former Hermann Goering works and elsewhere. He also gives a full account of the extraordinary case of the vast Krupp empire, which is now back in the possession of one man, Herr Alfried Krupp. On dismantlement, Mr Horne fails to point out that the British wreckers were not acting on their own, but were carrying out a solemn, though silly, engagement entered into by twenty-six nations in the Inter-Allied Reparations Agency. This explains the contradiction of British behaviour, in pulling down steel mills and building up the Volkswagen works.

The book is outstandingly fair to the postwar Germans and their political as well as economic progress. It does a real service to understanding between Germany and Britain by showing how remarkably well the Bonn parliamentary system has worked, considering its enormous handicaps, and in recalling the effective way in which the German press stifled at birth an attempt to re-create a propaganda ministry (though there are signs that it is being conceived again). The fact of the matter is that the average German likes his new freedom, and is fearful of any change. As Mr Horne rightly shows, the neo-Nazi adventurer has had a poor reception in the past few years.

In view of the Russian stand at the Geneva conference, the book shows good political judgment. Marshal Bulganin has borne out Mr Horne's statement that the Soviet Union's main aim is to remove American bases from Europe, and that "the big question, not only at the time of writing, but for the years that lie ahead, is whether the German people will fall for Soviet blandishments." If they do, he might have added, the neo-Nazis, hand-in-hand with fellow-travellers and Prussian noblemen, will be leading the way to Moscow.

Victorians in Revolt

APES, ANGELS, AND VICTORIANS.
By William Irvine.
Weidenfeld and Nicolson. 399 pages. 21s.

THE intellectual battles of mid-Victorian England have been described many times, but rarely so readably as in this new joint biography of Charles Darwin and Thomas Huxley. Professor Irvine is mainly interested in people and allows no idea to be "disembodied:" He is thus able to show, with great sensitivity, how Darwin "muddled into genius and greatness like a true Englishman" and how Huxley took upon himself the role of Darwin's defender and the national advocate of the claims of science against all its adversaries. The best parts of the book take the reader behind the scenes, into the coral reefs of the Pacific as well as the orchid house at Down. The least satisfactory are those in which the author abandons his main characters and sketches in the outlines of nineteenth-century English history. Even in these sections, however, he writes with skill and charm and never loses himself in extraneous speculation.

It was a brilliant idea to write a joint biography rather than to concentrate on one of the two figures alone. No one would have been surprised, as Professor Irvine shows, if Huxley, the powerful and active exponent of ruthless investigation, had explained evolution. Nearly everyone who has read the facts is a little surprised that Darwin did. He was a cautious thinker, troubled by illness and working for only a few hours each day. Beginning with the collection of facts, he allowed theories to grow as quietly and as gently as the plants which he studied. He was rather afraid of the master-theory that eventually took form, and certainly had no intention of precipitating a battle between religion and science. Huxley, by contrast, saw the broad implications of the reticent discoveries which were to undermine confidence in traditional authority. "We are in the midst of a gigantic movement," he wrote in 1879, "greater than that which preceded and produced the Reformation, and really only the continuation of that movement."

Huxley's clarity concealed restlessness and uncertainty, and his picture of the effect of new scientific research on the shape of the world was as misleading as Mr Gladstone's picture of what twentieth-century politics would be like. There is still scope for a study of other aspects of the mid-nineteenth century revolt, which began with apes and angels and ended with men in society. Professor Irvine's book is a stimulating introduction to a chain of controversies, which once started could never end.

What They Mean

DOUBLETALK.
By Harry Hodgkinson.
Allen and Unwin. 162 pages. 16s.

AS entertaining as it is instructive, this book should prove equally helpful to those who are eager to reach an understanding with the Communist powers and to those who distrust them deeply. For neither Moscow's critics nor its would-be friends will get far unless they grasp not only that Communists speak a different political language from democrats, but that the words they twist are twisted into precise shapes. Peace, war, democracy, freedom, intervention, volunteer, co-existence and many other terms freely used in international debate and negotiation have very definite connotations when *Pravda* or Peking radio use them. Here, for the first time, a western analyst sets out to expound them in western terms, using a straightforward glossary presentation that saves the reader from having to struggle through any profound generalising about semantics.

Even a brief study of these pages would, for instance, have saved the Asian delegates at Bandoeng from being confused when Mr Chou En-lai said that it would take many years to introduce Communism in Tibet. "Communism," to Communists, means the ultimate stage of economic organisation which not even the Soviet Union has yet attained; Mr Chou was not saying that Communist political methods were not already being applied to Tibet. The author, however, does not limit himself to explaining upside-down words. He also lists and expounds current Russian words of special significance such as *agrogorod* (the "farm-towns" into which Mr Khrushchev has sought to compress a reluctant peasantry), *shturmovshtina* (the habit, now endemic in the Communist world, of trying to reach production targets by desperate spurts at the last minute), and *tolkach* ("the man who knows a man; the man who can get it for you wholesale"). In the course of explaining such terms, the book gives much enlightening information about the Soviet attitude to matters ranging from Freud to alcoholism; and there is a revealing, if ridiculous, annotated list of the various things that are now said to have been Soviet, or even Tsarist, inventions, ranging from the aeroplane and airship through detergents and penicillin to radar, railways, trams, television, and vaccination.

India Without Tears

INDIA: *New Pattern.*
By Lady Hartog.
Allen and Unwin. 158 pages. 12s. 6d.

FOR the non-specialist reader, who knows nothing about India but who is quite ready to be informed if someone is prepared to make the subject interesting and not too complicated, Lady Hartog has written the ideal book—the intelligent layman's guide to independent India without tears. No topic of the day is overlooked: there are chapters on the new constitutional background, the parliamentary scene, democracy in action, corruption, the Five-Year Plan, public and private enterprise, food and population, social life and change, work for the backward classes, education in transition, the future of the English language, the welfare state, partition, the refugee problem, Kashmir (this is most discreetly done), Commonwealth and foreign relations—and all are dealt with in the easy conversational tones and with the charm of the experienced women's club lecturer, who knows that she is there to entertain as much as to inform, and that the methods and aims of the Chatham House research student would here be out of place.

On these lines Lady Hartog has done an outstanding job, which one hopes will create a widespread demand for itself in the interests of friendship and understanding between India, Britain,

and the Commonwealth. Lady Hartog visited all the obvious, and squeezed in a good many unexpected, places in her tour, was interested in all that she saw, and is able to communicate her interest. The result is an excellent travelogue, which should give many people better appreciation of news and leading articles about India. It would be misleading to imply that Lady Hartog's account is superficial, because she obviously took much trouble to inform herself, but it might perhaps not be unfair to suggest that she probed beneath the surface of some problems—say of the economics of the Five-Year Plan or the abolition of landlordism (which she confuses with Vinoba Bhave's land gift movement)—less deeply than some others. This book would be the ideal last minute gift to slip into the hands of a friend just off to India. If he read it carefully he would arrive well equipped to enjoy what he found there.

Democratic Teething Troubles

REPRESENTATIVE GOVERNMENT IN SOUTH EAST ASIA.
By Rupert Emerson.
Harvard University Press (London: *Allen and Unwin*). 204 pages. $3.50. 18s.

ECONOMIC CHANGE IN THAILAND SINCE 1850.
By James C. Ingram.
Stanford University Press (London: *Geoffrey Cumberlege*). 261 pages. $5.00. 40s.

THE first of these Institute of Pacific Relations studies is mainly concerned with explaining why there is so little representative government in South East Asia. There is no universally valid explanation: colonialism fits some of the cases but not all; and the fact that it cannot be blamed for the rudimentary state of representative institutions in Siam seems to suggest that it may not be the only culprit in the other countries of that vast, rich, varied and threatened region. Certainly the example of Siam suggests, as Professor Emerson notes, with just a hint of reluctance, that "there has up to this point been no significant demand for a popular share in the governmental process." If this observation is true, which is likely, and particularly if it is true of other countries as well, which may be harder to prove, then it provides a useful corrective for the many western political theorists who cannot refrain from prescribing parliamentary democracy as the panacea for the ailments of countries which it will not necessarily benefit. In some, illiteracy may inhibit genuine freedom of choice; in others lack of security may lead to intimidation at the polls; while the absence of a long-established civil service may prevent the wishes of the electorate from being translated into action. Not all countries are ready for democracy, and of those that are, not all desire it.

Since this book was written, a limited experiment in representative government has been launched in Singapore; and while it is too early to evaluate its success, it is already clear that there, as elsewhere in South East Asia, the teething troubles of democracy are going to prove troublesome. So far, the only real success stories of democracy in South East Asia are Burma and the Philippines. But both have had to make headway against backgrounds of terrorism and insecurity; and in the Philippines, only the 1953 general elections were really successful; the 1951 one was only partially so, and the 1949 one was marred by padded registration lists, intimidation and other practices outgrown by the western democracies. Professor Emerson's book does not claim to be an exhaustive treatise of an immense subject, but it is admirably executed within its limits and gives a most valuable bird's eye view of nascent electoral strivings in the whole area.

Dr Ingram's historical survey of the Siamese economy is inevitably of more limited appeal. It is clearly the result not only of painstaking research but also of far-ranging judgment, for surmise has often taken the place of inadequate statistics.

The most striking aspect of Siam's rice economy is that it has changed so little in the past century, except perhaps in the direction of still greater specialisation upon the staple crop. But whereas in 1850 very little rice was exported, exports had risen to more than 40 per cent of production by 1925, providing the country with a previously unknown diversity of imports. Today, the wheel threatens to turn full circle, for it has become difficult to find customers for Siam's rice (as for Burma's) at the inflated prices now prevailing. Dr Ingram's book will provide the specialist with a useful insight into the development of an exchange economy in the only uncolonised nation of South East Asia.

This Other Harlem

THE COLOURED QUARTER: *Negro Immigrants in an English City.*
By M P. Banton.
Cape. 254 pages. 21s.

THOSE who believe that the rapid growth of Britain's coloured minority will import undesirable and probably insoluble social difficulties, and that the idea of Britain's coloured citizens making satisfying and creative lives for themselves in the mother-country is idealistic nonsense, will find their worst fears confirmed in this book. Mr Banton portrays a group of West Indians and West Africans living in a repulsive slumdom, supporting a dubious service trade of public houses, cafés and places of amusement, living from job to job with the settled conviction that every difficulty is the result of discrimination, and taking as wives or consorts some of the most wretched psychopathic women that modern Britain produces. But the dockland Harlems are among the worst, and, as Mr Banton shows, the coloured population of Stepney is not static, but is partly transitory—moving on to better conditions and often to a higher degree of integration in British life. Yet even the successful often feel that they must return to the coloured quarter to relax and refresh themselves for the strain of everyday life among a white majority that ceaselessly, unconsciously and inevitably rubs in the great fact, the eternal blemish, that they are of a different if not inferior species.

Some coloured immigrants make a resolute effort to adapt themselves and become assimilated; some have marketable skills or marry into tolerant English families and succeed. But the main lesson of Mr Banton's survey is the difficulty of assimilation. On the contrary, a large proportion of coloured immigrants are settling down as solid indigestible lumps, living with and for each other, developing a tradition of hatred and contempt for the white population's hypocrisy and hostility, an immovable conviction that officialdom even at its most paternal is animated mainly by malice and colour prejudice. They are not poor as were the dwellers in Cable Street in Booth's day; there is money to be earned, and some make a great deal providing "services" for their fellows. But they are forced into a poverty of environment, mentality and outlook; and they show little of the resilience of former "In groups" such as Flemings' Huguenots or Jews. A tradition is being built up in the coloured quarters of this country that will clearly prove quite as resistant to changes of attitude on the part of the rest of the population, to the operation of social justice or rising living standards, as that of the Welsh mining valleys. It will probably be still more resistant, based as it is on customs and attitudes so much at variance with the rest of the population, and always being fed or diluted by recruits from the failures and the maladjusted among the white race. Meanwhile the children of these coloured-white unions are growing up, their personalities formed by their parents and the sordid environment of the coloured quarter.

Mr Banton makes some useful suggestions for alleviating the tension between the races; he suggests, for example, a special department of the central government for advising local authorities. The whole problem is a challenge to the network of voluntary welfare services—here, indeed, is a problem that the welfare state does not automatically solve. "You're for the blacks, I'm against them," one conscientious and honourable, but perfectly frank, public servant told Mr Banton. Presumably time will develop a pattern of toleration, a ladder of colour-shades, an etiquette of "passing"; time will throw up men and women of stature from the coloured groups and respect will grow. But meanwhile, assimilation will be slow and rouse ugly passions. Yet this is but the first splash of the coming storm, world-wide, over race relations to fall on Britain's doorstep. Every effort must be made to pull down the invisible walls of the psychological ghetto in which the majority of coloured immigrants live; studies such as these constitute a vital reconnaissance of the problem.

Myths No More

MYTH AND MYSTERY.
By Rupert Furneaux.
Wingate. 200 pages. 15s.

DID one of the "lost tribes of Israel" find refuge in England in a past of which we have no record? Did Sherlock Holmes really live? Did the builders of the Egyptian pyramids incorporate a prophetic message in those massive stones—to be unravelled only by gifted mathematicians with a flair for hitting on the right formulae? To those who would at some earlier stage of their lives have answered "yes" to these and similar questions, this book will automatically appeal. It will equally appeal to those who have had such questions put to them by wondering offspring. But to those—and they are probably many—who will go on answering "yes" to the end of their days, no matter how irrefutable the adverse evidence, Mr Furneaux's investigations will come as an unwelcome intrusion into fondly held illusions.

It is unlikely that the author has covered ground that has not at some time or other been as fully covered elsewhere. His merit lies in having carefully and diligently collected all the relevant facts and opinions, sifted them with reasonable scepticism and presented the mixture in palatable form. And so far as the reader is concerned, he scores in having presented the results of his varied inquiries in one handy volume, with illustrations of some interest. It will be hard for the unfanatical reader to maintain thereafter his absolute acceptance of the Biblical versions of the creation or of the deluge; or for the more scientific-minded to be sure that other people really have seen flying saucers; or to remain convinced that Plato's description of the lost continent of Atlantis was anything but a feat of imagination.

Fundamentally, however, this is a lightweight piece of work, intended for the non-specialist. It is written in a style readable rather than subtle, and would, but for one reservation, make an excellent birthday present for inquiring youngsters. It seems a pity, then, to have to record that the book is marred by a quite extraordinary number of typographical errors, outright spelling mistakes and even grammatical slips. Until a competently revised edition appears, one would hesitate, for this reason, to place it in the hands of eager youths uncertain of their English.

Shorter Notices

BRITISH GOVERNMENT, 1914-1953: *Select Documents.*
Edited by G. Le May.
Methuen. 432 pages. 25s.

How are Government decisions in Britain taken? The compiler of this volume, a former Oxford tutor who is now a Professor in the University of the Witwatersrand, believes that the gap between the theory and practice of British Government "has seldom been quite so wide as it is today." It may "be argued that the two centres of effective power lie in the caucus of the party for the time being in power, on the one hand; and somewhere between the political executive (which is linked to the party) and the permanent executive of civil servants, on the other." A new constitutional history of contemporary Britain is needed. Mr Le May has not attempted to fill the gap, but merely "to collect materials which may prove helpful when such a history comes to be written." In this spirit, he spreads across his 400 pages a wide selection of snippets from statutes, reports of select committees, legal judgments, statesmen's speeches in and outside Parliament, manifestos and reports on party organisations. He has a discriminating eye, and a determination to present his documents "with the minimum of explanatory matter." But, for that very reason, any realistic review of his book would have to be the full constitutional history—by some other scholar—for which Mr Le May hopes that he has acted as helpmate and precursor.

★

THE LANDLORD AND TENANT ACT, 1954.
By T. J. Sophian.
Staples. 310 pages. 30s.

This is an esoteric subject and those who have fathomed its mysteries are not all lawyers. Men who work in the estates departments of property companies and banks should find it easy to add to their existing store of knowledge from this book, but non-specialist lawyers and laymen would probably do better to begin with something simpler.

The chief purpose of the new Act is to extend to all kinds of businesses, trades, professions and employments the same kind of protection which the Landlord and Tenant Act of 1927 gave to trades and businesses only. A secondary purpose is to confer the benefits or otherwise of the Rent Acts on houses let under long leases at ground rents. Instead of letting in the reader gently with a general introduction, Mr Sophian plunges him straight into the text of the Act and explains each section in copious notes. Unless the reader already has a comprehensive knowledge of the law as it was he will soon find himself out of his depth. Mr Sophian is probably right to concentrate on the expert and to leave the writing of a child's guide to other hands, instead of trying to write two books in one. In so doing he courageously limits his market.

★

THE AMERICAN REVOLUTION 1763-1783.
By Eric Robson.
Batchworth Press. 263 pages. 18s.

A history book that asks the right questions is already half-way to winning a wise reader's confidence. Mr Robson's chapter headings, Why Revolution?, Why Independence?, Why British Defeat?, Why American Victory?, encourage a confidence that here is a book that grapples firmly with the problems that really matter in its field. Nor is the confidence misplaced. Although the modest scale of Mr Robson's book obviously makes it impossible for it to be written, as proud historians often rashly boast, "entirely from original sources," it does have the freshness and edge that only occur when an author has himself quarried in the period he writes about.

Mr Robson takes nothing on trust. He knows how cluttered with Whig stereotypes and lazy Anglo-American prejudices (and indulgences) this subject is and has sharpened his critical tools accordingly. Nothing is taken on trust (unless it is Sir Lewis Namier's re-bunked George III, the monarch who thought the American War "the most justifiable war any country ever waged") and the reader is always given the wherewithal to check the author's conclusion for himself. Here and there repetitions and occasional stylistic infelicities obtrude, tragic reminders that this able historian, dying suddenly at the age of 36, was not able to revise his book. Discriminating readers, however, will think none the worse of it for that that. This is a good book, useful to beginners and scholars alike.

Books Received

THE FORMATION OF FEDERAL INDONESIA. By Arthur A. Schiller. The Hague: *Van Hoeve.* 482 pages. Hfl. 15.00.

AUSTRALIAN STATE PUBLIC FINANCE. By W. J. Campbell. *Sweet and Maxwell.* 322 pages. 50s.

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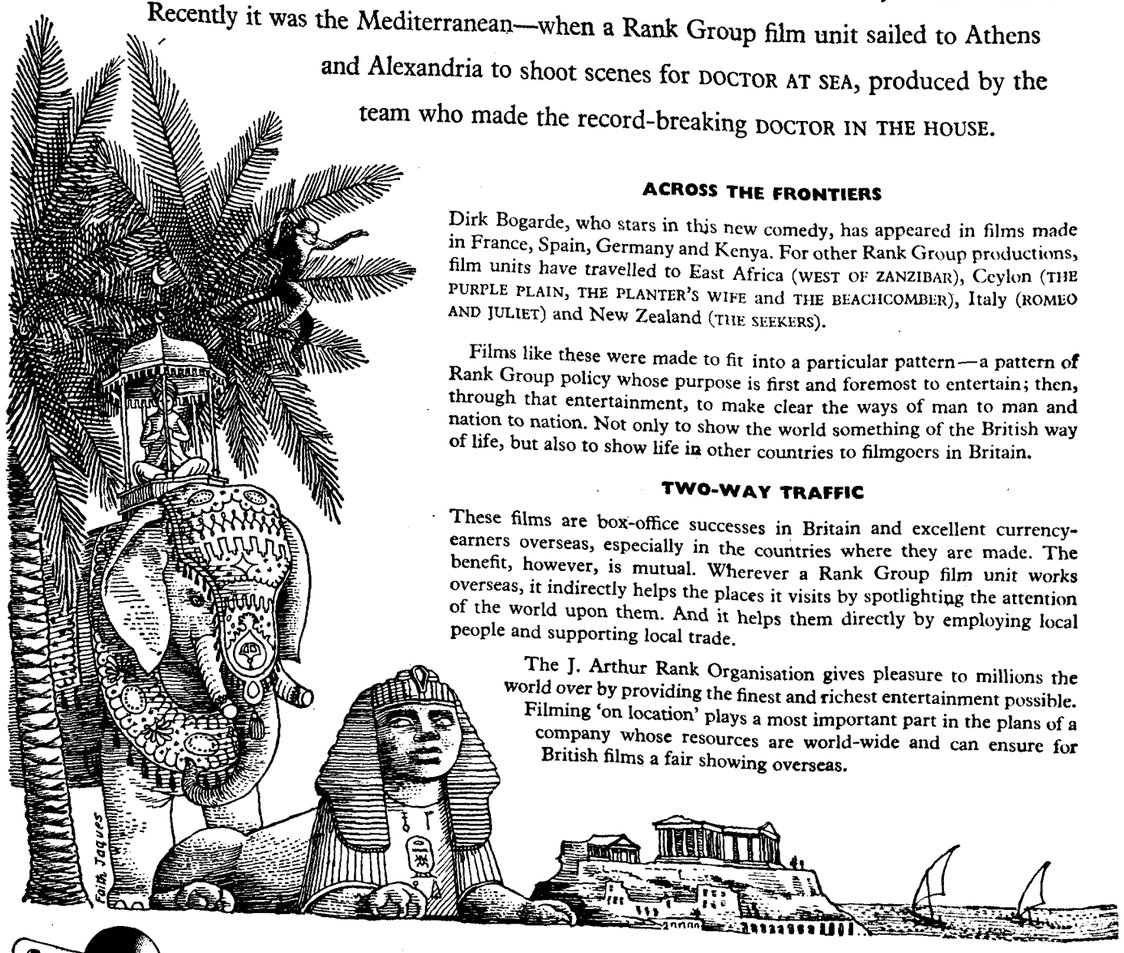

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American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Back from the Summit

Washington, D.C.

THE American attitude towards the Geneva conference is one of the strangest paradoxes of recent diplomatic history. In the two years that elapsed between Sir Winston Churchill's suggestion of a parley at the summit in May, 1953, and the Administration's eventual acceptance of this idea in May of this year, the standard American attitude, both official and unofficial, was that it was unwise for the President of the United States to involve himself in direct conversations with the leaders of the Soviet Union until there was firm evidence of something called "change of heart" on the part of the Kremlin.

Even two months ago it was generally accepted that the President and Mr Dulles had only agreed to the Geneva meeting to save the electoral face of Sir Anthony Eden. It was then expected to be merely a formal three-day affair which would be useful in placating western public opinion, and might at best be a polite curtain-raiser to renewed official negotiations with Russia. Yet, as mid-July approached and support for the idea of a meeting remained roughly constant in Britain and France, enthusiasm began slowly to grow in the United States, generated by the mounting optimism of President Eisenhower himself, and despite the cautious gloom of his Secretary of State.

By the time Mr Eisenhower left for Geneva all but the sourest newspapers and politicians were wishing him hearty godspeed. His objective, outlined in an emotional television speech, was to attempt to "change the spirit" of meetings with the Russians. By the time he returned, having demonstrably achieved this objective and dominated the conference by his personality, Mr Eisenhower was not merely the most popular President since Roosevelt's second term, but a national hero in the fashion of one who has brought home some great Olympic sporting prize. Even his proposal that the United States and Russia should exchange "blueprints" of their military establishments and permit aerial inspection was received with calm in Congress by Democrats and liberal Republicans, and in silence by Senator Knowland and the Republican right wing. This may, however, have been because few can understand exactly what the President meant by his first proposal or believe that the Russians will ever accept the second.

Last Saturday afternoon the failure of the official Republican leaders in the Senate to acclaim the President's achievements in the same glowing terms as had the Democrats impelled nineteen Republican Senators, led by Mr Case, of New Jersey, to issue their own tribute. The only echo of older fears that the President's jovial communings with Russian leaders might be construed as appeasement was an alleged order from Vice-President Nixon that the official party, which met the President's plane as it arrived in Washington in the pouring rain, should discard their umbrellas for fear of comparison with Neville Chamberlain's return from Munich. Senator Knowland emerged from the President's briefing of congressional leaders on Monday morning with a vaguely hopeful statement and when, on Tuesday, in the Senate, Mr McCarthy asked him whether he did not detect "appeasement in the air," Mr Knowland kept silent. The Republican right wing is too politically conscious not to be aware when the tide of public opinion is running strongly against it.

★

By comparison with the chorus of praise which had greeted President Eisenhower on his return, his television report to the nation was cautious and dispassionate. This was due partly to a desire to put the Geneva achievements in better perspective, and partly to the fact that he was extremely tired. He warned the country that

> we cannot afford to be negligent or complacent, but we must be hopeful. . . . We must never be deluded into believing that one week of friendly, even fruitful, negotiations can wholly eliminate a problem arising out of the wide gulf that separates East and West.

President Eisenhower said that the acid test of Geneva will come next October when the foreign ministers meet to discuss substantive questions. But his address completes an historical paradox: it was clear that to the President himself the success he achieved at Geneva was not that he had wrested any binding evidence of good faith from the Russians but that he had given them convincing evidence of American good faith.

It was evident that the benign air of Geneva had also had its effect on Mr Dulles, the professional sceptic. At his press conference on Tuesday he said that relations with Soviet Russia were now "less brittle" and that elbow room now existed for diplomats to negotiate without fear of igniting war. He then elaborated an American doctrine which is as old as the Kellogg Pact but which has recently been refurbished, namely, that nations in dispute should renounce force as a means of settlement. This made strange hearing from the lips of the author of the doctrine of massive retaliation.

But Washington had hardly had time to catch its breath

from acclaiming the President when it was announced that a fresh diplomatic initiative was under way. Conversations are to be resumed with Communist China on the release of American prisoners and "other practical matters." The connection between last week's Geneva conference and next week's meeting of the Chinese and United States ambassadors in the same place is not yet fully clear. Superficially, the fact that the renewal of Chinese-American conversations, which have continued desultorily for the past year in Geneva at consular level, was announced the day after the President and Mr Dulles returned from there is a coincidence, since the American negotiations for their resumption at a higher level have been going on for some weeks through the British Embassy in Peking.

But there are two reasons for assuming that the timing of Monday's announcement was not fortuitous. First, the State Department has persistently been worried that the summit meeting might produce the appearance of a *détente* in Europe which would satisfy European public opinion, but would be followed by a flare-up around Formosa in which the United States would be further divided from the British Commonwealth and from its European allies. Though Mr Dulles gave the impression that conversations were being resumed because of recent signs of Chinese reasonableness, evidence that Communist China now clearly has superiority in the air over the Formosa Straits, coupled with warnings from India that Peking intended to use this superiority, has undoubtedly played a part in making the United States anxious to take up Chou En-lai's offer of direct negotiations, made at the Bandung conference, as soon as possible.

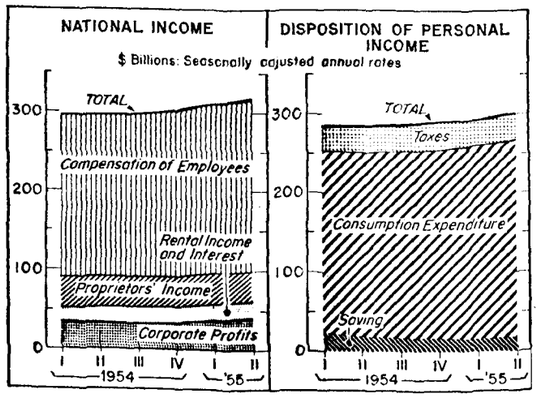
The other reason is that Senator Walter George, Democratic chairman of the Senate Foreign Relations Committee, whose endorsement of the summit parley two months ago had an important bearing on the Administration's decision to attend it, on Sunday demanded with equal vigour that there should be a foreign ministers' conference between the United States and Communist China this year. At his press conference Mr Dulles admitted readily that practical matters which the ambassadors will discuss at Geneva might include the question of Formosa itself. The President on Wednesday confirmed the possibility that these conversations might develop into a meeting of foreign ministers. It will depend on whether the Chinese Communists can be brought to accept the idea that the Formosa dispute should be settled, or remain unsettled, without resort to force. Consequently, American eyes will be turning back again next week to Geneva.

★

The President's personal success at Geneva has clearly touched a very deep emotional chord in American opinion. This is probably not so much because he has advanced "the cause of peace," for there has not recently been any great fear of war, as because he has revived American pride and belief in the international leadership of the United States. The acclaim abroad for his performance last week, including the praise that came from the Russians, has probably contributed as much as anything to the delight he has aroused among his own countrymen. The Democrats, as they watch his prestige and popularity grow rather than diminish as a result of Geneva, can comfort themselves with the knowledge that, even if this has lessened still further their chances of wresting the presidency from Mr Eisenhower next year, at least he is now following their foreign policies to the letter.

Boom Season

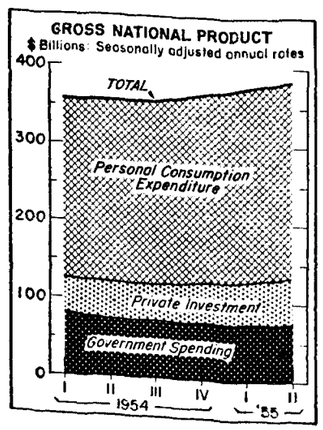
THE latest economic estimates show that Americans this spring earned more, spent more, produced more and held more jobs than ever before in their history. The gross national product in the second quarter of 1955 reached the annual rate of $383 billion, an increase of nearly $8 billion over the first quarter. In May, total personal income ex-



ceeded an annual rate of $300 billion for the first time, as a result of increases in both wage payments and profits, and it was being spent at a record rate also. Finally, there has been a steady increase in non-agricultural employment during this period with all major industries reporting gains; in June, employment stood at the record figure of 64,016,000.

Two important factors make this a particularly brilliant picture. Prices, both at the consumer and wholesale levels, have continued to show remarkable stability. Secondly, defence has played a decreasing part in the national prosperity; optimists are even daring to predict that a major curtailment in military expenditure—which is not contemplated at present—would hardly affect the forward stride of America's economy. Certainly the second half of the year is now expected to be even slightly more prosperous than the first.

There are, however, a few areas of the economy in which some concern seems justified. Almost entirely because of the rise in the instalment buying of new and used cars, consumers are now in debt to the amount of about $32 billion, a $2 billion increase since the fourth quarter of 1954, and other types of credit are also expanding rapidly. Farm income, on the other hand, has been dropping fairly steadily



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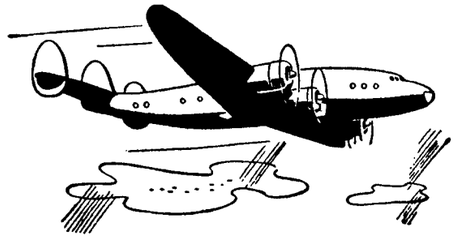

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and is now running at an estimated annual rate of $33.4 billion, a decrease of $500 million from a year ago. Finally, inventories in many sectors of industry and trade are growing in a way which suggests that buyers may be building up stocks in excess of current needs because they expect price increases in the future. This expectation is justified by the recent rises in labour costs in steel and automobile factories and the prospect that these examples will be followed by other industries.

Conflicts of Interest

As a result of the Democratic distrust of the new Republican President's desire to bring businessmen into government, the Senate insisted early in 1953 that nominees confirmed for office in the Department of Defence should sever all their connections with companies engaged on military work, according to the strict letter of the law, whatever the financial loss. But Mr Harold Talbott, the Secretary of the Air Force, was allowed to retain a private partnership in an engineering firm on the understanding that he did not share in profits from its defence contracts. Now, however, it is being alleged that he has used his official position to influence companies having such contracts to employ his firm. In consequence the congressional session is closing in a glow of righteousness for the Democrats and of embarrassment for the Administration.

Whatever the outcome of the enquiry into Mr Talbott's suitability for office, the incident strengthens Congress's doubts about allowing the government in comparative peacetime to employ businessmen who, unlike Mr Talbott, serve without compensation: WOC is the latest name for what used to be a "dollar-a-year man." The matter has arisen now because the authority to employ businessmen without compensation is contained in the Defence Production Act, which is up for renewal and which deals with controls on raw materials and other emergency measures. The Administration argues that a ready reserve of businessmen trained in the ways of government is needed as a base for wartime expansion of the civil service. The best way of earmarking enough such men is, it is claimed, to employ them for short periods in government posts for which they are qualified by their private experience. They could hardly be expected to give up all their business interests unless they were coming to Washington fairly permanently. Nor could they be expected to come at all unless they were given responsible work.

This is the objection to the way round the "conflict of interest" difficulty which has been suggested by a Senate committee; it proposed that no WOC should be employed in a policy-making government position except in time of war. The full Senate has stipulated only that when it comes to policy-making decisions the final responsibility must rest on full-time paid government servants; on these occasions WOCs would act solely as advisers. This modification is acceptable to the Administration and the House seems likely to approve it. But in the final analysis the only reliable safeguard, whether businessmen serve with or without compensation, is that men shall be chosen who are so upright that they can always be trusted to put the country's interest before their own whenever there is any possibility of conflict.

Comrades in the Corn

FROM A CORRESPONDENT IN IOWA

In the middle west Soviet Russians are still three-headed calves. Little boys by the hundreds asked their fathers to drive them out to the Des Moines airport the day the twelve members of the official Soviet agricultural delegation landed in Iowa, the centre of America's corn-hog belt; one lad who managed to get close enough to shake hands with two surprised Russians was reluctant to wash his right hand afterwards.

Throughout the tour, which was first suggested by the *Des Moines Register* as a means of helping both the Russian maize and livestock programme and international goodwill, the prevailing attitude has been one of intense curiosity and friendliness. There has been warm applause for the "Russian farmers" and still warmer applause when Mr V. V. Matskevich, the Soviet first deputy minister of agriculture and the leader of the delegation, talked about "peace between our two great countries" and "farming, the most peaceful profession." Farmers, industrialists, agricultural committees of Chambers of Commerce, and luncheon clubs competed for chances of entertaining the Russian visitors, and most of those who were asked to co-operate by the official experts in charge of the tour considered it an honour. Some farmers had no advance notice at all, as the delegation spotted them from its air-conditioned bus, but one who had ten days' forewarning hurried to finish painting his barn red and bought his wife a bright turquoise sun dress. She and the neighbours served lemonade on the lawn to the swirling horde of newsmen and photographers, and a luncheon inside to the Russians.

Besides the placards in Russian bidding them welcome, at least two other home-made signs greeted the Soviet guests. One was carried by a Negro student from a small Methodist college and announced that Iowans were prejudiced against Negroes. His grievance was that he had been refused service in several beer taverns, in violation of a long-standing but poorly enforced "civil rights law." The local sheriff questioned him on the spot and asked him to give up the sign "as a souvenir." The Russians were fascinated by the whole business, took pictures of the student with his sign, and buzzed excitedly among themselves. On another farm, a protester bore a sign, "There is no freedom in Russia"—also a lamentable home truth. Most of the Russians were inside the house at the time, but at least one of them saw it. The farmer's wife and her pastor considered it a breach of hospitality, and asked the man to leave. The pastor tore the sign from its standard.

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But even among hosts trying to be gracious there was a suggestion of frankness now and again. The Eastman Kodak Company presented each of the Russians with a camera when they landed in New York, noting that in the United States guests were free to take all the photographs they wished. The Cedar Rapids Chamber of Commerce dinner began with everyone rising to hear a clergyman say grace. During the whole tour it was often pointed out that midwest farmers had achieved full mechanisation while

maintaining and strengthening the single family or farm as the unit of production.

The press was much less inhibited. Some 60 newsmen and photographers followed the Russians around for the first part of their farm tour, forever asking them to pose, forever trying to get them to admit that American farming was more advanced and that the incentives of free enterprise were the reason. Mr Matskevich thought the quality of the soil and the quantity of brains and capital put into it might be the explanation. In general, the Russians always had a ready answer, humorous and complimentary to their American hosts, yet completely non-committal about any comparison with things Soviet.

The Soviet party had a breezy extrovert in Mr Alexander Tulupnikov, member of the collegium of the ministry of agriculture and director of a research institute in agricultural economics. He showed up in a phenomenal proportion of the news photographs. He has the loudest voice, the merriest laugh, and the quickest stride. One newsman speculated that he must be the MVD agent for the party, because he seemed to be the most uninhibited. Once the bus made an unscheduled stop at an ice-cream parlour by the side of the highway. The proprietor insisted on treating the whole party. Judging by the little pictures on the menu, Mr Tulupnikov picked the biggest concoction of them all, and the correspondents and his colleagues roared when they learned what it was: "Idiot's Delight," made of six scoops of ice-cream and all sorts of gooey toppings.

But on a tour burdened with long orations and still longer translations, it was Mr Andrei Shevchenko who brought down the house. As the trip progressed, he learned a little English, and began to make speeches. At Cedar Rapids he said: "Ladies and gentlemen: Good morning. Good day. Thank you." No diplomat could do better at the summit.

The South Against Time

EVENTS in the last few weeks show that a long and thorny road lies between the Supreme Court's famous decision of May 17, 1954, ending racial segregation in schools and the day on which white and Negro children really sit side by side throughout the South. Two federal court decisions, in Virginia and South Carolina, have set a pattern which many southern judges may follow in their rulings on integration. In both cases, the courts told local school authorities that they could end segregation "in their own time" and in their own way. One judge went even farther when he said that neither the Constitution nor the Supreme Court

> forbids such segregation as occurs as the result of voluntary action. It merely forbids the use of governmental power to enforce segregation.

This decision means that integration in these and most other school districts has been postponed for at least a year and probably much longer. A new appeal to the Supreme Court will perhaps be necessary to find out what it meant when it ordered lower courts to see that its decision was carried out with "deliberate speed."

It is true that the two courts involved were among the five from which appeals to the Supreme Court were originally made and that the two counties affected are notoriously "difficult" areas. But it is to be feared that evasions of the Supreme Court's manifest intentions will be facilitated in other areas where courage on the bench could fairly quickly lead to a re-education of public opinion. Some extremists in Georgia and Alabama are prepared to dissolve their school systems rather than admit "co-mingling," but in most southern communities reason would prevail if the courts so ordered. Now, however, it is likely that the battle for integration will have to be fought county by county.

Most southerners would admit that real discrimination will ultimately disappear in most domains of daily life. A Circuit Court of Appeals, sitting in Richmond, Virginia, ruled unanimously earlier this month that racial segregation must end on city buses. It based its decision on the Supreme Court's finding in the school matter: "separate but equal" facilities are no longer thought to be constitutional. This suggests a legal pattern for other conflicts arising out of segregation. Unfortunately, there is a large gap of habit and fear between a judicial ruling and actual practice in the average community. After all, even a lame tortoise can be said to travel with "deliberate speed."

Calling the Minute Men

LEGISLATION to create a large and fully trained force of military reserves has long been near the top of what President Eisenhower calls his "must" list. Congressional dislike for anything that resembles "universal military training" in peacetime has, however, reduced the Administration's bold programme to a complex and diluted Bill on which representatives from the Senate and the House finally reached agreement last week.

What President Eisenhower had asked for was authority to enlist annually from 100,000 to 250,000 young men between the ages of 17 and 18½ for six months of basic training; after this they would have been obliged to do weekly training for 9½ years in an expanded National Guard or similar reserve organisation. Anyone shirking such duty would be subject to increasing turns of active service and, finally, to re-induction for two years. Those who did not volunteer for this programme would be liable to conscription for two years under the present system of selective service; after that they would have reserve obligations for six years. The main point in this entire plan was the compulsory nature of some kind of reserve training for practically everyone in order that a ready force of nearly 3 million men might be created by 1960.

But in spite of pleas from the Administration and the military prestige of the President, it is precisely at this compulsory quality that Congress balked. The House, after long wrangling, passed a Bill reducing the training period of voluntary reservists from 7½ to 5½ years, making only high-school graduates or youths of 19 eligible and excusing altogether from reserve obligations anyone who had entered the services before the Korean armistice. Admiral Radford, chairman of the joint Chiefs of Staff, said that such a programme was worse than none at all. The Senate's version of the reserve Bill substituted financial bonuses for compulsion and exempted all men with 30 days or more of service up to the time of the enactment of the programme. Such men could be recalled for reserve training only in the event of war.

The final Bill represents a compromise between the House and the Senate versions. It restricts reserve training to those entering service after the Bill is enacted, offers various incentives to encourage enlistment in the reserve, reduces the period of obligatory training to six years and raises the age of eligibility for those who have not graduated from high school to 20. As one legislator put it, the President will "have to take it or leave it" however unsatisfactory he may deem this pale replica of his original design.

New York's Gorki Park

New York

WHEN the temperature settles obstinately in the nineties, and the island of Manhattan is enveloped in its annual Turkish bath, the more fortunate citizens of New York evacuate the city for their summer "cottages" on the Connecticut and Long Island shores. The less fortunate spend the week limply attempting to escape the heat and sally forth at weekends to the beach, in search of a sea breeze and the socially desirable summer sun-tan. And to more of them every year "the beach" has come to mean Jones Beach, part of a narrow spit of land off the Atlantic shore of Long Island, about 30 miles east of New York City, named after Major Thomas Jones, who married the owner of the land, Freelove Townsend, in 1692.

There, as in other state parks, the natural resources and amenities of the state have been conserved and developed by the state for the benefit of the many. State planning, which necessarily involves severe restrictions on the right of private development, is normally thought to be an abomination to the American voter. But in New York State at least, planning for recreation can be not only efficient, but also overwhelmingly popular, as the success of Jones Beach shows. The shore, managed by the Jones Beach State Park Authority, and the highways leading to it, is part of a statewide system supervised by the New York State Council of Parks, whose vigorous chairman, since its inception thirty years ago, has been the ubiquitous Mr Robert Moses.

The Jones Beach Park grew out of a decision to reserve, for the benefit of the steaming citizens of New York, a first-class public beach, within reasonable distance from the city, free both from the garish commerce of Coney Island, and from the frustrations of private beaches enclosed for the sole benefit of local residents. After overcoming considerable local opposition, the Authority was given, by popular referendum, the land it needed to develop the beach. An appropriation of $40 million, roughly half of which was spent on providing access roads, and half on the facilities at the beach, was made by the State Legislature. Additional financing was obtained from the federal Reconstruction Finance Corporation and later in the form of interest-free advances by New York State. For its most recent expansion the Authority, taking a new route, successfully floated $40 million worth of revenue bonds secured only by toll charges (and Mr Moses' reputation). So popular has the beach become that its annual income, comprising about $1,250,000 from toll charges and $500,000 from miscellaneous charges and rentals, is now sufficient to cover operating costs, and leave a little over to help amortise outstanding bonds.

As the vast majority of visitors come by car, the capacity of the beach is set by its access roads and its parking space, which has now been expanded to accommodate 20,000 cars at a time in nine huge parking lots. But 10 million visitors, 2 million more than last year, and ten times as many as before the war, are expected this year, and on hot weekends the recently expanded car parks are already full. The beach itself, six miles long, and carefully manicured and groomed with DDT every night, bears comparison with almost any of its rivals. Its corps of lifeguards has "yet to lose a visitor" in the strong ocean surf. A staff of over 2,000 operates two large restaurants, nine beach cafeterias, a huge swimming pool, bath houses with nearly 20,000 clothes lockers, and a lavish Marine Theatre mounting an extravagant production of "The Arabian Nights." And for the adventurous there are sports ranging from archery to shuffleboard and from roller skating to nude sunbathing in the "solarium."

Jones Beach, like the entire state park and parkway system, is free from the advertising billboard and the amusement machine, as the result of regulations which, blatantly disregarded by independent New Yorkers in the city, are observed meekly to the letter at the beach. The "unwashed rabble" from Brooklyn and the Bronx, once so feared by fastidious local residents, keeps the shore a model of cleanliness and order—and heartily enjoys a planned environment in spite of its resemblance to Moscow's Gorki Park of Culture and Rest.

Protecting the Philippines

AT first sight a trade agreement imposing duties on Philippine exports to the United States seems a rather odd and anachronistic way of rewarding the Republic for its support of the American point of view at recent Far Eastern conferences and for putting its own economy into better order. But the agreement which Congress has just approved in fact eases the transition from the special arrangements made in 1946, to help the struggling young Republic, to a normal economic relationship between sovereign and equal nations. It also relaxes the restrictions imposed on the independence of the Philippines in 1950 as a condition of receiving American help in a serious economic crisis. Furthermore, Filipinos gain more than do Americans from an agreement which has aroused practically no controversy.

From next January tariffs will be levied on goods being traded between the two countries. Under the 1946 Act payment of duties was supposed to begin in July, 1954, and was to be exactly reciprocal, with charges starting on both sides at 5 per cent of the rates levied on similar imports from other countries and gradually rising to the full rate after twenty years. Now the United States tariffs on imports from the Philippines will start at a lower level and rise

less rapidly than will Philippine tariffs on imports from the United States. The Philippine government feels that needed industrialisation has been hampered by the free entry of American manufactured goods ; it is anxious to check this as quickly as it can. American quotas on imports from the Philippines of sugar and cordage are to be maintained, but they will be dropped on rice, coconut oil, pearl buttons, cigars and tobacco ; in fact, the quotas for these products have seldom been filled. The Philippine Republic will now be permitted to change the value of its currency without consulting the United States. In return for these concessions it is giving up its tax on foreign exchange, which hit American traders hard, and is promising not to discriminate against American firms. The general effect of these and other clauses in the agreement is to balance the Philippine Republic safely, even if temporarily, between two economic worlds in a state of protected independence.

Worried Democrats

FROM A CORRESPONDENT IN DALLAS

CONSERVATIVES in Texas are worried. This is news, because it is fourteen years since they had any difficulty in maintaining political control of this Democratic state and because the Texas situation is of national concern since the state, for the second time in its history, went along with the Republicans in the 1952 presidential election. During this campaign the Democratic organisation in Texas, under control of the conservatives, while acknowledging that Mr Stevenson was the nominee of their party, nevertheless urged voters to support Mr Eisenhower.

There are two reasons why conservatives in Texas are worried. The immediate reason is a scandal in the State Land Office which is now being paraded before the public in the trial of a former State Land Commissioner, Mr Bascom Giles, in the district court at Austin, the state capital. This scandal has arisen in connection with the administration of a $100 million state bond issue voted by the people to help ex-servicemen to purchase farm lands. A number of charges have been brought against Mr Giles, but the chief is that, in approving purchases by the state of land for resale to ex-servicemen, he connived with certain land owners in paying prices considerably above the market.

If Mr Giles alone were involved, the political implications for the state administration and the conservative Democrats who support it would not be so bad. But the land programme, theoretically at least, was the responsibility of an ex-officio Veterans Land Board, consisting of the Governor, Mr Allan Shivers, the State Attorney-General, Mr John Ben Shepperd, and Mr Giles. No evidence has been adduced to connect the Governor or the Attorney-General in any way with the scandals, but the fact remains that they were members of the administrative board.

To make matters worse politically, Mr Giles is under indictment in several different cases in several courts and the trials are likely to drag on with attendant publicity at least until the approach of next year's political campaigns and possibly through them. These land scandals, coupled with some minor alleged irregularities under Governor Shivers's administration, are being made the basis of a campaign by liberal Democrats to "clean up the mess in Austin" ; this echoes the "clean up the mess in Washington" slogan which undoubtedly helped to swing Texas into the Republican ranks in 1952.

From the conservative viewpoint, however, there is a larger, although less pressing, cause for worry—the growing political power of organised labour in Texas. In the last eight years manufacturing industry has increased more in Texas than in all preceding years ; much of this growth has been in the big aircraft factories, principally in the Fort Worth-Dallas area, and in the big chemical industries along the Gulf Coast. But everywhere there has been a rapid rise in trade union influence as the state's urban population has increased from 41 per cent of the whole in 1930 to 62.7 per cent in 1950 and approximately 70 per cent today. This radical shift is ripe with opportunities for organised labour and it habitually uses its power to help liberals.

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Another worry for Texas conservatives is how to find a strong man to put in the race for the Democratic nomination for Governor in 1956 ; the victor can hardly fail to be elected. Governor Shivers, the first man in Texas history to serve three full terms, cannot stand again ; Senator Price Daniel, it is rumoured, may return to Texas and run for Governor, but this would be surprising since a seat in the United States Senate is usually considered, from the standpoint of political security at least, preferable to a state governorship. He is a conservative but he could win. Mr Ralph Yarborough, a hard-hitting and colourful campaigner, has twice run against Mr Shivers and was only narrowly defeated in 1954. He would have the full support of the liberals, but there is a Texas tradition that a man twice defeated for the governorship is through politically.

There is a movement on foot among conservatives to back a middle-of-the-road man as their best bet for the nomination. A much-talked-of possibility is a Justice of the State Supreme Court, Mr Will Wilson, a conservative who frequently co-operates with the liberals. He did this recently when the chairman of the Democratic National Committee, Mr Paul Butler, visited Texas to try to close Democratic ranks in this state, a missionary effort which seems to have had little result.

In assessing the bearing of the Texas situation on national political prospects, it should be kept in mind that nearly all Texans are still Democrats according to their own individual definitions ; when they vote Republican they do it in protest against national Democratic policies. A recent Gallup Poll indicated that President Eisenhower's popularity had increased in Texas, in spite of the political difficulties into which his supporting faction in Texas has run. By and large, his national policies have been approved, and in 1956 Texas might choose a liberal Democratic Governor and go Republican in the national election all at the same time. But if the senior Texas Senator, Mr Lyndon Johnson, popular in spite of a leaning toward conservatism, is well enough to run and if he were to be nominated for either the Presidency or Vice-Presidency, then the Democrats would be sure to carry Texas next year.

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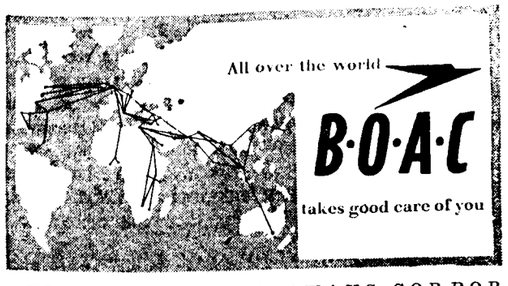

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The World Overseas

Problems of Japan's Defence—I

FROM OUR TOKYO CORRESPONDENT

THE confused double-talk and double-think in Japan over rearmament makes West Germany's similar problem appear comparatively simple. The struggle between politician and soldier for control is the same in each country. But in Japan there are inner and deeper conflicts between industrialist and politician; there is blind denunciation of, and continued dependence upon, American aid; waning enthusiasm among inefficient arms producers; and profound disputation between former professional soldiers on the shape, size and appearance of Japan's initial defence forces.

The one-time arrogant Imperial army is unpopular and hardly respectable in Japan today. Whoever advocates in the Diet a reasonable and patriotic substitution of trained Japanese youth for the American security forces does so apologetically, knowing that he will be howled down by the Socialists, who demand the withdrawal of the Americans, and defend, with equal passion, the constitutional reforms of their pet abomination, General MacArthur. The great majority of the recruits for the lagging volunteer "self-defence forces" are the younger sons of impoverished farming families, who enlist for the minimum period to secure food and wages and to learn some form of trade. In a pathetic attempt to make army life more attractive, the high command has opened cultural classes in flower arrangement, folk dancing and ballad singing. With typical introspection, many intelligent Japanese are brooding over the distressing discovery that, while the new army has conventionally and sincerely proclaimed its service slogan to be "patriotism," the new navy has the equivocal slogan "comradeship," and the new air force has no slogan at all.

It was appropriate that, in the same week in which Peking announced that 24 per cent. of the national budget would be the minimum for Communist China's defence needs, the impassive Japanese Finance Minister, Mr Hisato Ichimada, insisted that three per cent was the absolute limit which the Japanese budget could sustain for defence. Not a single Japanese newspaper directed attention to this deadly contrast. It is not popular in Japan to criticise, or appear to criticise, the Chinese Communists; just as it is never unpopular to criticise the Americans—while still taking scorned American aid for granted.

In all fairness, it must be conceded that it is easier to jest at these Japanese contradictions, somersaults and caprices than to suggest how best they may now be corrected and adjusted. The hastily written MacArthur Constitution still specifically outlaws any form of military forces for Japan. And the contrast between the original American exhortations to extreme pacifism, and the later impatient exhortations to rearm, is crushing evidence of the atmosphere of unrealism that pervaded the Occupation. Thanks largely to the efforts of the American Ambassador, Mr John Allison, the new Washington line is to abstain from this brash, open pressure on the Japanese—a pressure which served only to embarrass those Japanese who recognised the inevitability and necessity of rearmament, and to strengthen the hand of those who opposed rearmament.

The compromise programme of Japanese rearmament which is still struggling furtively in these deep and muddy waters is called the "ninth plan" of the Japanese Self-Defence Board. There is a pleasing fantasy that it will be firmly integrated into the Economic Counsel Board's laudable policy designed to achieve economic self-sufficiency in Japan in the next six years. Presuming that the current rearmament plans are achieved, Japan will have next year an army of 180,000 men (roughly equivalent in strength to the Persian army), an air force of 451 planes (of which 70 will be effective war planes), and a 100,000-ton navy, chiefly of venerable American destroyer-type vessels, with a strength of 24,000 men.

Colonel Masanobu Tsuji, one of Japan's leading strategists in the last war, and staff planner of the conquest of Hongkong and Singapore, is the spokesman for a military clique which insists bitterly that the Americans have muddled the defences of Japan, and that they are seeking to dominate Japan's role in any war by controlling the air and naval arms and persuading or tricking the Japanese into training a large force of infantry cannon-fodder. The Tsuji school, which often finds itself strangely sharing the same *futon* (Japanese floor bed) with the Japanese Communists, is opposed to the training of even a substantial Japanese standing army, but wants the most modern planes, rockets, guided missiles and naval vessels—either to be provided by the Americans or built in new modern Japanese plants financed by the Americans. Tsuji's celebrated remark should never be forgotten: "When we are estimating the strength of the new Imperial armed forces, we must count the arms before the heads; there will never be any shortage of the latter." Tsuji complains that the tanks and guns which the Americans have given to the new Japanese army cannot be moved along the Japanese roads; he asserts, for example, that on the main highway from Tokyo to Aomori, the northern port of Honshu, there are more than 100 bridges which would collapse under the weight of the American 50-ton trailer-trucks alone.

A more orthodox, more Western-minded and more influential military school is headed by General Yoshio Yamamoto, who graduated at the Imperial Naval Academy, was accepted by the army and acted as a member of the General Planning Board in the war. Yamamoto says sturdily that Japan must have a large army, because if it is involved in war it must fight on the side of the Americans and it is unthinkable that it should face the threat of a sea and air-borne invasion without ground troops. He urges "a private specialised" re-examination by Washington and Tokyo of the present United States-Japan mutual security pact to remedy admitted weaknesses in the present American supply of weapons to the Japanese, and to ensure a balance between what defences Japan should build itself and what specific guarantees the United States can give Japan. He has no illusions that, until and unless hard guarantees are given, strategic considerations might compel the Americans to abandon Japan "temporarily" in order to save the combined cause elsewhere. He contends forcefully—and correctly, it seems to many Western observers here—that the fundamental weakness in Japanese defence remains simply the complete apathy of the people and the "surrender" eclipse of the old Japanese spirit of selfless patriotism and disciplined independence.

(To be concluded)

The Russians at Geneva

BY OUR SPECIAL CORRESPONDENT

THE Russians scored a tremendous success at Geneva: they managed to create a mood of optimism without giving way an inch on the crucial question of Germany. Marshal Bulganin and his colleagues stonewalled with more determination than Mr Molotov had done in Berlin; this time, however, their performance was greeted by public applause and not ironical slow clapping. On matters of substance their line has, in fact, hardened. No attempt was made to come to any real agreement on German reunification, which the ratification of the Paris Agreements seems to have relegated to the Russian Kalends or to whenever Nato and WEU come to die a natural death. The Soviet leaders, as might be expected, offered no concession on Eastern Europe. What is more, they went out of their way to emphasise their backing for the East German regime. How then did derision turn into enthusiasm? The Russians have realised that, under the shadow of the atom, a mere change in manners could easily transform the cold war, at least temporarily, into a *mésentente cordiale*.

The Russians in Geneva, and not only the leaders, took great pains to stress the change in mood. Journalists, mingling freely with their colleagues, echoed Marshal Bulganin's tribute to Mr Eisenhower, spoke of the "new era," of burying the poisoned pens. The satellites followed suit; the Poles seized the opportunity provided by their National Day to invite their Western colleagues for drinks at the bustling *Maison de la Presse*. Mr Ilychev, the Soviet spokesman, whose briefings were always packed, managed to turn a spotlight on to the hopeful signs, the acts of courtesy, without really glossing over the points of disagreement.

Indeed, the Russians pushed their drive for social co-existence so far as to vanish when the conference was threatened with failure. On Thursday, they were somewhat shaken by President Eisenhower's sudden proposal for an exchange of military blueprints and facilities for unrestricted aerial reconnaissance. Mr Ilychev played it down, while Soviet journalists dismissed it as propaganda, pointing out that many Westerners, too, described it as a revival of psychological warfare. On Friday, however, when the delegations came down to drafting an agreed document and found that the gap could not be bridged by smiles, the Russians were not to be found. They held no briefing and left it to Western spokesmen to announce, in a tense atmosphere after midnight, that a deadlock had been reached and that a breakdown, with two separate communiqués, had become a concrete possibility. They reappeared on the morrow, after a last-minute compromise had been patched up on the innocuous directives, appropriately called by the French a "White Negro." Mr Ilychev came back beaming, addressed his packed audience as "friends" and ended on a plea for optimism.

Parade of Laurels

When Marshal Bulganin claimed that he could not go back to Russia empty-handed, there was an element of truth in this seemingly paradoxical statement. The Russian people also live in the shadow of hydrogen warfare and the Soviet Government would find it risky to disappoint the hopes of a *détente* raised after Stalin's death. It must pose as a champion, preferably a successful one, of international relaxation. The meetings to discuss Geneva that are now being held in factories and offices throughout the country provide the Government with a good opportunity to take the people into its confidence and to parade its Geneva laurels. One conclusion the Soviet leaders have clearly reached is that Stalinist secrecy had been stretched well beyond any useful purpose, while to lessen it yields dividends both abroad and at home. This is why the coverage of the conference in the Soviet press was exceptionally good.

Pravda, Izvestia and all other papers devoted much space to the conference; in *Pravda* two out of four pages normally dealt with Geneva. Proceedings were reported fairly accurately and unpleasant passages were not censored in the old way. M. Faure's proposal on disarmament was somewhat mishandled, but this could be explained by its length. President Eisenhower's startling suggestion was rather misquoted by *Pravda* (the exchange of blueprints of military establishments became one of "full plans about military forces"), yet even this could be attributed to a slip in translation.

A more intelligent way of dealing with awkward problems was used and this was to remove them out of the limelight. Thus, President Eisenhower's proposal was not mentioned except in the actual account of his speech. The main note of the leading articles was that "countries with differing social systems can have normal relations" and that "the remilitarisation of Western Germany and its inclusion in a Western military grouping is the chief obstacle to reunification." Correspondents insisted that the cold war was ending; they pinpointed a statement by a West German that "if Eisenhower can talk with Bulganin, Adenauer can also talk with Grotewohl"; and emphasised Western interest

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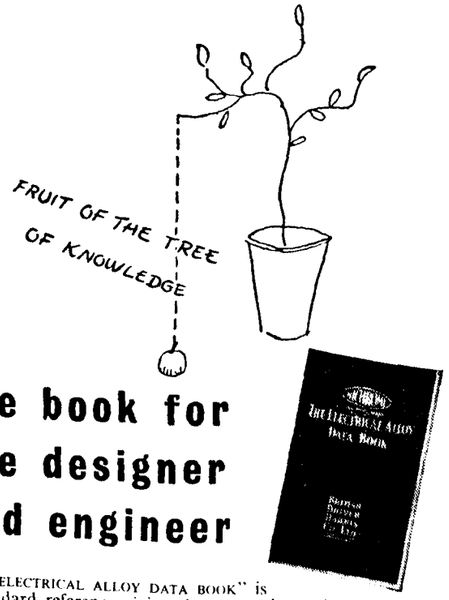

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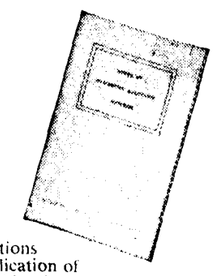

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in trade with the East. Generally speaking, to anyone remembering Stalinist mistrust and distortion the new treatment of international events must appear as not only satisfactory but as remarkably fair.

Stalin's heirs have at least understood that a breath of foreign air is no longer dangerous. It would seem that they have now opted for diplomatic attrition rather than a sudden "peace offensive." They may keep some secret weapons in reserve for Dr Adenauer or even to be used after his visit. In the meantime, they seem less keen on a deal over Germany than ever before. It may be their opinion that one gets more out of the West through smiles, honied words and nice conference-table manners than through concrete proposals. The test of this new method to win friends and influence people will come next October.

Argentine Smoke-Screen

FROM A CORRESPONDENT

ON May 25, 1810, a date now celebrated as the birthday of the Argentine Republic, a message was brought to notables deliberating in the square in Buenos Aires now called Plaza de Mayo. The message said, in words since enshrined in Argentine history: "*El pueblo quiere saber de que se trata,*" which may be freely translated as "the people want to know what is going on." The "people" who wanted to know were represented by possibly no more than a few hundred armed citizens, possibly a few thousand: today millions of Argentines again are asking what is going on behind the smoke screen which has shrouded the government in Buenos Aires since the ostensibly unsuccessful revolt of June 16th.

The state of siege declared after the revolt was lifted some ten days later, and General Lucero, Minister of the Army, relinquished his post as head of the "forces of repression." But as this merely implied a reversal to the "state of internal war" invented by Perón without any constitutional warrant after the abortive revolt of September, 1951, it was assumed that the dictator was once again in the saddle with full powers. Subsequent events, however, cast some doubt on the accuracy of this assumption, and began to suggest that the dictator was himself under control, or at least under pressure.

The anti-Church campaign, suspended immediately after June 16th, was not renewed; and some ministers and officials—including Sr Borlenghi, Minister of the Interior—were replaced. Significantly, all of them had been identified with the left wing of the Peronista movement and formed the spearhead of the attack on the Church; whilst some (including Sr Borlenghi) are believed to have helped to organise the burning of seven churches in Buenos Aires, as well as provincial churches including Bahia Blanca cathedral, just after the revolt. (These incidents showed every sign of careful organisation, and subsequent allegations that they were the work of Communists have been received with general scepticism.) On the other hand some ministers and dignatories, including Sr Teisaire, the Vice-President, who had also been identified with the anti-Church campaign, are still in office.

It is also significant that the erstwhile Peronista press—its present status seems a little obscure—began to carry less propaganda and more news; and what remains of an independent press began to carry items of news which a couple of weeks earlier it would not have dared to print. Perón's radio broadcasts began to reflect an unusually moderate spirit. On July 5th he called for "political appeasement," but still appeared to think that the appeasement should come from the opposition parties. He did, however, offer them an olive branch, an offer immediately challenged by the Radical party through their leader, Dr Frondizi, who asked for time on the controlled radio system. His request was blandly rejected a few days later, on technical and legal grounds. On July 15th Perón stated that his own situation had undergone "a complete change"; he must remove "all restraints and limitations, imposed on adversaries to enable objectives to be attained"; and he explained that he now had to relinquish his position as head of a revolution and become the "president of all Argentines, friends and adversaries." This quite uncharacteristic reversal of political doctrine, with its suggestion of the deflated demagogue, threw the party into considerable confusion, and officials have been meeting to discuss resignations. Moreover the formation of an Argentine Christian Democrat party has been announced; the fear of the creation of such a party was the main cause of Perón's attack on the Church some eight months ago.

Doubt and confusion—which the absence of reliable news and the prevalence of rumour has done nothing to dispel—is, as might be expected, the prevailing note in Argentina today. No one outside the inner political circle knows who is in power: no one in fact knows who is in the inner circle. It is a "government of ghosts." Sifting amongst the rumours, however, suggests that whilst Perón is being kept at the head of affairs as a figurehead, the real power is in the hands of a junta of Army officers; but that the junta is split between "activists" calling for Perón's immediate resignation, and "passivists" who want to keep the figurehead with a view to gradual "de-Peronisation" without risk of further disturbance. On the other hand it is suggested that the "passivists" run the risk of bringing about the very disturbances which they wish to avoid, since

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it is believed that the Navy is pressing strongly for immediate and drastic action. And the Navy, which controls the fleet and the naval base at Puerto Belgrano near Bahia Blanca, south of Buenos Aires, would appear to have a strong hand. When army units were sent to occupy the base shortly after June 16th they were invited by the naval command to "sheer off," and accepted the invitation without visible reluctance: indeed they could hardly do otherwise, since the reduction of the fortified base would involve a major military operation. Since it is now said that the Navy has the full support of the Air Force, the prevailing stalemate may not be long-lived.

Planning Without Profits

BY OUR CORRESPONDENT IN INDIA

IN eight months' time the first Indian five-year plan will come to an end. Already the planners are planning for the next one, and the success of the first plan is making them big, bold and confident. In these five years the national income has gone up by 12 or 13 per cent; in the next five years it is to go up by 25 per cent. This time £2,700 million are being invested; for next time they are talking of £4,200 million. Nothing has yet been settled. The final plan will not be published before the end of the year. The government is still at the stage of tentative planning, where targets can be changed without loss of face.

It is, however, already plain that Indian planning theory makes no use of the lessons of nineteenth-century capitalism on how to develop without tears. America, Canada, Australia have all shown how development can be hastened by using foreign capital. Indian planners give foreign capital only a marginal position; they are counting, not very avidly, on perhaps £75 million per annum, and nearly all of that will be from sources like the United States Government, the World Bank, or the Colombo Plan. The possibility of private foreign investment is completely discounted. How to use credit creation for development without inflation was another nineteenth-century discovery. The banks did the credit-creation; the working of the gold-standard prevented the inflation. The Indian planners propose to use governmental and bank money creation to increase the money supply by two-thirds without any such built-in restraint. The experience of the nineteenth century taught the value of an international division of labour; the Indian planners want to make their own steel-making plant. The nineteenth century showed that the easy way to develop is to begin with the consumer goods industries which have an immediate market and require relatively little capital and proceed to the heavy industries, which require large resources and tie them up for a long time, only to risk obsolescence or an inadequate market when they do come into production.

The Indian planners are allocating 80 per cent of the £1,050 million for industry as a whole to heavy industry, including mining, and only 7 per cent to factory consumer goods. The whole process of industrialisation elsewhere has largely been one by which standards were raised and the back-breakingness of labour reduced through the substitution of machines for hands. The Indian planners are doing precisely the reverse of this and intend to rely on controls, on capital issues, on location, on expansion, and on prices to carry out their ideas. It is the hand-industries which are to provide three million new jobs. Machine industry must therefore be held back, hand-workers encouraged. Against £75 million of capital for factory consumer goods industry, hand-industry is allocated £150 million.

Above all, in choosing between possible schemes, the Indian planners never admit to using the simple test: which will be more profitable? Which, in other words, will give the maximum increase in the national income for the minimum use of real resources? Which will provide the largest surplus to be taxed or ploughed back? The targets for the provisional second plan are often sound; but they are the product of a series of imperatives which derive from almost every motive except that of securing a 25 per cent increase in the national income as painlessly as possible.

In order not to create jealousies there is much emphasis on the development of backward areas, though this may well involve disproportionate expenditure on communications. There is the desire to be independent of foreign suppliers who over the last few years have often been late or unreliable; so India is to make all its own rolling stock and begin on generators and turbines. There is the desire to save foreign exchange; so £60 million are to go on synthetic petrol. There is the need to provide for the eight million new people who will want jobs as well as for some of the existing heavy unemployment and underemployment; so there is great emphasis not only on hand-industry but also on construction.

Helping the Peasant

There is the need to help the peasant who still represents two-thirds of India; so the National Extension Service will reach every village by 1961, irrigation is to go up from 70-100 million acres and all production is to rise. But there is little consideration of whether there should be a considerable transfer of land from cereals to the more profitable cash crops. Finally, there is the need to provide the power and transport, the cement and coal, without which none of this can happen. So cement is to go up from 4.75 million tons to 10 million (which can be done fairly easily) and coal from 37 million tons to 60 million (which will be very difficult, and will not be made easier by the talk of the State's taking over the industry); electricity is to rise from 3.5 million to 6 million kW; the railways will get £600 million; national and state highways are to increase by 25,000 miles. But much of the electricity is to be diverted to an increase of aluminium production from 4,000 to 40,000 tons, and it might have been better to spend more on village roads and less on railways.

But although so many good Victorian lessons have in theory been ignored, in practice, in some cases the plan's tentative targets seem reasonable enough. The railways must have several hundred millions if development is not to be held up by perpetual bottlenecks in wagons, locomotives and line capacity. The National Extension Service (including the Community Projects) has already shown that it can get the peasant to listen and to change. Deficit finance is safer in India than in most places because of the lack of the cheque habit and because it is still possible to extend the use of money—for an increase of production of 25 per cent, an increase in the money supply of 40 per cent might well be safe. Even most of the heavy industry should pay its way; India is by nature the world's cheapest steel producer, the new agriculture will require enormous quantities of fertiliser. Only the synthetic petrol plant is pure aberration. It is true that sometimes obvious difficulties have been ignored, as with the proposed targets for coal and protective foods; but in India people treat targets as objectives to be approached, not as minima to be overfulfilled.

The real criticism is rather that by holding back the factory consumer goods industries the government has reduced at one swoop the economy's power to save, its own power to raise taxes, and the power of modern technology to raise the standard of living. The hand-worker does not save, he has to be lent money; he does not pay taxes, he has to be subsidised by the state or by the consumer; and his techniques are often wasteful: his cloth wears out quicker than mill-made cloth, he leaves more oil in the oil-cake than an expeller does. Fortunately, here too, the results may be less bad than the theory of the plan. The hand-industries cannot do what is demanded of them without a degree of organisation and co-operation that the planners themselves realise is unlikely to be forthcoming. Similar practical difficulties may protect them against others of their worst excesses.

Inflation Behind the Dykes

FROM OUR CORRESPONDENT IN HOLLAND

TEN years' experience of controlled wages and relatively stable prices enables the Dutch to claim that they have solved the problem of full employment without inflation. Full employment is not so much a desired aim of policy as a compelling necessity for a country whose population increase is among the highest in the world. Only recently a high Dutch government official pointed out that in the next fifteen years the value of Dutch production will have to grow by some 13 billion guilders if it is to keep up with the rising population. This means that industrial production must be increased by 40 per cent in this period, and to achieve this increase, exports must be expanded by 35 per cent, while the increase in investments in the Dutch economy will have to be of the order of 100 billion guilders. These figures show that Holland's economy will have to keep up a brisk pace if it is to do no more than maintain the present level of average real income a head.

Full employment since the war has been secured largely by an ambitious and successful industrialisation programme, which has been responsible for creating the bulk of new employment opportunities. A forward-looking aspect of this policy is the attitude towards foreign investment. Investors from abroad, and particularly from the United States, have been encouraged, by every available means, to set up firms in Holland. The relatively low wage level and an almost unbroken era of industrial peace must both have been a strong attraction to potential investors.

But without complementary government policies in the field of monetary and credit control the industrialisation policy could not have achieved such a striking success. Successive government budgets have recorded revenue surpluses due largely to underspending on the defence vote. In addition the central bank has pursued a policy of supervising bank credits and maintaining them within reasonable proportions. The control of inflation is helped, moreover, by the cautious spending habits of the people; over 9 million Dutchmen (out of a total population of 10½ million) have savings accounts.

Peace in Industry

Intelligent though Dutch economic policy has been, it would be foolish to deny that circumstances have favoured the policy-makers. This is particularly the case with wages. Much of the success Holland has achieved in its economic, and in particular in its export, programmes in recent years is attributable to the stable and, indeed, relatively low level of wages in the country. This, in turn, can be explained in part by historical reasons. In the arduous days of the German occupation the closing of the ranks of all classes and sections of the Dutch population led to the formation of the Foundation of Labour. And when liberation came, the Foundation became recognised by the government as a body in which management and labour could come together to discuss the whole range of social and economic problems—among which wages was, of course, the most important. Protected by its charter of independence, the Foundation provides a convenient platform for calm, undisturbed discussion between both sides of industry. Moreover, it is unhesitatingly accepted by all parties that the first criterion of its deliberations is the best interests of the Dutch economy as a whole. Once a unanimous decision has been reached the government of the day is generally content to follow the Foundation's lead. In few other countries can the government rely on such an objective approach; in few other free democracies can the government count on such moderation and self-discipline from both management and workers.

Wage rates in the various industrial sectors are established by government-appointed mediators, and there are collective wage-agreements covering the greater part of the Dutch economy. In establishing wage-agreements, the mediators are obliged to conform to the general wage-structure laid down by the government in consultation with the Foundation of Labour. Generally speaking, the separate wage-agreements are settled by direct negotiation between management and the unions; but in exceptional circumstances the mediator is entitled to impose a decision. This stand-by authority has seldom been invoked; the only recent example was in the Amsterdam strike of diamond workers.

At periodic intervals the government, with the backing of the Foundation of Labour, has authorised general wage increases. These, however, have drawn increasing criticism from various quarters, except from the Socialists. Many critics have pointed out the decline in differentials for skilled workers, and there are others who fear that the system is becoming too inflexible. In practice, however, the system of wage controls is not as rigid as it appears because of the widespread habit of paying "black" wages by offering such extra inducements as recreation facilities, free sports equipment, company cars, and expense accounts. Moreover, a system of merit rating has been introduced into the system to make allowances for extra proficiency and skills. But that the system does not meet with general approval is shown by the recent unrest in the typographical industry;

employers and the union had agreed on a wage increase of 5 cents per hour, which was, however, rejected by the state mediators because of its effect on the general wage structure.

Trade union leaders have had to face more and more pressure from their members as time goes by, and they have experienced difficulty in restraining the activities of unofficial leaders, Amsterdam has recently had several strikes organised against the express wishes of the union leaders. This causes the union leaders to support wage demands for fear of losing their support among the rank and file, even though these are against the national interest. For this reason also the unions have not favoured the introduction of a system of selective wage increases based on productivity.

The system of controlled wages has, together with the other fiscal and monetary measures adopted by successive governments, thus far enabled Holland to hold back the floodwaters of inflation which have threatened the shores of the European economy. But tensions are mounting—the recent cabinet crisis was the outcome, in essence, of opposing views regarding the proper share of labour in the national income—and it remains to be seen whether the dykes will be strong enough to resist the ever-growing pressures.

Canada's Bread and Butter Deals

FROM OUR OTTAWA CORRESPONDENT

CANADA'S well-publicised sales of food to Soviet bloc countries are two in number and two in kind. Although they both arise from the existence of surpluses which the Government is glad to dispose of, the questions of policy involved are entirely different. Much the larger of the two transactions is the sale to Poland of 250,000 tons (about 9¼ million bushels) of grade 5 wheat; and the question of policy is whether the Government was wise to back the 12 months' credit on 85 per cent of the purchase price. Similar guarantees, or insurance policies, have been extended in the past three years to cover sales to Jugoslavia and Brazil, and in these cases payment has been punctual. But will Poland turn out to be an equally safe credit risk? The second food sale involved 314,000 pounds of unsalted butter to Czechoslovakia. No question of credit from the Government came into this deal, but the butter was, in this case, sold at a subsidised price—19 cents less than the market price.

This distinction between the two deals has a significance in relation to United States' policy in the disposal of agricultural surpluses. In the wheat transaction Canada can still claim that it has kept clear of the subsidised or "give-away" programmes which Washington is pursuing. In the first six months of this year the United States disposed of more than 52 million bushels of wheat in foreign countries at a loss to the Treasury of $75 million. The major part of this was sold for foreign currencies, which in Canadian eyes is the equivalent of giving it away, and, despite continued professions from Washington that its surplus disposal policy is "not unduly disruptive of world market prices," the Canadians are not reassured.

The Canadian Wheat Board, the government agency which controls all wheat marketings, has nevertheless refused to enter into competition with the American programme. It sells all its wheat on the basis of a world price posted daily, and it accepts only cash. But many of its sales are made through private grain traders on the basis of a small commission. It was one such private trader who handled the Polish transaction. The sale was particularly attractive because it was low grade wheat which the Poles wanted. Canada is not particularly worried about selling the good hard northern wheat with its high protein content. There is a strong demand for it, and Canada has not got too much on hand. But the lower grades, which compete more directly with most of the American wheat, are harder to sell. And the Poles wanted to take No. 5, generally regarded as the very lowest of the milling grades.

A Good or Bad Risk?

The Wheat Board will be paid cash for all the wheat it delivers. But the Canadian trader's sale depended on his taking 15 per cent cash and 85 per cent on 12 months' credit. His natural move was to turn to the Export Credits Guarantee Corporation, which was set up by the Government to insure the risk of exports sold on credit. In the normal course of its business it cannot insure such large sums for any one country or any one commodity. But the Government can by Order-in-Council underwrite directly risks which the Corporation itself could not take. In such cases the Corporation acts as agent for the Government and charges the usual premiums. In the Polish deal the Government agreed to underwrite the 12 months' credit of about $16 million. It may, of course, have made a bad bet, but in principle it has not infringed the trade policies which it is always urging on Washington.

The butter business is in quite a different category. Canada's butter surplus arises only from the exclusion of imports coupled with a government support price of 58 cents a pound. In most years this support price permits the Agricultural Prices Support Board to buy butter during the summer season of high production and to release it to the trade in the winter. This year the Government finds itself in the unhappy position of holding about 20 million pounds more butter than it can possibly hope to sell in the domestic market at the present support price. In trying to dispose of it the Government has tried not to "disrupt" the world butter market; but obviously it cannot be sold abroad unless the price is subsidised, because Canadian prices are almost one-third higher than world prices. Czechoslovakia seemed a happy dumping ground because it is not an established market of major exporters like New Zealand or Denmark.

But in principle the export of subsidised butter from Canada is difficult to distinguish from the subsidised surplus disposal programmes of the United States, just as the Canadian price support of dairy products is difficult to distinguish from American agricultural price support programmes. In either case Canada would officially claim that at least the price support and the subsidised exports are more moderate and less damaging. But they do undermine Canada's right to feel righteous. The Polish wheat deal does not: it only involves Canada's right to feel prudent.

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The Chancellor's Mixture

THREE sharply contrasting emotions have been aroused by Mr Butler's anxiously-awaited statement on economic policy, made in Parliament last Monday and amplified in the following day's debate. It has been hailed with dismay by the bear speculators against sterling, yet with relief by the inflation-boosted equity markets, and yet again with uneasiness by those to whom orthodox principles appear the only means of attaining the disinflation that Britain's economy demands.

The statement itself was many-sided. It promised a slowing-down of the investment programmes of the public sector, notably of the local authorities and the nationalised industries and also, apparently, some new effort to "minimise" the expenditures of the central government itself, with "special attention" to its overseas expenditure. It announced an immediate increase in minimum deposits for the hire-purchase of many durable consumer goods. It reaffirmed the conditions for making sterling convertible, made it plain that convertibility is not just around the corner, and reiterated the determination to maintain the present parity—both now and when sterling becomes convertible. And it delivered an array of exhortations—no fewer than six quite separate ones—in the hope of inducing self-restraint in spending.

One of these appeals took semi-formal shape, in the series much used by Labour Chancellors, by way of a letter from Mr Butler to the Governor of the Bank of England, asking him to bring the whole statement to the notice of the commercial banks. The Chancellor had "no doubt that the banks will agree that it is their duty to reduce the amount of bank credit below what they would be glad to give in less difficult times." By recording that it was "for the banks to decide what steps they must take to make this policy effective," the Chancellor sought to escape the charge that he was descending into specific planning. But his final admonition—"I look for a positive and significant reduction . . . over the next few months"—was among the bluntest ever to be pronounced from this pulpit.

Here, in short, is an odd blend of the sensible with the meretricious. The cuts in public expenditure, if they materialise, could be a potent, if not an immediate, source of disinflation; and, in the short run at least, they could not be brought about except by some such specific intervention as the Chancellor envisages. Similarly, if it is desired to strike at consumers' demand through hire-purchase, this, too, may require direct action to achieve any quick result. Neither of these spheres lies within easy range of the credit squeeze and the rising rate of interest. The Chancellor's actions here, therefore, cannot fairly be regarded as inconsistent with his policy—which hitherto had been developing steadily—of using the mechanisms of free markets and of orthodox monetary policy as the primary regulators.

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The plunge into exhortations has very different implications. Appeals for voluntary restraint, as the record of Labour Chancellors so dismally proved, will never have perceptible effect unless the whole climate of the economy, or the market pressures within a given part of it, make restraint necessary or expedient in any case. If that is so, the appeals and directives are redundant. To resort to them is bound to raise doubts about the firmness of the Government's determination to produce the right climate—and certainly about its willingness to use market mechanisms for the purpose. Such doubts have, indeed, been strongly aroused already. The recovery of the equity markets after their first anticipatory slump reflects the view that the

Chancellor's measures will not in fact succeed in stopping inflation, even if they slow it down. And that view stems very largely from the supposition—much publicised in some quarters this week—that orthodox monetary policy is already in full retreat.

To these suggestions the Economic Secretary, Sir Edward Boyle, made a brisk and emphatic retort: the fact that a direct appeal has been made to the bankers does not mean "that the authorities are not going on with the drive to restrict lending through orthodox controls." Credit policy, Sir Edward pointed out, has kept money tight and bill rates high in Lombard Street, and has simultaneously maintained the pressure on bank liquidity ratios. Evidently the authorities intend to maintain these pressures, and the fact that Bank rate has not been raised can be interpreted as meaning that they are satisfied that the squeeze had already reached the point at which it would compress advances. If that is so, there was no point in the directive—except to enable the banks to blame the Chancellor when customers complain. And if it is not so, the only sensible course would have been to tighten the squeeze—either with or without an accompanying rise in Bank rate. As it is, the directive has weakened the whole policy by creating doubts that will never be silenced completely by mere denials. If a directive was given simply because the banks wanted a scapegoat, it was folly not to have raised Bank rate forthwith; that was the one sure way of reaffirming the realities of policy and of avoiding such a regrettable compromise.

Meanwhile, the bankers have already come together to discuss how the "significant" reduction is to be brought about, and to consider how far a common approach is practicable. The tentative view is that the aim should be to achieve a reduction of not less than about 10 per cent in total advances by the end of the year, but there has been some difference of opinion about the desirability of attempting to agree upon more or less uniform "targets" for the several banks.

New Course for Sterling

The Chancellor inevitably gave full consideration to the rumours, in Europe and beyond, about a possible freeing of sterling. In his prepared statement on Monday, Mr Butler avoided all direct reference to the true essence of the rumours—namely, the belief that the British Government was in favour of a flexible rate of exchange for convertible sterling. He endeavoured to scotch the rumours at one remove by saying that any further move to convertibility must be remitted to an indefinite future, after "hard work and consolidation to strengthen the home front" had been accomplished.

This, however, did not satisfy the Opposition. In the course of the debate on Tuesday, Mr Gaitskell accused the Chancellor of the Exchequer of starting the rumours by a statement he was alleged to have made at the recent OEEC meeting in Paris favouring a flexible rate for sterling if and when the pound became convertible. Mr Butler strongly denied that he had made any such statement, but he admitted that in the course of the Paris discussions for the renewal of the European Payments Union differences of views became apparent between those countries that favoured fixed and those that favoured floating rates of exchange. The Chancellor acknowledged the ingenuity of the Dutch government's plan (details of this are to be announced soon), which endeavours to reconcile these differences. Mr Butler himself must be believed when he says that no statement on these matters came from him in the discussion of these exchange arrangements in a post-EPU world; but he cannot, and did not, deny that the British representatives at these talks, and at other recent meetings of bankers and officials in Europe, have been among those pleading for greater flexibility of exchange rates. A subsequent speaker in the debate, Mr Roy Jenkins, put a number of rhetorical questions: "Was it the Germans, or the Dutch, or the French who pleaded for floating rates?" To these he received no answer.

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But no answer is now required because there has evidently been a change of course in British official views. The Chancellor of the Exchequer, realising the damage to confidence in sterling, which even the most hypothetical discussion of flexibility must cause in prevailing circumstances, has boldly snatched the flag of flexibility from the sterling mast. He did so in a sentence to which reference will often be made in future:

> There is no doubt about the policy of the Government in relation to the exchange value of the pound sterling and I can give this policy in one sentence. It has been, and will continue to be, the maintenance of the exchange parity of $2.80 to the £, either in existing circumstances or when sterling is convertible.

This clearly dismisses from the scene the possibility of a floating rate for the £. It does not, however, do away with the possibility of a wider tolerance of exchange fluctuations about the parity of $2.80. It does not, therefore, render unnecessary any of the resources of ingenuity that went into the Dutch compromise plan for the future of EPU to which the Chancellor made due acknowledgment.

The statement has come powerfully to the rescue of sterling in the foreign exchange market. The sterling rate was ready for a rebound, given the extent of the semi-speculative pressure to which sterling had recently been subjected, the measure of which will be indicated by the end-July gold and dollar reserve statement next week. Even on Monday of this week sterling in terms of dollars was quoted below $2.78½, while its rates against guilders, marks and Swiss francs, were all pressed hard against the lower points of the permissible range of fluctuations. A modest recovery began on Tuesday and gathered strength on Wednesday when

the full terms of Mr Butler's assurances on sterling exchange policy became known. The extent of the covering of bear positions in sterling may be gauged not only from the strengthening of the rate of the spot market, which by Thursday had moved against dollars to 2.78⅛, but from the narrowing of the discounts on forward sterling. The one month discount on forward sterling against dollars which was 1⅛ cents at the beginning of the week has fallen to ¾ cent, and there has been a corresponding narrowing of the forward discounts on sterling against guilders, Swiss francs and German marks.

Investment and the Boards

In Tuesday's debate, the Chancellor did not repeat his exhortation that "business firms should endeavour to slow down investment not of the greatest national urgency." On Monday he had fastened a rider to this injunction that it would be "undesirable" to check investment leading to increased production for export—a criterion that has been set on earlier occasions, though it has never been a clear guide to industry. And it came oddly from a Chancellor who has done so much to encourage capital projects by his new investment allowance that "all those embarking on investment projects should consider whether they could not postpone their initiation, irrespective of whether they finance them from their own resources or by borrowing."

To put any precision on the Chancellor's hopes about investment is extraordinarily difficult. He made the scarcely necessary point that he was not out to destroy investment but merely to control the rate; but he conceded that "we were too keen to keep a degree of investment growing in the earlier times after February 24th." The results of that policy of encouragement cannot be measured after the first quarter of this year, though by that time the trend (as some charts on a later page show) was unmistakeable. Nor is much direct light forthcoming about the Chancellor's intentions on investment in the public sector:

> My statement does not affect any programme already announced, unless a nationalised industry or a local authority can with reason and without doing any harm slow it up, so that we shall not be trying to do too much.

But there are the fuel untouchables—coal, atomic energy and oil. Railway modernisation "must also go on"—though this is not supposed to get fully under way for five years. Roads, once again, seemed to be demoted; the programme already announced (a very small one) is to go on, but subject to review in the autumn—"that is all we can manage in conjunction with housing and various other needs at the present time." Housing is still to aim at 300,000; "the intention is that housing should make a general contribution" to the policy of not trying to do too much at once, but because of "the great success of our policies in the past" 300,000 houses are likely to be built "in the immediate future." And the sharply increased programmes for school building are, it seems, to remain untouched.

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Thus the Government's planning intentions in these fields suggest no significant postponement of programmes or of parts of programmes. In the nationalised industries, there are minor, but more specific deferments. Certain projects are to be put off for three to twelve months—some extensions to gas plants, and a running down of stocks by "four of the boards" by £1 million in the next six months. Electricity is to defer some distribution projects, go slow on stocks and, like gas, invest some superannuation money inside the industry instead of outside—which will have no net effect save to make the banks more liquid. The one positive proposal—confined to the Central Electricity Authority—is that electricity charges will be raised to include an unstated provision for financing part of the CEA's capital expenditures, lessening its dependence on the market. In the year to March last, the CEA's capital expenditure was of the order of £200 million, towards which about £70 million was provided in depreciation and surplus. To raise the proportion of capital expenditure that is financed internally from, say, one-third towards one-half would be a material contribution. But this relief will not be immediate. Nor is the Chancellor yet in a position to claim that he has got "out of the way" the bank advances to the nationalised industries; by now there must be about £150 million owing by the electricity industry and the gas funding (in which the public took virtually no part, in any case) will not be completed until the calls come in.

Tighter Hire Purchase

When the Government strikes at hire purchase it attacks the symptoms of inflation, not the disease. That is a weakness inherent in specific controls of which Mr Butler seemed conscious:

> Our object is not to depress the sales of particular goods because they are regarded as less essential or more readily exportable, but to relieve the pressure on home demand generally by asking the consumer to use more of his own income and less borrowed money when he buys the goods of his choice.

Nevertheless the President of the Board of Trade has applied restrictions on the hire purchase of a discriminatory and fairly short list of goods—motor cars, motor cycles and motor assisted cycles (but not caravans, or commercial vehicles), cameras, radio and television sets, gramophones and binoculars (but not clocks), refrigerators, vacuum cleaners, floor polishers, and irons (but not cookers or gas or electric water heaters). Most important of the omissions, no further curb is placed on the hire purchase of furniture.

For the selected items the minimum initial deposit has been raised from 15 per cent of the cash price to 33⅓ per cent; no change has been made in the 15 per

cent deposit required on other goods and no change has been made in the maximum permissible length of the contract which is 24 months for most items and 48 months for washing machines, cookers and water heaters, which comprise a large part of the hire purchase trade of the nationalised boards. It is impossible to avoid the conclusion that the list has been drawn with an eye mainly to curbing those items that were little affected by the February round of controls, particularly motors and radio. The goods that were sharply affected by the first order—furniture and gas and electric appliances—largely escape further restriction. In the cleaning up process the Board of Trade has actually smuggled in one small concession to retailers who offer customers revolving credits. It is now possible to wrap up in the same credit agreement goods that are controlled and goods that are not, provided that uncontrolled goods are not sold on easier terms than the easiest applicable to any controlled article in the contract.

Hire purchase will feel the indirect effect of credit restriction as well as physical control. The banks will reduce their lines of credit to the hire purchase finance houses (probably by something more than 10 per cent by the year-end), the capital issue market will remain closed to them, and it may be more costly for the finance houses to attract deposits from non-banking sources. But the effect of interest rates is not the only governing factor. For example, the cost of motor finance is currently 8 per cent to 9 per cent of the amount outstanding after paying the initial deposit (equal to 15.36 to 17.28 per cent on the average debt outstanding). What level of charge would be a real deterrent? And what level of Bank rate would be needed to support it? Hire purchase has not been selected for control because it is evil, for it is not. Still less is hire purchase to be punished because it is often a costly way of doing business. It suits government policy at the moment better that instalment trading should be dear than it should be cheap. But it is certainly unfortunate that the new hire purchase statistics are not yet available to show the government what it is doing. At the moment no one knows the nation's hire purchase debt nor even whether it is rising.

The new arrangements will be judged largely by their results on the motor trade, at which they are distinctly aimed. Motor hire purchase provides good statistics which should reach their seasonal peak in the July figures. A number of cars in that total will have been financed on 25 per cent deposit. The 33⅓ per cent general rule will therefore probably, but not quite certainly, be restrictive, particularly since it is supported by a provision to prevent covering the cash deposit with a second hand vehicle traded in at an inflated figure. Few of the finance houses would care to say with the chairman of United Dominions Trust that "the Chancellor's restrictions on hire purchase, or any further restrictions which might conceivably be imposed, are not likely in the least to affect this company." For most of the companies the new restrictions will mean a minor but significant check.

Higher Prices for Cheap Steel

STEEL is the last industry in Britain subject to complete price control; even the railways can make "emergency" increases without prior permission, and coal prices wait on Whitehall only by a (ironbound) gentleman's agreement. Any rise in the price of steel, therefore, receives expert scrutiny "in the public interest" before it is approved; but by the same token the public is interested in rather more detailed justification of why the Iron and Steel Board approve it than they would expect from most other industries. Last week's increase of roughly 5 per cent in steel prices, which was larger and came earlier than most consumers had hoped, has caused much mumbling—though not the expostulation into which the Federation of British Industries had earlier exploded over an inevitable and overdue increase in the price of coal.

The increases that the Board announced last week range from less than 3 per cent on the price of tinplate to more than 9 per cent for foundry pig iron. They are expected to cost consumers an extra £32 million a year. This is a good deal more than the extra £15 million a year that the industry will have to pay for coal; but the steel producers had been saving up a number of other items to put on their bill. For three months they have been paying higher railway charges, and since higher wages; freights on imported ore have been rising since the beginning of the year. A rough estimate of these extra costs, as the board has disclosed them, is set out in the table on page 409: the items total £37 million a year.

Such extra costs once accepted, the board's own pricing principles make it inevitable that they should be largely passed on to the consumer. Its "determination" of maximum prices (which are in practice ruling prices) is based upon the cost of production, suitably safeguarded (it collects the costs of all producers, but in setting prices excludes the costs of a proportion of the highest-cost plants). It allows for depreciation at the replacement cost of the equipment used to make each steel product, adjusted mainly for the age of the assets. That allows considerably more than the Inland Revenue allowance and more, in fact, than most of the steel companies allocate specifically "above the line" to depreciation; but do the businessmen who buy steel object to paying enough to keep the steel industry's capital intact? The "standard margin" for profit on

home sales of each product is never disclosed, but is known not to be fat; it is a percentage on capital employed (taken at historical cost, written down at Inland Revenue Rates), related to the general level of interest rates. The board describes it as "necessary for the maintenance of a healthy and expanding industry."

The industry is certainly expanding, and its profits, which do not come from standard margins alone, are extremely healthy. The few steel companies that have so far reported annual results since they were denationalised have shown total profits markedly higher than their prospectus estimates. With steel exports likely to be worth £120-150 million this year, the premiums offered by higher export prices—which have also now been raised by 5 per cent, roughly in line with the Continental export cartel's latest quotations—may well add £15 million or more a year to the profits that the industry would earn from those standard margins were all the steel sold at home.

British policy in steel pricing has been and remains to treat such export premiums—and the possible export losses that cannot be left out of an argument of principle, hypothetical as they have seemed during most of the postwar period—as a windfall, to be wholly ignored in settling home prices. If steel producers were keeping

BRITISH STEELMAKING COSTS, 1954, AND INCREASES, SUMMER, 1955
(£ million)

	1954	Increases Summer, 1955 (annual rates)
Steelmaking materials	165	+10*
Coal, coke, oil and power	110	+15
Other materials, repairs and maintenance	71·5	+ 2·5
Wages and salaries	115·5	+ 6
Depreciation & obsolescence	33	...
Inland transport	55	+ 4
Total costs	550	...

*Primarily imported ore. Estimates: Iron and Steel Board

the home consumer short of steel by pushing up exports to get fatter profits abroad, the board would probably find it impossible to ignore those profits—particularly when the extra cost of steel bought abroad, in effect to replace those exports, is passed on to the home consumer. At present, however, exports are still voluntarily limited to about 3 million tons a year, though more could be sold. An opposite policy, taking these export premiums into account in settling the home price, would mean that the British price might be artificially held down when overseas demand was particularly high, and increased when world demand fell off. Unless one can postulate complete contrast and insulation between market conditions here and abroad, that would seem a fairly absurd use of the price mechanism.

"It is possible," the board said last week, "for the industry to absorb some part of the increases in cost." According to the schedule of costs set out above, the industry would be absorbing about £5 million a year, almost the cost of its wage increase. In practice, it may have to absorb considerably more. Last year, when imports of steel were cut heavily, the "industry fund," which is based on a levy on ingot output and provides the money to re-sell expensive foreign steel and steel-making materials at lower home prices, showed a surplus on the year. This year, with higher imports and freights moving sharply against the industry, that surplus has been rapidly reduced. The increase of £10 million shown in the table roughly covers the extra annual cost of importing ore at higher freight rates, which is borne primarily from the fund. But in fact the additional drain on re-selling foreign steel at British prices is of the same order; the extra costs of importing this year are likely to be closer to £20 million than £10 million. So the steel industry might find itself in the position of being allowed to raise its prices during this year by about £15 million less than its costs rise against it—this being roughly the fashionable figure set recently by transport and coal.

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Price control always tempts discussion of prices simply in terms of cost—and customers always find that convenient. Demand for steel, at present, shows hardly any sign of slackening, outside one or two products such as plates; and some of the complaining customers, such as the motor industry, are at present content to pay 25 per cent more than the price of which they are complaining for steel from abroad. Home deliveries of steel are now about 10 per cent higher than they were a year ago; British steel is still about 15 per cent below American or Continental prices; and it is still possible to doubt whether British industry can be using all the steel it is buying. In such circumstances, to delay inevitable increases in price or to squeeze the margins of producers who are not allowed to exploit their boom could only exacerbate pressure on supply. There are certainly anomalies and artificialities in the Iron and Steel Board's method of price control, as in any. But criticism might come most healthily from advocates of a freer market; and few of those, if any exist among steel producers and their customers, have been heard from recently.

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Business Notes

The Bulls not Routed

THE first assessment in the markets of the weight of the Chancellor's new credit policy, of his nailing the $2.80 rate to the masthead, of his exhortation to the banks to restrict overdrafts, of the new round of hire purchase restrictions, and above all of his obvious reluctance to use Bank rate again, was that there was little to fear. Dealers and operators had been expecting to be hit. By Tuesday evening prices had receded well below the high levels prevailing towards the end of last week (the *Financial Times* industrial index on Monday dropped 6.7 in a single day) and in the gilt-edged market there were some substantial sales, believed to come from foreign banks. But by Wednesday both the gilt-edged and industrial markets were recovering. Gilt-edged, particularly the long-dated stocks, rose sharply again on Thursday when it was confirmed that Bank rate was not being changed. The blow had not been as bad as had been

	Jan. 1	Feb. 24	Apr. 19	May 26	July 22	July 27
Nat War 2½ 1954/6 .	101 3/16	98 23/32	98 7/8	98 13/16	97 11/16	97 13/16
Exchequer 3% 1960	102 31/32	98 5/8*	99 7/16	97 1/8	97 1/8	95 1/8
Savings 3% 1965/75	92 7/16	87 1/8	88	84	81*	80 1/2*
Brit Trans 3% 1978/88	87 5/16	81 1/2	82 31/32	79 5/8*	76 1/2	75 1/2
Fund 3½% 1999/2004	95 1/8*	88 13/16	91 1/16	86 13/16	83 7/8	82 7/8
Consols 2½% ..	65 9/16*	61 7/8	63 5/8	61	58 1/4	58 11/16
F.T. Fixed Int ..	**115·63**	**107·87**	**110·29**	**108·08**	**104·69**	**103·90**
I.C.I.	41/9	40/6	44/6	51/10½	56/3	55/7½
A. E. Reed.. ..	77/6	72/6	80/7½	88/9	111/3	108/9
Metal Box	81/3	76/10½	84/4½	87/6	123/9†	115/-†
Burmah Oil.. ..	128/9	127/1½	117/6	130/7½	177/6	177/6
G.U.S. ord.	57/-	49/-	50/6	55/-	57/-	55/6
Stewarts and Lloyds	45/-	44/4½	56/10½	67/6	76/10½	74/6
F.T. Industrials ..	**184·2**	**178·9**	**189·3**	**195·9**	**221·3**	**217·0**

* Ex-dividend. † Adjusted for Rights Issue—one for one.

expected. Parliament was breaking up for a long holiday; there would be a truce to economic debates and plenty of time to find out whether the new controls really hurt.

Some observers in the gilt-edged market have consistently held that the big refinancing operations that have to be faced in the autumn—the electricity loan, and the repayment of the £524 million of 3 per cent Serial Funding Stock 1955—would in the end be allowed to gain the upper hand, and that the need to restrict credit would be allowed to come second. Nothing that has happened this week shakes that opportunist assessment. Indeed it is being argued that if the banks act vigorously to reduce advances they will soon have some money to invest in short-dated gilt-edged, where there are some attractive capital gains to be picked up. The actual advance on Wednesday, carrying 3½ per cent War loan up ¾ to £78⅜ contains a small element of illusion. The jobbers had been quoting exceptionally wide prices on the first two days of this week in order to discourage business. By Wednesday they felt a little more ready to trade as well as a little more confident that the next moves would be upwards and Thursday's similar rise was wholly genuine.

The industrial share market after its recent bout of activity was probably ready for a reaction even before it was known that the Chancellor had a rod (or should it be a reed?) in pickle. Rightly or wrongly investors seem now to have decided that they are not going to panic because of a minor restriction on hire purchase and a little stringency on overdrafts. Some of the leading hire purchase shares have lost ground on the week. At 55s. 9d., just ahead of the dividend announcement on Thursday, Great Universal Stores showed a decline of 2s. 9d. on the week. Olds Discount are only 1s. down at 21s. The volume of dealings has shrunk, prices are lower than they were a week ago, but the bulls have not been routed. The 100,000 applicants for Hadfields ordinary shares, most of whom must have been writing their cheques on Monday afternoon while the Chancellor was in the act of making his announcement, testify that speculative money has by no means vanished from the markets.

Mortgage Rate Decision

THE building societies, despite their brave show of maintaining interest rates unchanged only a few weeks ago, have now had to face the realities of dearer money, increasing withdrawals by investors who saw tempting opportunities elsewhere, and of eager borrowers whose demand for mortgage loans had to be rationed. As this edition of *The Economist* went to press the Building Societies Association was preparing a new announcement. It recommends, it is understood, a rate of 3 per cent net to be paid to shareholders and a minimum charge of 5 per cent on owner-occupier mortgages. The word "minimum" here may be significant for some of the societies feel that, with the higher tax that a 3 per cent net payment to shareholders will attract, they may have to charge up to 5¼ per cent on mortgages.

Had bank rate been raised simultaneously with the Chancellor's other measures the association's decision would have been easy. As events occurred the action had some of the appearances of having been forced by the widening breach that was appearing in the association's ranks. Two

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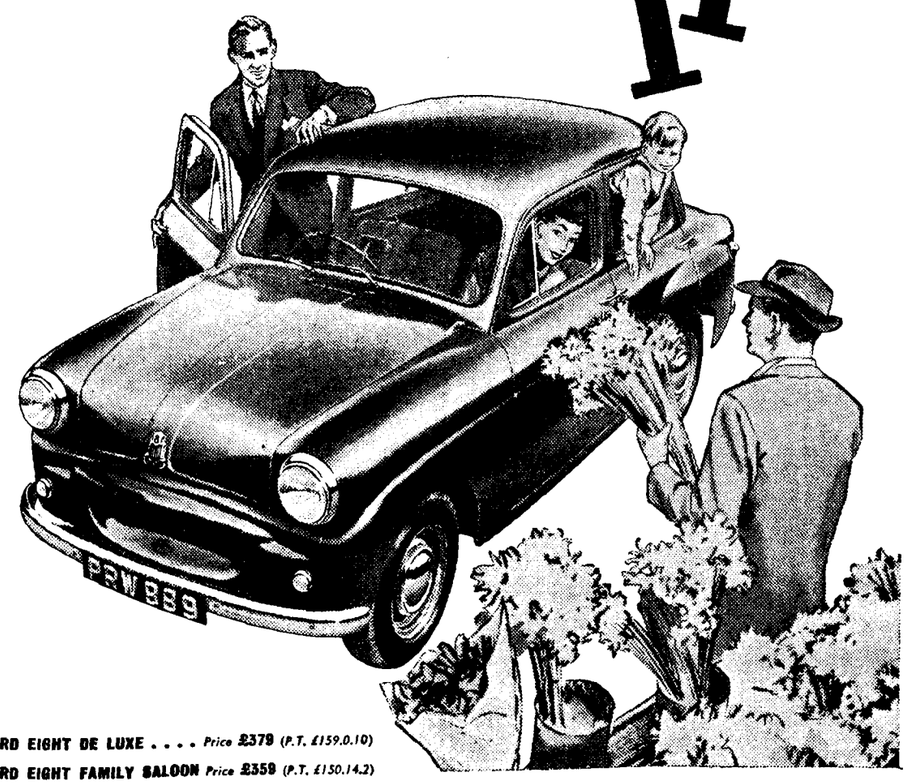

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big societies—the Alliance (total assets £45 million) and the Leicester Permanent (total assets £36 million) had announced their decision to move onto a 3 per cent basis.

It will now be for the societies individually to decide how far they will implement the association's new recommendation. There seems little doubt that most of them will apply the 3 per cent interest to shareholders almost at once, that the deposit rate will move up to 2½ per cent and that most societies will start charging at least 5 per cent on new mortgages at once. There may be less unanimity about charging 5 per cent on existing mortgages. Many societies will have to do so but will probably not enforce it before the new year. The big doubt that remains is what the Halifax (the biggest society with total assets £238 million) will do. It still has some mortgages at 4 per cent, the charge on which is to be raised to 4½ per cent in October. A further immediate rise would be most unpopular and the society has already disclosed that it is not among those who find themselves short of funds. The half-yearly figures to July 31st will show both increased mortgage advances and increased advances. It will surprise no one if the Halifax society decides again to keep below the market.

No Equities in the Trustee List

THE Government has rejected the suggestions put forward by the Nathan Committee for the extension (under suitable safeguards) of the authorised range of investments for trustees to include industrial debentures and shares. It finds that the proposal for "a general extension" of the range of investment to include equity stocks is open to "serious objection." Their inclusion "might be regarded as conveying a measure of official guarantee of their suitability for investment," and "the very considerations which in some circumstances would lead to the enhancement of the trust funds might in other circumstances lead to considerable losses."

It is a familiar case, and it has never been acceptable to informed investment opinion. But the binding force of the statutory list has been considerably mitigated by the wider powers commonly accorded to trustees by the terms of modern trust deeds. The narrow legal terms of thirty years ago have largely disappeared. These changes in investment insight do not come to the rescue of trustees of existing trusts, though they can sometimes obtain extended powers by agreement, or by leave of the Court. But the Government has the intention to simplify the procedure for trustees of charitable trusts (most of which are perpetuities) so that they can obtain wider powers of investment on application to the Ministry of Education and the Charity Commissioners. For non-charitable trusts, however, such a procedure is thought impracticable, owing to the commonly divergent interests of life tenants and remaindermen.

Certain minor changes—among them the removal of the restriction on stocks standing at a premium and the inclusion of World Bank sterling loans—are proposed. Perhaps these changes, though they fall well short of an ideal solution, are also wise in their recognition that some trustees also fall well short of the ultimate in investment skill. The wise testator, helped by competent trustees, can at least avert some of the investment problems in this age of inflation.

Lancashire's Problem

THE Lancashire cotton textile industry has had its full share of troubles this year. Customers at home and abroad have held back owing to the prolonged uncertainty over American cotton prices; competition in overseas markets has increased; and business in the home market has suffered from larger imports of grey cloth from India and Hong Kong. Production has fallen and thousands of skilled workers have left the mills. The real problem is the continued decline in exports. It was to discuss that problem that representatives of the industry were invited to meet the President of the Board of Trade this week. Those discussions could hardly yield a new line of approach; one step, however, was announced by the President. It was agreed that there should be regular consultation between the Board and the Cotton Board's standing conference on overseas trade. Regular meetings may be useful if they help to concentrate Lancashire's attention upon exports and ensure that the government gives the industry what help it can. The main effort must come from Lancashire. After all, the decline in exports is no mere accident. While Lancashire's exports have been declining several European industries have managed to increase theirs, and to send them to markets in which Lancashire might have been expected to hold its own.

Criticism of the industry's present policies—prefaced though it is with a plea for more protection—came this week from Mr C. Henniker-Heaton, director of the Master Cotton Spinners' Federation, in a report on his recent visit to Hong Kong and other Asian countries. Expressing his personal view, he writes:

> No degree of improved over-all efficiency on the part of the British cotton industry could overcome the price differential between Hong Kong and UK cloth, which is due mainly to the lower Hong Kong wages, and immediate government action is needed if the Lancashire cotton industry is not to be permanently damaged. But it is also essential for the responsible bodies in the UK industry to consider whether action can be taken to remove obstacles which keep the cost of comparable Lancashire goods higher than they should be if produced by a modern mill working at maximum efficiency. . . .

Many members of the industry would agree that more could be done to improve Lancashire's competitive power, and some would claim that it could compete with Hong Kong.

Output Keeps Up

ALTHOUGH industry is not managing to find extra workers in the numbers it did last year, it is managing to maintain output at a rate roughly 6 per cent higher than a year ago. For May the official index of industrial production gives a

figure of 139 (1948=100), which is only just over 5 per cent above May, 1954. But the forecast of the June index, strikes notwithstanding, is 137-138, which would indicate a rise of about 7½ per cent over a year before. Production during the half year seems to have been slightly more than 6 per cent above the average of the first six months of last year, and after making rough allowance for seasonal influences, perhaps 3 per cent higher than in the last half of 1954.

Last year's increase of more than 6½ per cent in industrial output was achieved partly by drawing about 270,000 extra people into the working population, and squeezing another 80,000 out of the Services and the unemployed to make the addition to civil employment about 350,000. In the first five months of this year the working population rose by only about 30,000, but with 20,000 from the Services and yet another 80,000 from the small reservoir of unemployed people, civil employment increased by about 140,000. The basic and manufacturing industries obtained about 70,000 of these extra hands; but at the beginning of June there were 443,000 unfilled vacancies on employment exchange books, while only about 200,000 people were registered as unemployed. More than a million and a half people were working overtime in the last week of May, before the rail and dock strikes began to affect output, and a considerable amount of extra capacity is continually being brought into operation. But it will not be possible until the autumn to do more than guess whether industry can maintain the output margin so far established over 1954: holidays affect output so radically in the summer that the third quarter's index figures offer few reliable hints.

Tea Money and Tax

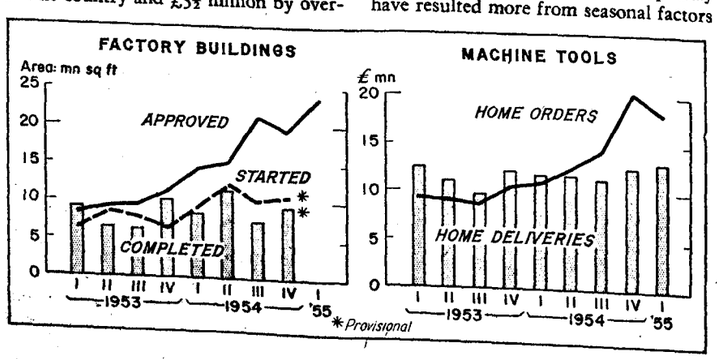
PUBLIC opinion is always on David's side, particularly when Goliath is a tax-gatherer, and it is unfortunate that the Inland Revenue should this week have felt compelled to forfeit goodwill by tightening the screw of the notoriously narrow Rule 9 limiting an employee's admissible deductions to expenses necessarily incurred in the performance of his duties. Coming hard on the Royal Commission's counsels of reasonableness, and following the disregard of the *de minimis* rule shown in the recent cases about a cricketer's benefit-money and a clergyman's outlay on entertaining his bishop, the decision in *Sanderson v. Durbidge* must inevitably cause bad feeling, particularly among those who are not able to grasp the intrinsic merits of the arguments that the Inland Revenue put forward.

On the bare facts the taxpayer will get all the sympathy: he had to work late; he received no overtime payment; he actually incurred the expense of tea and dinner; the reimbursements were modest; and the Crown was appealing from a decision which had already given it the benefit of the discredited "home saving" principle. If the meals, instead of the cash, had been provided by Mr Durbidge's employers—at much increased cost—there would have been no liability on his part for tax on them; nor would there have been any quarrel if he had had a free lunch in a canteen and gone home at a decent hour. Above all, the tax at stake, less than £10, was infinitesimal compared with the costs of the appeal.

But the Revenue are concerned not with popularity but with the law, and the law does not regard cash, or a benefit in kind convertible into cash, as being any the less remuneration because it is called by another name: the only exception arises when the cash or benefit is a reimbursement of an expense that the taxpayer is obliged to incur. The cost of an evening meal no more satisfies that condition than the cost of breakfast or, for that matter, the cost of clothes, spectacles or false teeth. Nor is the Revenue concerned with equity; if it were, it would not have been so quick to point out that the victory it has won does not affect the tax status of approved luncheon voucher schemes (where the vouchers are not converted into cash), for such schemes cannot be regarded as other than a form of disguised remuneration—like subsidised canteens—which are available to some taxpayers but not to others. What is unfortunate is that the Crown did not choose to make an issue of the more frequent type of case which involves an artificial element in the payment—one of those in which extravagant "tea money" is paid in lieu of, or in addition to, overtime, and is neither expended by the recipient nor entered in his PAYE card.

Industrial Investment Still Rising

THE flood of new orders for machine tools still appears to be growing. Some £24 million worth of new tools were ordered in the first three months of this year, £18½ million by industry in this country and £5½ million by overseas firms. Although this was over half as much again as in the same months of 1954 it was somewhat less than the £25.8 million of orders placed in the previous quarter. But this drop may have resulted more from seasonal factors than from the raising of interest rates in February, for new business in April regained the very high level recorded in November and December. Several months must elapse before any modifications in industrialists' investment intentions will be reflected in these figures, and in the more comprehensive survey of investment plans on which the Board of Trade is now embarking.



The statistics for new factory buildings take somewhat longer to collect than the machine tool order figures. But between January and March this year the Board of Trade gave its approval to the construction of nearly 24 million square feet of new factory floor space; this was the highest figure for these three months since this series of statistics was first collected.

New Peak in Copper

THAT troubled metal copper touched a new peak of £371 a ton for cash in London this week and closed on Thursday at £363 a ton, a rise of nearly £40 over the month. The main reason is the acute shortage of copper in the United States. The strikes in the American mining and smelting industry have dragged on, and some Americans are scrambling for any supplies that can be picked up in Europe. Nearly £400 a ton (cif New York) was paid in London this week for a small quantity of wirebars; that compares with the American producers' price of 36 cents a lb—£288 a ton—though other sellers are charging much more than 36 cents. In the distance there is the threat of a strike among European workers on the Rhodesian copperbelt. How much longer will the Selection Trust group maintain its fixed price of £280 a ton? Since the fixed price was introduced in May it has been well below the open market price, and is now £80 a ton below it. An upward adjustment of the fixed price would seem no more than prudent; and it should soften the discontent of the European employees, whose bonus suffers from the marked disparity between the open and fixed price.

Transferability of Sterling

AS usual the only real news contained in the annual report of the Bank of England is the light it sheds on the use of sterling in United Kingdom merchanting transactions between non-sterling area countries. This third party trade amounted last year to £163 million, compared with £142 million in 1953, £150 million in 1952 and £124 million in 1951. These figures include transactions allowed under Commodity Market Schemes which amounted to £75 million in 1954, compared with £35 million in 1953. Of the total in 1954, £10 million was in respect of coffee and £41 million in respect of metals. The report refers to the extension of the scope of commodity schemes last year and makes the claim that by the end of the year all the major commodity markets which had been closed during the war had been reopened with the exception of the London Sugar Terminal Market. The extent to which this reopening of commodity markets has furthered the move towards convertibility of sterling appears from the statement that "in practice the schemes now make all the commodities concerned available to any holder of sterling in virtually any part of the world, with the exception that cotton, grain and refined sugar which have cost dollars may be sold outside the sterling area only for dollars."

These merchanting transactions are only a minor factor in the increasing use of sterling as a means of settling transactions between countries outside the sterling area. That movement has made further progress as a result of the extension of the transferable account area and of the reintroduction of European currency arbitrage facilities in 1953. In that year transfers of sterling between countries outside the sterling area, excluding those to and from American Account countries and between countries in the same monetary areas, were in excess of £800 million.

Post Office Extensions

WHATEVER the shortcomings of its internal services, the GPO has always provided a high standard of communications between this and other countries, and in keeping with this tradition it has recently undertaken two major improvements in the foreign communications network. The first, which was opened officially on Thursday, is an extension to the radio station at Rugby that handles most of the GPO's radio telephone and telegraph messages to and from other countries. It consists of a new building housing 28 transmitters linked to 100 attendant aerials (not all of which are yet built) operating on the very high frequency wavebands. Transmitters need a good deal of daily adjustment and switching of aerials as well as constant monitoring; in the new building at Rugby all these operations are carried out automatically from a central control room instead of by teams working at each transmitter. This represents a big saving in labour and the GPO believes its automatic control system is well in advance of any other big transmitting station in the world.

The cost of the Rugby project has been £1 million; a much bigger undertaking that will probably cost about £15 million is the laying of telephone cable between this country and America, which entered its second stage this week when cable for the first deep-sea section was loaded on HMTS *Monarch*, now about to sail. This will be linked to the 200 miles of cable already laid from Newfoundland, and will run 1,300 nautical miles to Rockall Bank. A 500-mile link will then be laid from there to Oban. All this cable will be down by the end of the year, after which a duplicate link will be laid to carry the circuits in the opposite direction. The cost is being shared with the GPO by American and Canadian telephone companies.

For some time now the GPO installations have had to carry a steadily increasing load of traffic. The annual number of radio telephone calls to countries outside Europe has gone up from 51,000 before the war to 194,000 last year; between Europe and North America the numbers have gone up from less than 7,000 to more than 100,000. Telegraph traffic has almost doubled and nearly half of last year's total of 19 million were sent by radio. The new investment should do much to relieve the congestion on installations that were built largely in the thirties.

Upset from Distillers

HATS were not thrown in the air when the Distillers Company announced its figures for the year ended March 31st last week. The results themselves were much less impressive than market observers had expected. They

had been looking for a profit increase approaching £2 million. The actual rise of less than half a million in a year that clearly should have been excellent left them cold. The manner of the announcement added nothing to the graceless occasion. The company may feel that the accusation is unjust, but there are many members of the financial community in the south who hold that it has not strengthened its relations with stockholders and the public by last week's events.

	1953	1954	1955
Trading profit	*13,280,492*	*19,911,332*	*20,107,885*
Exceptional credits ..	448,715	36,316	1,278,685
Depreciation	1,464,792	1,514,566	1,594,781
Taxation..	6,641,394	9,805,472	9,700,250
Charges	1,175,810	1,335,311	1,624,189
Net profit	*4,447,211*	*7,292,299*	*8,467,350*
Preference dividends ..	70,950	72,600	74,250
Ordinary dividends ..	2,792,949	3,214,167	3,895,390
Retained profits . ..	1,583,312	4,005,532	4,497,710

The board meeting to fix the dividend was held on the morning of Thursday of last week, and at the suggestion of the London Stock Exchange the result was retained to be dispatched to the London, Edinburgh and Glasgow exchanges after those markets had closed. The telegram arrived in London at about 4.10 p.m. and was retained to be divulged to members next morning. In Glasgow it arrived just before 4 p.m. and though the market was officially closed its contents were announced from the chair. In Edinburgh it arrived about the same time and was passed by the Stock Exchange staff to various brokers by telephone. London dealers back in their offices first learned the results from Glasgow and Edinburgh shunters and since they had no confirmation they naturally stopped dealing for about half an hour. It does not appear that London dealers have taken serious harm.

The directors of Distillers may feel that they have been blamed for something that the Stock Exchanges should sort out among themselves. A general arrangement not to pass to members information received after the market closes would help. The board may also feel that the modest rise in profits and the dividend of 10½ per cent making 16½ per cent for the year ended March 31st, compared with the equivalent of 15 per cent in the previous year, is not out of line with their chairman's cautious forecast of a year ago. That will not silence all the criticism. There have since been the two for three scrip issue and the repatriation of 500,000 units from America, both of which were taken to point to rising prosperity. The £1 stock units that stood at 33s. 9d. before the announcement have fallen to 28s. 6d.

United Dominions Expansion

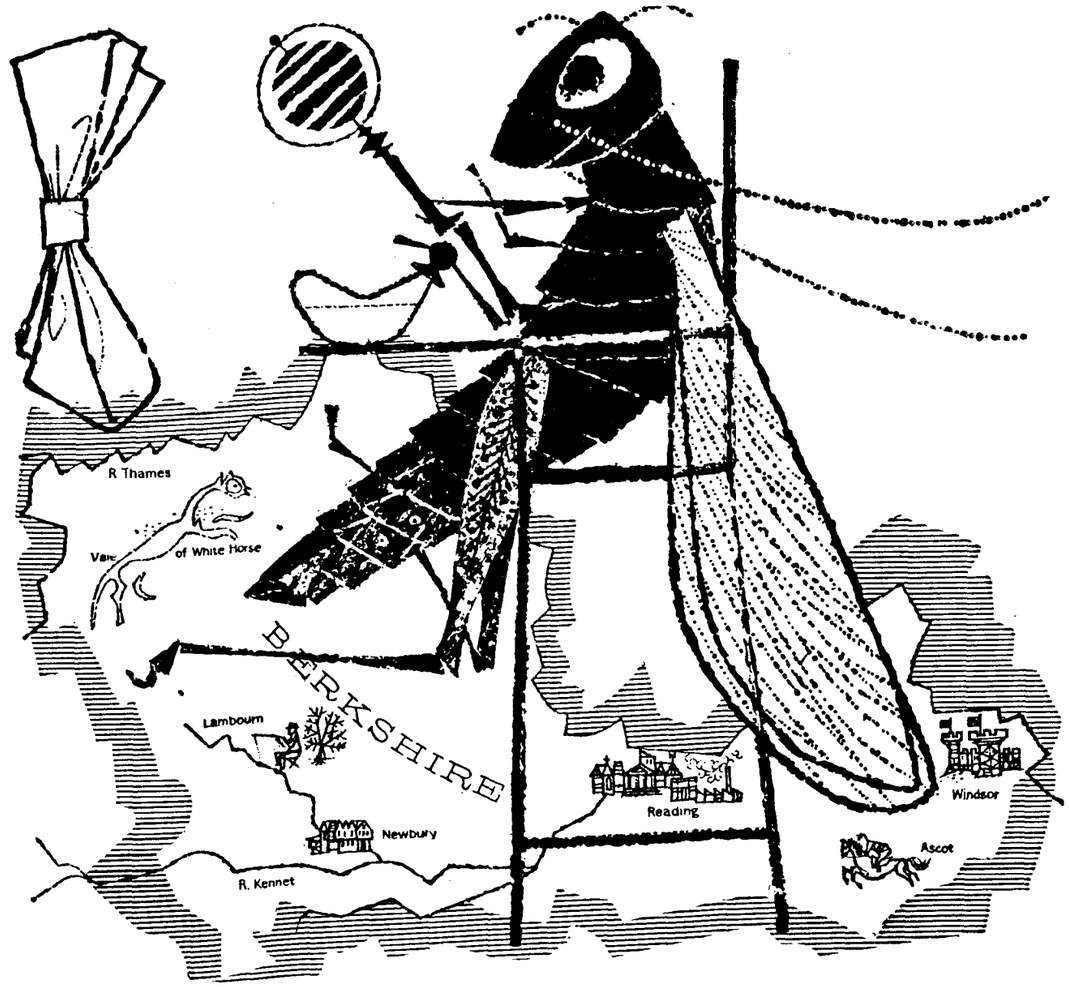
It is appropriate that the accounts of some of the biggest companies in the hire-purchase field should follow hard on the heels of the Chancellor's hire-purchase restrictions. Among them United Dominions Trust has attracted much attention partly because the figures show outstanding growth and partly because the chairman, Mr J. Gibson Jarvie, accompanied the figures with a personal statement in which he expressed his belief that neither the present restrictions nor anything that "might conceivably be imposed" would adversely affect the company. He bases that supreme confidence on the wide spread of the business both geographically and by type. The group operates in Australia, Canada, Rhodesia, South Africa and New Zealand as well as in this country. It is in hire-purchase finance down to the aircraft ticket and the humble bicycle, but its main hire-purchase financing is of capital goods. It is in the engineering industry, in the discount market, it owns an issuing house, and it is landlord to the cocoa market, to the wool futures market and shortly, it is hoped, will be landlord to the sugar market.

Group profit before tax for the year ended June 30th were £1,692,424 against £944,156, and after tax £739,066 compared with £432,674. Shareholders are to receive a final dividend of 10½ per cent plus a bonus of 2½ per cent on the present ordinary capital of £3 million. That more than fulfils the Board's forecast of last January of not less than 17½ per cent on the then capital of £1½ million. The interim dividend of 7½ per cent was paid on the old capital of £1½ million. In all the capital has been expanded over the past year by a rights issue of 500,000 £1 ordinary shares at 90s., free scrip issues of 100 per cent in ordinary shares, and of 66⅔ per cent in 4½ per cent preference stock. The company now emerges paying the equivalent of 16½ per cent on the present ordinary capital and foreshadowing an interim payment in December of not less than 3¼ per cent. It is also proposed to increase the authorised capital from £5 million to £10 million.

The secret of the rapid growth lies in the much larger funds that it has been able to employ. But the source of those funds contains an element of mystery. Loans and acceptances at £42,904,359, against £23,916,153 have almost doubled. They represent the biggest slice of the funds the group uses for its industrial financing. How much comes from the banks, how much from the acceptance market, and how much in large deposits from non-banking sources (the group does not approach the public for small deposits) is not disclosed. What seems certain is that the trust has been highly successful in attracting deposits for three and six months at a fraction over current Treasury bill rates, and that the directors do not believe that the spring will run dry.

Wool Fears

The between-season sale of raw wool in London in July is always significant, for there are no other important sales in the world at that time. This year's sale produced no exciting pointers. Despite the disruption of imports caused by the dock strike, the home trade was off feed, and demand from the Continent also was quieter than at the previous sale. Prices of merino wools fell by about 5 per cent compared with the close of the season; certain grades of crossbred wool used in woollen manufacture were firm, but the rest were up to 7½ per cent cheaper. Another possible pointer to the prospect—and one that has a barb for Bradford—is the weakness of the

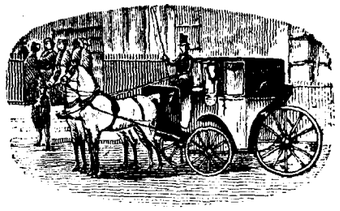


He's big and brown, but British born and bred.
His ancestors were locusts of the African deserts, whose descents
upon the fertile valleys of many Middle Eastern countries
used to bring starvation and ruin to luckless peasant farmers.
Today, he and his kin are reared
by an I.C.I. research station in Berkshire,
so that he may be studied by scientists whose only aim is to discover quicker,
more effective means of exterminating his wild relations.
The workers of this selfsame I.C.I. research station
helped to develop the range of 'Gammexane' insecticides
which have done so much to give control not only of locusts but of insect pests
ranging from bedbugs to flea-beetles and mosquitoes.

Born in Berkshire

Thus, and in a thousand kindred ways, I.C.I.'s research and production are serving the Nation.

ICI



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London futures market in merino tops. September futures are now about 112½d. a lb, about 1s. cheaper than the cost of the same quality tops in Bradford. Can the outlook really be as bearish as that?

Any forecast at present must be a guess. World production of wool in the 1955-56 season is likely to be about 2 per cent larger than in 1954-55, mainly because of a further rise in the Australian clip. World supplies will be a little larger than production if the American government offers surplus wool next season at the market price. On the demand side, there are few signs of any significant change in the main consuming countries, except that American consumption may continue to recover. Elsewhere, an increase in demand hinges largely on the possibility of bigger purchases by the Soviet bloc. A cautious guess, therefore, is that while world demand may not be large enough to absorb at current prices all the wool on offer, the surplus should not be large enough to provoke a radical decline. That would be a repetition of what happened last season.

Gilt-Edged in the Twentieth Century

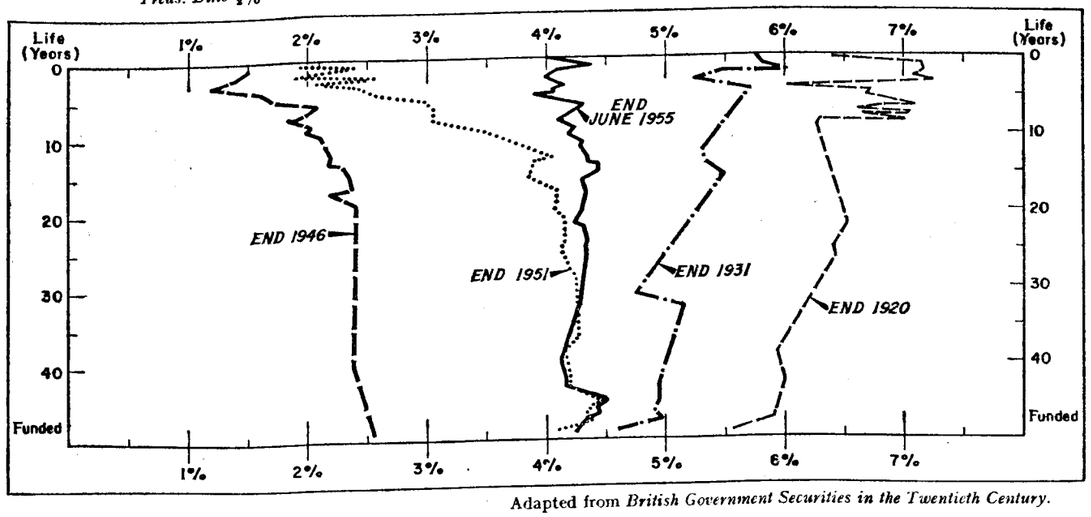
A FAMOUS benefactor of the Methodist connexion was invariably known and identifiable as "the anonymous donor." The rules of the London Stock Exchange being what they are, it is necessary once again to praise the anonymous (and by now almost eponymous) "leading firm of investment brokers" on the appearance of a further supplement to their classical work, *British Government Securities in the Twentieth Century*. This study first appeared in November, 1945, and it has since run to a handsomely comprehensive second edition in June, 1950, with supplements in October, 1952, and again this week. The entire investment community is again indebted to the compilers of this authoritative source-book.

In a preface notably compounded of a sense of history, deep market insight and liveliness of style, the authors renounce any intention of making forecasts. They record the come-back of gilt-edged stocks before inflation again emerged earlier this year. For two years there had been "intense and ever-growing activity in the gilt-edged market. Not only had the size of institutional transactions increased, but there was a growing tendency to take into fuller account the incidence of tax on the various funds, and to shape investment policy in accordance with it"—with the public "less inclined to treat its holdings like ancient monuments." But since then it has been equities all the way.

The preface includes a tantalisingly short discussion on the concept of the yield curve as a basic element in the study of gilt-edged prices. After 1932, with its first appearance of controlled cheap money and a 2 per cent Bank rate which was to persist for two decades, the yield pattern was regular and symmetrical; yields diminished as the lives of stocks shortened. The old pattern under flexible Bank rate (illustrated by the two lines to the right of the chart) was often consistent with extremely high yields on the shorts (of which there were then much smaller issues) and moderate yields on long-dated stocks. The recent pattern, it will be observed, is virtually a straight 4 per cent line all through the list. The outside observer may be tempted to ask whether this uniform structure represents the first stage in a transition to fully flexible rates; the sceptic might perhaps even wonder whether this 4 per cent line represents the market's first divination that a flexible money policy was already in danger of being compromised.

The Yield Curve

This chart shows the gross yields on gilt-edged securities in order of prospective life at end 1920, 1931, 1946, 1951 and June 1955



Adapted from *British Government Securities in the Twentieth Century*.

SHORTER NOTES

A clue to the holdings of dollar securities in the Exchange Equalisation Account was given in Tuesday night's debate by Sir Edward Boyle, Economic Secretary to the Treasury. He disclosed that the holding was less than half the $2,000 million suggested by Mr Gaitskell. The exact figure remains secret, but the statement seems to support the view that the holdings are of the order of $800 million (say £300 million). These securities, from which two blocks of $15 million each have this year been released for sale, are the residue of the collateral security put up against the now extinguished Reconstruction Finance Corporation Loan.

★

Sir Arnold Hall, the director of the Royal Aircraft Establishment at Farnborough, is leaving in November to become technical director of the Hawker Siddeley group. Scientists have lately been leaving Government service in fair numbers to take better-paid jobs in industry. The attractions of a Government post to a scientist of high standing are the magnificent technical resources and the substantial funds that are placed at his disposal, combined with a certain freedom of action and publication in comparison with his industrial colleagues. But these apparently are no longer sufficient to offset inadequate salaries.

★

Results of Great Universal Stores announced late on Thursday show that the final dividend is, as forecast, to be 45 per cent, making 60 per cent for the year ended March 31st. This is the same rate per cent on an ordinary capital doubled by the scrip issue of a year ago. The consolidated net profit before tax shows a rise from £13,958,258 to £17,144,480. The company also proposes a one for ten free issue in "A" ordinary shares.

★

Spot rubber reached 40d. a lb in London this week, the highest price for 3½ years; September shipment was quoted at 39½d. a lb.

Company Notes

GENERAL ELECTRIC. Among the companies that have already felt some effects from dearer money is GEC, its full report gives a warning that since the end of March measures to curb spending have affected some consumer goods. More serious is the statement that the past year's exports have not quite reached the record level of 1953-54 and that, although overseas subsidiaries have slightly increased their profits, expansion abroad is becoming increasingly difficult.

Yet the company's impressive profit record has been enhanced by a 20 per cent rise in total profit to break the £10 million mark. This is not quite so steep a rate of increase as in 1953-54—for 1952-53 had been a poor year—but it compares well with the growth shown in the best postwar years. The credit for this result goes to greater efficiency and to increased turnover (achieved with only a 3½ per cent rise in stocks), for higher wage costs could not be recovered fully in selling prices.

	Years to Mar. 31, 1954	1955
Consolidated earnings:—	£	£
Trading profit	8,264,047	9,889,324
Total income	8,456,192	10,161,405
Depreciation	1,300,055	1,465,185
Taxation	3,356,107	3,994,185
Net profit	*2,364,346*	*3,452,546*
Ordinary dividends	808,187	1,040,112
Ordinary dividend (per cent.)	12½	14
Retained profits	1,370,808	2,223,934
Consolidated balance sheet:		
Fixed assets, *less* depreciation	13,866,306	15,817,045
Net current assets	34,664,288	41,085,733
Stocks	34,288,107	35,544,510
Liquid assets *less* overdraft	479,025	7,021,550
Reserves	24,474,260	29,403,998
Ordinary Capital	11,755,440	13,714,680

£1 Ordinary Stock at 74s. yields £3 16s. per cent.

The ordinary stock is not highly geared despite the existence of five classes of fixed-interest capital. A net profit twice as high as for 1949-50 leaves a most generous cover for the ordinary dividend, which is now raised from 12½ to 14 per cent. Equity earnings, allowing for Profits Tax on a full distribution but not for exceptional credits, amount to 36 against 28 per cent. Of group retained profits, the parent's general reserve receives £1 million, and its reserve for increased cost of plant replacement is raised by £750,000, against £250,000.

Earlier this year there was an offer of £6 million 4 per cent Unsecured Loan Stock 1975-80 and a rights issue of ordinary capital, that between them produced over £10 million cash. These reinforcements have put a different complexion on the group's liquid position. Cash is up from £1,453,231 to £7,150,352, and the overdraft is reduced from £998,741 to £153,283. Commitments for capital expenditure, including those for the purchase of Amalgamated Electric Corporation of Canada, were £2,850,191 at the balance sheet date. At the September meeting the chairman will no doubt have more to say about the company's big plans for building a plant in Canada.

★

MUREX. By the exceptional standards of 1950-52, the Murex results in the two succeeding years were a disappointment. Group profit for the year ended April 30th last still falls far short of the best, because the target is unduly high. A 56 per cent rise in group profits before tax is nevertheless a remarkable recovery for a single year; the main improvement seems to have come in the latter part of the period.

The past few months have brought shareholders high cash rewards. A special distribution of 10 per cent, out of capital profits on the sale of Hard Metals (not subject to tax other than Profits Tax) was paid earlier this month. And now the distribution out of current revenue is raised to 20 per cent for the year, by the addition of a 5 per cent bonus not to be regarded as a permanent feature.

As would be expected, tax absorbs a lower proportion of profit, though the removal of EPL has played no part in the Equity earnings, allowing for Profits Tax on a full distribution but excluding windfall items, amount to nearly 35 against a bare 20 per cent. The bulk of retained profits, as before, is added to the Replacement of Fixed Assets Reserve, which receives £200,000 against £125,000.

	Years to April 30, 1954	1955
Consolidated earnings:—	£	£
Group profit before tax	657,000	1,026,000
Taxation for year	390,000	515,000
Net profit	*267,000*	*510,000*
Ordinary dividends	182,000	250,000
Ordinary dividend (per cent.)	15	20
Retained profits*	75,000	250,000

*Before special credits or charges.

The group uses specialised raw materials the cost of which tends to be erratic as well as high; this fact compels the company to be a reluctant operator on the metal exchange. Each report in recent years has mentioned difficulty in the price or supply of certain metals. In 1954-55, sales of fire-refined copper proved unremunerative, and rolled rod (for welding rods) had to be imported owing to the insufficiency of UK supplies.

The yield of £6 1s. per cent at a price of 66s. is high for the metal trades, and takes some account of the variations in the group's profits.

★

PATONS AND BALDWINS. Shareholders of Patons and Baldwins may be cheered by the knowledge that public demand for thick knitting wools contributed substantially to the 9 per cent rise to £2,970,118 in Patons and Baldwins trading surplus for the year ended April 30th even though the chairman doubts whether the recent rate of increase in turnover in this section can be kept up beyond the immediate future, and exports, as a whole, have only just been maintained. The short-term outlook still seems good, with the company's factories booked further ahead than for some months past, and with symptoms of improved demand for machine yarns and speciality wools.

Mr P. A. Wright repeats that the 2½ per cent bonus included in the 1954-55 distribution of 12½ per cent on the present capital is not to be looked on as permanent, largely because price fluctuations must always affect results until "wool values have settled down to a more steady level." Clearly he does not think that stability has yet been achieved, taking the view that crossbred prices are too high and the gap compared with merino wools therefore too narrow.

The full accounts bear the marks of calmer conditions. Stocks, which fell by only 3 per cent between April, 1953, and 1954, have now declined from £11,930,417 to £10,359,752. Gross liquid assets exceed £2¼ million, whereas they stood at a negligible figure a year earlier, and there was a bank overdraft of £1,821,838 two years ago.

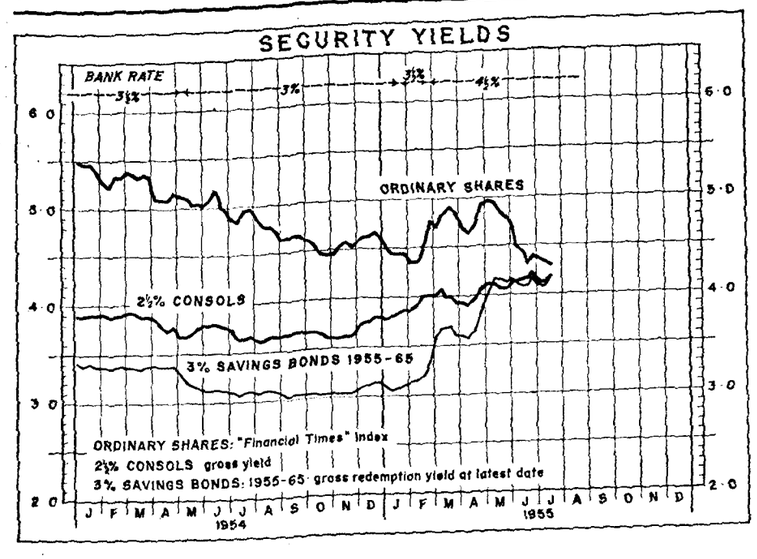
Gross expenditure on fixed assets remains modest, the book cost having risen from £11,879,758 to £12,261,423 during the year. The group has been alive to the claims of production research, and has paid special attention to electronics in quality control (for the elimination of irregularities—the great bugbear of the trade) and to methods of producing exceptionally fast dyes. But the company like many others remains heavily dependent on raw material prices outside its own control.

★

REARDON SMITH LINE. Tramp freights have recently been a strong market and shipping shares until this week were rising too. In that atmosphere the accounts of Reardon Smith Line, one of the strongest of the old type tramp companies with a long family tradition were bound to make a good impression. The accounts show a group profit before depreciation and tax of £970,547 for the year ended March 31 compared with £662,774 in the previous year. The final dividend is 10 per cent making 15 per cent for the year, against 10 per cent and there has again during the year been a 10 per cent tax free distribution of capital accretions. These figures spring from a year in which the freight market was appreciably less favourable than it now is. As the chairman Mr Douglas Smith points out the improvement in freights did not begin until about last September.

The company's success seems to spring largely from its policy of modernising and replacing its fleet with good modern tonnage. The *Victoria City* and the *Leeds City* are both trading with satisfactory results and there are two further vessels now building. That building programme has its difficulties, Mr Smith reports that the *Victoria City* and the *Leeds City* ordered in 1951 were estimated to cost about £550,000 each. The actual cost was about 40 per cent higher and the two now building are expected to show an even greater increase. By contrast three similar sized motor vessels ordered 20 years ago cost £108,000 each.

The 15 per cent dividend takes only a small proportion of the total profit, the 10s. stock units at 37s. 6d. yielding £4 per cent.



LONDON STOCK EXCHANGE

Next Account begins: August 10th
Next Contango Day: August 10th
Next Settlement Day: August 16th

WEAKNESS in sterling, fears of an increase in the Bank rate and of a sterner credit policy caused a considerable decline in the gilt-edged market in the early part of the week, with losses varying up to 2 points, and some substantial selling on account, it is believed of foreign bonds. With the recovery in sterling following the Government's announcement the market improved and fully half of the previous losses were regained. The rally flatters the market slightly with strong buying of long-dated gilt edged on Thursday. Exceptionally wide prices were quoted on Monday and Tuesday, and Wednesday's recovery partly reflects a balance to more normal trading. The expectation of more stringent regulations on hire-purchase caused widespread falls throughout other markets, the *Financial Times* industrial index losing 6.7 to 214.6 on Monday and 9.3 from the year's high which was set up the previous week. But after the announcement buyers appeared at the lower levels.

The uneasy conditions did not deter applicants for Hadfields; the 4½ per cent Debenture was oversubscribed by some £350,000 stock and a ballot was needed for the ordinary stock, for which there were about 100,000 applications. Dealings in the Debenture took place on Wednesday at ¼ premium.

United Dominions Trust rose 9s. to 95s. on the report, the final dividend being 10 per cent plus 2½ per cent bonus with the promise of the next interim of not less than 3¾ per cent in December.

In foreign bonds Germans have been a firm market with the Dawes unassented at 122½ and Young unassented at 210.

Japanese bonds were inclined to ease on stock being offered to the market, but hardened in later dealings. International Nickel have been a firm market, the present price of $142 showing a rise of $9 on the week. Gold shares were inclined to harden at the beginning of the week but subsequently lost ground. Copper shares have not been active.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Security Indices Fixed Int.†	Yields 2½% Cons.	Yields Ord.
			%	%
July 20	223·8	105·84	4·17	4·28
„ 21	223·9	105·43	4·23	4·28
„ 22	221·3	104·69	4·29	4·35
„ 25	214·6	103·97	4·35	4·53
„ 26	215·6	103·49	4·35	4·51
„ 27	217·0	103·90	4·28	4·48
				Total bargains
1955, High	223·9 (July 21)	115·97 (Jan. 7)	1955 July 20	17,112
„ Low	175·7 (Mar. 15)	103·49 (July 26)	„ 21	16,141
			„ 22	
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 25	16,552
			„ 26	14,998
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 27	12,377

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to July 27 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 20, 1955	Price, July 27, 1955	Net Yield, July 27, 1955 § £ s. d.	Gross Yield, July 27, 1955 £ s. d.
100 5/16	96 3/4	Funding 2 3/4% '52-57	97 1/8	97 1/8	3 1 0	4 6 4 l
100 1/4	87 1/2	War Bonds 2 1/2% '54-56	98	97 11/16	3 10 1	4 10 8 l
100 11/16	95	War Loan 3% '55-59	96 1/16	95 1/4	2 16 8	4 4 9 l
100 13/16	99 3/8	Serial Funding 3% 1955	99 13/16	99 11/16	1 17 1	4 0 1
100 1/4	96 1/2	Serial Funding 2 1/2% 1957	96 3/16	96 3/16	2 18 7	3 19 11
99 13/16	92 7/16	Conv. 2% 1958-59	93 1/16	92 1/4	3 11 6	4 9 6 l
97 3/4	90	Exchequer 2% 1960	91 7/16	90 1/8	3 10 6	4 8 4
104 1/4	94 3/4	Exchequer 3% 1960	96 1/16	95 1/4	2 17 11	4 3 7
100 7/16	87 1/2	Savings Bonds 3% '55-65.	90 1/4*	88 1/4*	3 2 0	4 9 3 l
100 1/2	89 1/2	Funding 2 1/2% '56-61	91 1/2	90	3 9 3	4 13 1 l
97	83 7/16	Funding 3% '59-69	86 1/2	84	3 4 5	4 13 7 l
103 7/16	94 1/4	Funding 4% '60-90	97 1/4	95 1/2	3 9 2	5 6 2 e
96 1/2	81 1/4	Savings Bonds 3% '60-70.	85 1/2	82 1/2*	3 3 10	4 12 2 l
102 1/8	91	Exchequer 3% '62-63	93 1/2	91 1/2	2 19 6	4 6 10 l
99 3/16	85 3/4	Exchequer 2 1/2% '63-64	87 1/2	86 1/2	3 6 2	4 9 11 l
95 7/16	80 3/8	Savings Bonds 2 1/2% '64-67	84	81 1/2	3 8 6	4 13 1 l
94 7/16	79 1/2	Savings Bonds 3% '65-75.	82 1/2*	80 1/4*	3 1 1	4 10 1 l
105 1/2	94 1/2	Victory 4% '20-76	98	95 1/2*	2 15 4	4 10 1 t
98 1/2	83 3/4	Funding 3% '66-68	86 3/4*	84 1/4*	3 4 3	4 12 5 l
103	88 7/8	Conv. 3 1/4% 1969	92 1/2	89 1/4*	2 19 3	4 10 9
98 1/4	84 3/4	Treas. 3 1/4% '77-80	87 1/2	85	2 17 6	4 10 10 l
99 7/16	84 1/2	Treas. 3 1/2% '79-81	87 1/2*	84 1/4*	2 17 4	4 10 4 l
88 1/4	74 1/2	Redemption 3% '86-96	77 1/2	75 1/2	2 14 11	4 6 8 l
95 11/16	83 1/2	Funding 3 1/2% 1999-2004	85 1/2	83	2 12 9	4 7 0 l
97 3/8	87	Consols 4% aft. Feb. '57	90 1/4*	88*	2 12 3	4 10 10 f
88 3/16	77	War Ln. 3 1/2% aft. Dec. '52	80 1/2	78 3/4	2 11 7	4 9 11 f
89 11/16	77 1/4	Conv. 3 1/2% aft. April '61	80 1/2	78 1/2	2 11 8	4 10 6 f
78 1/2	67	Treas. 3% aft. April '66	70 1/2	68	2 11 2	4 9 6 f
66 1/2	57	Consols 2 1/2%	59 1/2	58 1/2	2 9 3	4 5 8 f
66 7/8	56 7/8	Treas. 2 1/2% aft. April '75	59 1/4	57 1/2	2 10 1	4 7 8 f
94 11/16	80 3/4	Br. Elec. 3% '68-73	83 1/2	81 1/2	3 2 7	4 12 3 l
93 11/16	80	Br. Elec. 3% '74-77	82 1/2	80 1/2	2 19 7	4 9 7 l
109 7/16	96 3/4	Br. Elec. 4 1/2% '74-79	99 1/2	97 1/2	2 12 6	4 10 2 l
98 11/16	84 1/2	Br. Elec. 3 1/2% '76-79	87 1/2	85 1/2	2 17 4	4 10 9 l
105 1/2	94 1/2	Br. Gas 4% '69-72	96 1/2*	94 1/2*	2 14 0	4 9 1 l
102 1/2	89 1/4	Br. Gas 3 1/2% '69-71	92	89 3/4	2 17 5	4 10 5 l
88 7/8	75 1/2	Br. Gas 3% '90-95	78 3/4	76 1/2	2 14 6	4 5 9 l
94 11/16	80 3/4	Br. Trans. 3% '68-73	83 1/2	81 1/2	3 2 7	4 12 3 l
105 7/16	92 1/2	Br. Trans. 4% '72-77	95 3/4	93 1/2	2 14 5	4 10 3 l
88 7/16	74 1/2	Br. Trans. 3% '78-88	78	75 3/4	2 17 6	4 8 4 l

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11½ years approximately.

Prices, 1954 High	Low	Prices, 1955 Jan 1 to July 27 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, July 20, 1955	Price, July, 27 1955	Yield, July 27, 1955 £ s. d.
97 1/2	90 1/4	94 3/4	83 1/4	Aust. 3 1/4% '65-69	87 1/2	85 1/2	4 13 10 l
101 1/2	97 1/2	101 1/2	93	Ceylon 4% '73-75	97 1/2	95 1/2	4 7 5 l
106 3/4	98 1/2	103 3/4	93	N. Zealand 4% '76-78.	94 1/2	93 1/2	4 9 3 l
79 1/2	71 3/4	75 3/8	65	L.C.C. 3% aft. 1920	68	65 1/2	4 11 7
99 1/2	95	99	87 1/2	Liverpool 3% '54-64	89 1/2	85 1/2	5 0 6 l
87 3/4	80 1/2	84	70 3/4	M.Wtr.'B'3% '34-2003	74 1/2	72 1/2	4 7 6 l
104 1/4	100	102 1/2	98	Agric. Mort. 5% '59-89	100 1/2	98 1/2	5 1 8 l
109 3/4	71 3/4	122 3/4	91	German 7%	118 1/2	122 1/2	...
168 1/2	102	210	149	German 5 1/2%	201 1/2	210	...
171	132 3/4	200 1/2	160	Japan 5% 1907	198 1/2	198 1/2	...
198 1/2	167	244	190	Japan 5 1/2% Conv. 1930	244	243	...

Prices, 1955 Jan. 1 to July 27 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, July 20, 1955	Price, July, 27 1955	Yield, July 27 1955 £ s. d.
		%	%	%	BANKS & DISCOUNT			
58/7½	48/9	7	*b*	5	*a* Barclays £1	52/-*	51/-*	4 14 1
76/7½	62/6	15	*c*	6	*a* Lloyds 'A' £5, £1 pd.	64/6	63/6	4 14 6
89/3	76/9	18	*c*	9	*a* Midland £1, fully pd.	79/-*	77/-*	4 13 6
87/-	76/-	18	*c*	9	*a* N. Prov. 'B' £5, £1 pd.	80/-	78/-	4 12 4
96/10½	83/6	8	*b*	8	*a* Westmstr 'B' £4, £1¼ pd.	86/6	84/-	4 15 3
69/-	49/-	8¾	*b*	3¾	*a* Alexanders £1	50/6	50/6	4 19 0
58/6	47/6	7	*b*	5	*a* Nat. Disc. 'B' £1	52/-*	50/-*	4 16 0
60/-	51/-	12½	*c*	6¼	*a* Union Disc. £1	54/6*	52/-*	4 16 2
40/1½	32/10½	4	*b*	4	*a* Barc. (D.C.O.) £1	47/-	37/6	3 11 1 *s*
51/9	42/3	7½	*a*	7½	*b* Chart. Bk. of India £1	43/6	43/-	6 19 6
					INSURANCE			
21¾	14½	50	*a*	110	*b* Leg. & Gen. £1, 5/- pd.	20½	20½	1 19 6
28	20½	20	†*a*	45	†*b* Pearl £1, fully pd.	27½	26	4 8 8
54½	41¼	112½	†*c*	117½	†*c* Prudential 'A' £1	50	53¾	3 16 5
					BREWERIES, ETC.			
141/-	124/-	33	*b*	10	*a* Bass £1	126/3	126/3	6 16 3
34/9	22/-	10	*a*	10½	*b* Distillers 6/8	33/9	28/6	3 17 2 *h*
49/6	40/3	15	*b*	8	*a* Guinness 10/-	48/1½	46/10½	4 18 2
93/9	74/9	7	*a*	14	*b* Whitbread 'A' Ord. £1	77/6	77/6	5 8 4

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50c. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 16½%. (*j*) On 15%. (*l*) To latest date. (*m*) On 10%. (*n*) On 8%. (*o*) On 9%. (*p*) On 8¾%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*s*) On 6¾%. (*t*) On 13¾%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7½%. (*x*) On 12½%.

Prices, 1955 Jan. 1 to July 27 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, July 20, 1955	Price, July, 27 1955	Yield, July 27 1955 £ s. d.
		%	%	%	STEEL & ENGINEERING			
45/6	35/9	17½	*c*	4	*a* B.S.A. £1	45/6	44/-	3 19 7
13/10½	10/-	3½	*a*	10½	*b* Cammell Laird 5/-	13/-	12/6	5 12 0
39/3	27/-	...		3	*a* Colvilles £1	35/9	34/6	5 4 4 *e*
36/7½	23/-	...		8	*c* Dorman Long £1	36/-	34/6	4 12 9
108/-	62/4½	6	*a*	15	*b* Guest Keen N'fold £1	106/3	101/3	3 19 0
79/9	42/-	12½	*c*	5	*a* Stewarts & Lloyds £1	76/-	74/6	3 6 8
47/-	27/6	6½	*b*	4	*a* Summers (John) £1	43/6	42/6	4 14 1 *m*
50/-	28/6	6	*b*	4	*a* United Steel £1	46/-	45/6	4 7 11
47/10½	35/9	2½	*a*	6	*b* Vickers £1	45/-	43/-	3 19 1
					TEXTILES			
30/4½	21/9	6	*b*	4	*a* Bradford Dyers £1	22/9	22/9	8 15 10
35/-	26/10½	3	*a*	7	*b* Brit. Celanese £1	29/3	28/6	7 0 4
29/6	23/-	2½	*a*	6½	*b* Coats (J. & P.) £1	26/6	26/-	6 14 7
55/3	35/-	4	*a*	6	*b* Courtaulds £1	52/6	50/6	3 19 2
34/1½	26/6	7½	*b*	5	*a* Lancs. Cotton £1	31/-	30/3	8 5 4
36/0¾	28/-	2½	*a*	10	*b* Patons & Baldwins £1	33/-*	32/-*	7 16 4
					MOTOR & AIRCRAFT			
22/10½	17/4½	3½	*a*	6½	*b* Bristol Aeroplane 10/-	22/3	22/6	4 8 11
15/9½	9/10½	8½	*b*	4	*a* British Motor 5/-	15/6	14/6	4 6 3
27/10½	21/3	7½	*c*	Nil	*c* De Havilland £1	26/9	25/3	Nil
60/-	37/-	5	*a*	10	*b* Ford Motor £1	53/9	52/3	2 17 5 *u*
70/9	43/1½	7½	*b*	5	*a* Hawker Siddeley £1	65/-	63/-	3 19 4
52/9	33/6	25	*c*	30	*c* Leyland Motors £1	51/10½	50/-	4 0 0 *m*
133/1½	71/3	5	*a*	12½	*b* Rolls Royce £1	125/7½	125/7½	2 15 9
12/3¾	6/10½	12	*c*	12	*c* Standard Motor 5/-	11/10½	11/6	5 4 4
					SHOPS & STORES			
21/7½	12/6	10	*a*	17½	*b* Boots Pure Drug 5/-	42/-	20/-	3 8 9 *j*
47/6	36/9	7½	*a*	20	*b* Debenhams 10/-	45/3	42/6	6 9 5
62/6	43/9	45	*b*	15	*a* Gt. Universal 5/-	60/-	55/6	5 8 1
114/-	97/6	5	*a*	17½	*b* Lyons (J.) 'A' £1	99/6	101/6	4 8 8
76/-	58/6	15	*a*	30	*b* Marks & Spen. 'A' 5/-	73/-	72/6	3 2 1
71/9	55/3	36¾	*b*	20	*a* Woolworth 5/-	63/9	63/-	3 19 4 *d*
					OIL			
139/-	68/6	5	*a*	14	*b* British Petroleum £1	132/6	133/1½	2 5 1 *j*
186/10½	100/-	7½	*a*	13½	*b* Burmah £1	184/4½	177/6	2 7 4
£62¾	£50¾	6	*a*	10	*b* Royal Dutch 100 fl.	£59¾	£62	2 8 8
158/9	109/9	5†	*a*	10†	*b* Shell Reg. £1	150/7½	146/10½	3 11 0
44/6	26/9	15†	*b*	5†	*a* Trinidad L'holds 5/-	43/6	41/6	4 3 10
					SHIPPING			
37/3	25/10½	5	*a*	7	*b* Cunard £1	31/-	28/9	6 19 2 *m*
61/-	45/-	12	*c*	12	*c* Finness Withy £1	60/-	55/6	4 6 6
38/6	27/6	3	*a*	13	*b* P. & O. Def. £1	36/6	36/3	4 8 3 *n*
					MISCELLANEOUS			
97/6	61/3	14	*c*	2½	*a* Assoc. Elect. £1	96/3	90/-	3 2 3
135/-	88/9	5	*a*	15	*b* Assoc. Port. Cem. £1	132/6	130/-	3 1 6
111/6	67/-	7½	*a*	15	*b* Bowater Paper £1	108/9	105/-	3 8 7 *v*
56/3	44/1½	2½	*a*	7½	*b* B.I.C.C. £1	55/-	52/-	3 16 11
58/3	35/6	4	*a*	8	*b* Brit. Aluminium £1	57/-	57/-	4 4 3
61/3	47/10½	15†	*c*	5†	*a* Brit. Amer. Tob. 10/-	59/-	58/-	4 10 0
$64½	$51¾	3	*b*	3	*a* Canadian Pacific $25.	$61½	$63	4 6 9
48/9	31/4½	41½	*b*	14 7/16	*a* Decca Record 4/-	45/9*	43/1½*	3 9 7 *v*
33/4½	27/-	4	*a*	10	*b* Dunlop Rubber 10/-	31/6	30/6	4 11 10
87/3	54/1½	4	*a*	8½	*b* English Elect. £1	86/3	82/6	2 18 10
81/-	51/3	4½	*a*	9½	*b* General Elect. £1	75/-	75/-	3 14 8
61/6	38/3	4	*a*	6	*b* Imp. Chemical £1	56/3	55/7½	3 11 11
65/10½	57/9	12½	*b*	8½	*a* Imp. Tobacco £1	63/6	62/-	6 13 7
$142¼	$105¼	$2·90	*c*	$2·90	*c* Inter. Nickel n.p.v.	$132¼	$141¾	3 13 5
77/-	57/6	7½	*a*	10	*b* London Brick £1	76/3	73/9	4 14 11
38/6	26/-	6¾	*a*	15¾	*b* Monsanto Chemicals 5/-	35/3	34/3	3 3 9
81/3	60/3	3½	*a*	14½	*b* Tate & Lyle £1	80/-	79/-	4 1 7 *j*
109/6	72/6	10	*b*	10	*a* Tube Investments £1	105/-	100/-	4 0 0
118/6	95/6	17½	*b*	5	*a* Turner & Newall £1	117/6	115/-	3 18 3
100/6	69/3	6	*a*	9½	*b* Unilever £1	97/6	96/10½	3 5 0
44/1½	34/3	7½	†*b*	1/-	†*b* United Molasses 10/-	45/3	42/3	5 4 7
49/9	34/-	2½	†*a*	27½	*b* Cons. Tea & Lands £1	42/6	42/6	24 11 3
3/4½	1/10½	10	*c*	15	*c* London Asiatic Kbr. 2/-	3/1½	3/1½	9 11 11
63/6	38/9	7½	*a*	20	*b* United Sua Betong £1	57/6	61/1½	9 0 0
					MINES			
9 1/32	7 3/32	20	*a*	50	*b* Anglo-Amer. 10/-	8 13/16	8 15/16	3 18 1
143/3	106/10½	80	*a*	120	*b* De Beers 5/- Bearer	133/9	131/6	7 12 1
126/3	78/9	...		...	Free State Geduld 5/-	86/3	90/-	Nil
70/9	51/7½	10	*b*	10	*a* Randfontein £1	56/3	58/3	6 17 4
10/3	6/8½	24	*c*	28	*c* London Tin 4/-	9/9	9 10½	11 6 10
44½	31½	200	*b*	50	*a* Rhokana £1	45½	45½	5 15 8

New York Closing Prices

	July 20 $	July 27 $		July 20 $	July 27 $		July 20 $	July 27 $
Balt. & Ohio	48	51½	Inter. Paper	106¼	110	Am. Smelting	51½	53¾
Can. Pac.	34½	34½	Nat. Distill.	22⅜	22⅞	Am. Viscose	57½	60¾
N.Y. Cent.	46¼	48¼	Sears Roebuck	99⅛	97⅞	Col. of Am.	23¾	24¾
Pennsyl.	28¼	29⅛	Shell	60⅝	61½	Chrysler	86⅞	89⅞
Amer. Tel.	186¼	186¼	Std. Oil of N.J.	134¼	139½	Gen. Elec.	52⅝	52½
Stand. Gas	9⅝	10	U.S. Steel	52⅝	54⅞	Gen. Motors	125¼	133¾
United Corp.	6⅛	6⅞	Westinghouse	67½	66¾	Goodyear	58⅝	57⅞
W. Union Tel.	24⅝	24	Woolworth	52¼	51⅞	Inter. Nickel	72¼	77⅞

Statistics

The following list shows the most recen date on which each statistica page appeared.

BRITISH		OVERSEAS	
Prices and Wages	July 2nd	Western Europe	
Production and Consumption	July 9th	Production and Trade	July 2nd
Manpower	July 16th	British Commonwealth	July 9th
External Trade	This week	Western Europe	
Financial Statistics	This week	Prices and Money Supply	July 16th
Industrial Profits	July 23rd	United States	This week
World Trade	July 23rd		

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages 1952	1953	1954	1954 April	May	June	1955 Mar.	April	May	June
VALUE											
Imports:											
Total	£ million	289·8	278·6	281·6	284·5	280·5	291·0	365·4	318·0	290·3	294·0
Food, drink and tobacco	"	100·5	109·6	110·9	107·4	107·8	102·2	143·4	119·9	104·7	107·7
Basic materials	"	95·4	87·8	85·4	93·7	86·4	97·8	103·5	92·6	85·5	79·7
Mineral fuels and lubricants	"	28·2	26·1	27·4	28·7	28·4	26·2	35·7	34·6	32·7	38·6
Manufactures	"	64·1	53·6	56·7	53·5	57·0	63·3	80·9	70·1	66·4	67·1
Exports of UK produce:											
Total	"	215·4	215·2	222·9	225·0	229·1	217·9	260·3	244·8	249·4	157·0
Manufactures	"	178·5	174·9	181·0	184·7	187·3	177·2	214·1	202·5	207·1	126·1
Re-exports	"	12·0	8·8	8·4	8·0	9·0	8·7	12·6	8·3	8·3	8·1
Balance of trade (exports *less* imports)	"	− 62·4	− 54·6	− 50·3	− 51·5	− 42·4	− 64·4	− 92·5	− 64·9	− 32·6	−128·9
VOLUME											
Imports	1950=100	103	112	114	117	114	113	140	125	115	...
Exports	"	95	98	104	104	106	101	124	114	117	...
BY AREA											
Imports:											
Dollar area—total	£ million	60·1	52·9	51·6	39·6	48·1	55·3	80·1	66·9	60·5	60·9
" USA	"	26·2	21·1	23·6	17·4	19·6	19·3	39·9	29·9	27·8	26·1
" Canada	"	26·7	25·5	22·7	16·7	23·1	29·4	32·9	30·7	26·8	27·7
Non-sterling OEEC countries	"	71·3	64·0	68·2	63·2	69·3	69·0	79·5	71·4	75·6	77·9
Sterling area	"	119·7	125·3	125·1	146·1	126·7	127·4	160·8	135·4	119·8	120·2
Exports:											
Dollar area—total	"	31·4	33·7	31·3	32·2	32·9	30·7	33·8	35·8	35·2	23·2
" USA	"	15·1	14·3	13·3	13·4	14·0	13·8	16·9	16·3	14·8	12·5
" Canada	"	11·0	13·4	11·3	13·2	13·3	11·0	11·1	11·8	15·2	6·2
Non-sterling OEEC countries	"	58·4	62·2	64·7	66·0	64·1	63·4	77·6	67·1	69·7	53·6
Sterling area	"	107·0	105·8	112·3	112·0	117·3	110·4	131·9	125·2	123·0	71·0
Balance of trade (exports *less* imports):											
Dollar area	"	− 28·7	− 19·2	− 20·3	− 1·4	− 15·2	− 24·6	− 46·3	− 31·1	− 25·3	− 37·7
Non-sterling OEEC countries	"	− 12·9	− 1·8	− 3·5	+ 2·8	− 5·2	− 5·6	− 1·9	− 4·3	− 5·3	− 24·4
Sterling area	"	− 12·7	− 19·5	− 12·8	− 34·1	− 9·4	− 17·0	− 28·9	− 10·2	+ 3·2	− 49·2
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	325·3	335·0	289·1	206·9	155·8	203·5	428·4	381·2	365·4	350·3
Meat	"	45·5	63·1	56·4	67·4	57·4	48·2	85·8	57·9	48·1	39·2
Sugar unrefined	"	164·6	247·4	201·5	212·0	254·7	225·8	268·0	257·4	198·3	197·7
Raw cotton (1)	"	21·8	27·5	30·8	36·4	34·9	35·0	30·8	30·5	25·3	15·4
Raw wool, sheep's and lambs' (1)	mn. lb.	51·9	63·2	51·9	79·0	66·8	69·5	74·2	57·0	60·0	53·6
Rubber natural and synthetic (1)	'000 tons	16·7	18·4	20·7	18·3	17·9	18·1	25·9	21·7	17·7	18·2
Softwood	'000 stds.	85·2	119·1	122·2	78·4	113·5	171·4	106·0	79·7	104·2	125·9
Woodpulp	'000 tons	119·8	133·7	159·9	139·3	177·8	182·4	168·3	172·7	173·5	178·1
Crude petroleum	mn. galls.	494	558	606	653	622	574	623	656	578	698
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,254	1,400	1,351	1,434	1,417	1,331	1,189	1,048	1,271	903
Woven piece-goods—cotton	mn. sq. yds	59	59	53	59	58	49	54	46	45	25
" " wool	'000 sq. yds.	8,143	8,710	8,205	7,552	7,630	7,340	9,085	8,287	8,643	5,522
Passenger cars and chassis	number	25,824	25,181	30,507	33,898	36,459	33,253	35,470	38,233	33,577	22,920
Commercial vehicles and chassis	"	10,636	9,196	10,521	11,052	11,926	10,015	14,191	15,292	12,885	8,854
Agricultural tractors	"	8,746	7,807	8,979	10,085	9,228	9,233	11,565	10,170	10,115	6,449
Machinery—electrical	£'000	4,805	5,023	4,916	4,757	5,501	4,595	5,513	5,642	5,065	2,645
" other	"	29,758	30,003	30,575	32,470	32,685	29,778	35,963	35,161	36,700	21,975
Chemicals, elements and compounds	"	4,352	4,177	4,215	4,424	4,760	4,222	4,762	3,981	5,228	2,535

(1) Retained imports

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1954 prices
	1947-49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	...	41	48	85	100·0	23·86	46·15
1953	110·1	97·0	114·4	112·8	104·8	117·1	117	102	115	195·3	71·69	71·91
1954	110·3	95·6	114·3	112·6	104·3	119·1	120	100	120	229·8	71·86	71·86
1955, February	110·4	93·1	114·3	110·8	103·4	119·6	120	100	120	281·0	74·74	75·04
„ March	110·0	92·1	114·3	110·8	103·2	119·6	120	101	119	279·6	75·11	75·41
„ April	110·5	94·2	114·2	111·2	103·1	119·5	...	...	...	286·8	74·96	75·34
„ May	109·9	91·2	114·2	111·1	103·3	119·4	...	...	...	289·0	76·30	76·68
„ June	110·3	91·8	...	...	...	...	...	...	...	302·9	76·11	...

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rates	Total industrial production	Manufacturing production: Durable goods: Total	Durable goods: Metals	Durable goods: Vehicles, etc.	Non-durable goods: Total	Non-durable goods: Textiles, clothing	Non-durable goods: Chemicals and petroleum products	Building: New construction, seasonally adjusted annual rates	Civilian employment: Total labour force	Civilian employment: Total employment	Unemployed as % of labour force
	$ billion	Index 1947-49=100; seasonally adjusted							$ billion	thousands		% rate
1939	91·1	58	49	53	48	66	80	...	8·2	55,230	45,750	17·2
1953	364·5	134	153	132	189	118	107	142	35·3	63,815	62,213	2·5
1954	360·5	125	137	108	175	116	100	142	37·6	64,468[1]	61,238[1]	5·0[1]
1955, February	375·3[2]	133	147	131	193	121	105	151	41·4	63,321[1]	59,938[1]	5·3[1]
„ March		135	148	136	195	124	109	153	41·3	63,654[1]	60,477[1]	5·0[1]
„ April		136	151	138	197	125	112	155	41·9	64,647[1]	61,685[1]	4·6[1]
„ May	383·0	138	153	140	201	127	113	159	42·4	65,192[1]	62,703[1]	3·8[1]
„ June		139	153	137	195	128	114	161	42·0	66,696[1]	64,016[1]	4·0[1]

TRADE

	Personal consumption Annual rates	All business[2]: Sales	All business[2]: Stocks	Total retail[2]: Sales	Total retail[2]: Stocks	Imports for US consumption: Total	Imports: Crude materials	Imports: Semi-manuf'res	Exports of US merchandise: Total	Exports: Finished goods	Volume of trade: Imports	Volume of trade: Exports
	$ billion; seasonally adjusted					$ million					1936-38=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	94	113
1953	230·6	48·4	80·3	14·2	22·7	898	217	224	1,304	911	158	262
1954	236·5	46·7	76·9	14·2	22·1	853	200	193	1,247	811	146	253
1955, January	245·8	48·7	76·9	14·9	22·2	862	202	199	1,155	695	149	234
„ February		48·9	77·3	14·8	22·4	844	204	209	1,219	742	145	249
„ March		50·7	77·5	15·1	22·6	1,005	254	230	1,328	822	173	269
„ April		50·9	77·7	15·3	22·8	873	225	211	1,249	803	150	253
„ May	249·5	51·6	78·3	15·3	23·0	949	...	...	1,298	...	...	...
„ June		...	...	15·3	...	...	...	...	...	...	...	...

PURCHASING POWER AND FINANCE

	Personal income: Total	Personal income: Labour income	Personal income: Farm income	Consumer credit: Total	Consumer credit: Instalment	Banking statistics[3]: Investments	Banking statistics[3]: Loans	Budget expenditure[4]: Total	Budget expenditure[4]: Surplus or deficit	Bond yields: 3-month Treasury bills	Bond yields: Taxable Govt. bonds	Bond yields: Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	− 3·9	0·023	...	3·03
1953	286·2	204·6	12·3	29·54	22·19	78·1	67·6	74·3	− 9·4	1·931	2·93	3·20
1954	287·6	202·8	12·0	30·13	22·47	85·3	70·6	67·8	− 3·1	0·953	2·53	2·94
1955, January	292·2	206·1	11·7	29·76	22·44	85·7	70·6	4·9	− 0·3	1·257	2·65	2·93
„ February	293·2	207·1	11·7	29·52	22·51	83·6	71·2	4·8	+ 0·6	1·177	2·72	2·99
„ March	295·7	209·4	11·1	29·95	22·97	81·2	72·3	5·9	+ 3·8	1·335	2·71	3·03
„ April	298·9	211·5	11·4	30·66	23·51	82·6	72·9	5·2	− 1·5	1·620	2·77	3·01
„ May	301·1	214·0	10·8	31·57	24·15	81·6	73·9	5·4	− 0·9	1·491	2·75	3·04
„ June	...	...	...	...	...	...	...	...	...	1·432	2·76	3·05

(1) Figures calculated on the basis of a new and larger sample. (2) 1939 figures not strictly comparable with rest of series: stocks are at end of period. (3) All commercial banks. (4) Annual figures are totals for the fiscal year ended June 30th. (5) First quarter

Financial Statistics

EXCHEQUER RETURNS

For the week ended July 23rd there was an "above-line" surplus (after allowing for Sinking Funds) of £11,515,000 compared with a deficit of £333,000 in the previous week and a surplus of £9,864,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £15,231,000, bringing the total cumulative deficit to £333,422,000 (£275,838,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to July 24 1954	April 1, 1955 to July 23 1955	Week ended July 24, 1954	Week ended July 23, 1955
Ord. Revenue					
Income Tax	1877,400	295,495	306,459	16,982	21,335
Surtax	136,000	24,300	22,300	800	700
Death Duties	185,000	36,100	58,500	3,200	3,500
Stamps	74,000	21,100	21,900	1,300	1,600
Profits Tax & EPT	180,000	43,600	51,200	3,600	4,400
Excess Profits Levy	25,000	27,800	10,500	4,200	300
Special Contribution and other Inland Revenue	1,000	450	150	...	...
Total Inland Rev.	2478,400	468,845	471,009	30,082	31,835
Customs	1131,700	347,329	351,709	17,682	19,793
Excise	796,050	196,510	202,955	8,030	4,430
Total Customs and Excise	1927,750	543,839	554,664	25,712	24,223
Motor Duties	80,000	10,201	11,914	...	130
O (Net Receipts)	...	...	...	...	...
Broadcast Licences	25,000	3,850	4,300	...	...
Sundry Loans	24,000	5,842	6,160	...	...
Miscellaneous	175,000	35,963	19,693	457	52
Total	**4710,150**	**1068,539**	**1067,740**	**56,251**	**56,240**
Ord. Expenditure					
Debt Interest	600,000	149,542	164,670	...	...
Payments to N. Ireland Exchequer	53,000	13,057	15,255	...	...
Other Cons. Fund	10,000	3,828	4,852	497	370
Supply Services	3862,875	1029,075	997,975	45,140	43,945
Total	**4525,875**	**1195,502**	**1182,732**	**45,637**	**44,315**
Sinking Funds	36,000	9,623	8,465	750	410
"Above-line" Surplus or Deficit	— **136,586**	— **123,456**	+ **9,864**	+ **11,515**	
Below-line" Net Expenditure*	139,252	209,966	12,465	15,231	
Total Surplus or Deficit	— **275,838**	— **333,422**	— **2,601**	— **3,716**	
Net Receipts from:					
Tax Reserve Certificates	138,686	34,884	979	527	
Savings Certificates	4,800	11,900	200	200	
Defence Bonds	– 7,977	1,266	112	24	

* Since end September, 1954, the capital expenditure of the Post Office has been charged directly on the Exchequer instead of being financed from the Savings Funds) and is subsequently included in "below-line" expenditure and the total deficit. As at July 23rd this item stood at £17,200,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
July 24	3,270·0	1,492·2	281·6	...	5,043·9
1955					
April 23	3,240·0	1,765·2	315·9	...	5,321·0
„ 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
„ 14	3,270·0	1,760·7	275·8	0·8	5,307·2
„ 21	3,270·0	1,768·8	295·7	...	5,334·5
„ 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
„ 11	3,240·0	1,903·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
„ 16	3,260·0	2,020·0	293·8	...	5,573·7
„ 23	3,270·0	2,019·6	286·1	...	5,575·7

THE MONEY MARKET

The new measures announced by the Chancellor of the Exchequer on Monday have not been accompanied by any change in official policy in the money market. The Bank of England continues to keep the market on a tight rein. On the first three days of this week the discount houses were continuously in the Bank, despite a moderate amount of special purchases. The amount of penal borrowings was only very small on Monday and Tuesday; on Wednesday it was slightly larger, partly because repayments were also larger than on the two preceding days.

Despite the sustained stringency of recent weeks, the market again made no change in its bid of £99 0s. 2d. per cent at the Treasury bill tender on Friday last. The offer at the tender was down by £20 million, at £240 million, and as applications fell by £22 million, to £361.4 million, the market's allotment was unchanged, at 55 per cent.

Turnover in the London gold market has been fairly active in the past week. The price at the fixing fell sharply from 251s. 9½d. a fine ounce on Monday to 251s. 2d. on Wednesday, in sympathy with the rally in sterling.

The Bank return shows an outflow of notes for holiday spending of £15.9 million in the week to Wednesday last, against an outflow of £14.5 million in the corresponding week of 1954. In the past four weeks together the total efflux has amounted to £68.4 million, over £10 million more than last year.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
		Bank bills: 60 days	4
		3 months	4
Deposit rates (max)		4 months	4
Banks	2½	6 months	4-4½
Discount houses	2½*		
Money Day-to-day	2½-4½	Fine trade bills:	
Short periods	2½-4½	3 months	4½-4¾
Treas. bills 2 months	3 11/16	4 months	4½-4¾
3 months	3 11/16	6 months	4¾-5¼

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 July 28	1955 July 20	1955 July 27
Issue Department:*			
Notes in circulation	1,715·8	1,845·0	1,860·9
Notes in banking dept.	34·5	30·3	14·5
Govt. debt and securities*	1,735·3	1,871·2	1,871·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	14·8	21·8	13·6
Treasury special account	10·2	2·0	2·2
Bankers	269·1	245·4	240·8
Others	71·3	67·5	68·8
Total	365·4	336·7	325·4
Securities:			
Government	324·9	278·3	290·2
Discounts and advances	8·2	28·3	21·0
Other	13·8	15·7	15·7
Total	346·9	322·3	326·9
Banking department reserve	36·8	32·7	16·9
" Proportion "	% 10·0	% 9·7	% 5·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,875 million from £1,825 million on July 20th, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment: s.	d.	Allotted at Max. Rate* %
1954						
July 23	230·0	423·1	230·0	31	2·52	34
1955						
April 22	230·0	585·2	230·0	77	1·08	39
„ 29	220·0	580·3	220·0	77	11·45	39
May 6	230·0	584·8	230·0	78	3·59	41
„ 13	230·0	582·4	230·0	78	4·69	46
„ 20	240·0	575·6	240·0	78	4·64	50
„ 27	250·0	589·9	250·0	78	4·37	48
June 3	250·0	570·5	250·0	78	11·80	52
„ 10	260·0	378·6	260·0	79	7·53	53
„ 17	260·0	365·6	260·0	79	5·17	65
„ 24	270·0	380·5	270·0	79	4·52	58
July 1	290·0	383·8	290·0	79	4·87	67
„ 8	280·0	403·8	280·0	79	4·60	56
„ 15	260·0	383·4	260·0	79	4·88	55
„ 22	240·0	361·4	240·0	79	4·98	55

On July 22nd tenders for 91 day bills at £99 0s. 2d. secured about 55 per cent of the sum applied for: higher tenders were allotted in full. The offering yesterday was for a maximum amount of £240 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates July 22	Market Rates: Spot July 21	July 22	July 23	July 25	July 26	July 27
United States $	2·78-2·82	2·78 3/8-2·78 1/8	2·78 3/8-2·78 1/8	2·78 3/8-2·78 1/8	2·78 3/8-2·78 1/8	2·78 3/8-2·78 7/8	2·79-2·79 1/8
Canadian $	...	2·73 13/16-2·73 11/16	2·73 5/8-2·73 3/8	2·73 5/16-2·73 3/16	2·73 1/4-2·73 1/8	2·74 1/4-2·74 3/8	2·74 1/4-2·74 3/8
French Fr.	972·65-987·35	973-973 1/4	972 1/2-973	972 1/2-973	972 7/8-973 1/8	973-973 1/4	973 1/2-974
Swiss Fr.	12·15 1/8-12·33 7/8	12·15 1/8	12·15 3/8	12·15 1/8-12·15 5/8	12·15 1/2-12·16 1/8	12·16 3/8-12·17	12·18 1/8-12·18 1/2
Belgian Fr.	138·95-141·05	139-22 1/4	138·95-	138·95-	139-02 1/2	139-20-	139·37 1/2-
		139-27 1/2	139·05	139·05	139-07 1/2	139-25	139-42 1/2
Dutch Gld.	10·56-10·72	10·60 3/8-10·61	10·58 1/2-10·59	10·57 -10·57 1/2	10·58 1/2-10·58 3/4	10·60 7/8-10·61 1/8	10·61 7/8-10·62 1/8
W. Ger. D-Mk.	11·67 7/8-11·84 11/16	11·67 5/8-11·67 3/4	11·67 3/8-11·67 5/8	11·67 3/8-11·67 5/8	11·68 -11·68 1/4	11·69 1/4-11·69 1/2	11·70 1/2-11·71
Portuguese Esc.	79·90-81·10	79·95-80·10	79·90-80·05	79·90-80·05	79·90-80·05	79·90-80·05	79·90-80·05
Swedish Kr.	14·37 1/8-14·59 3/8	14·38 1/2-14·39	14·37 1/2-14·38 1/4	14·37 1/2-14·37 3/4	14·38 3/8-14·38 7/8	14·40 -14·40 1/4	14·40 3/8-14·41
Danish Kr.	19·19 1/2-19·38 1/2	19·33 1/2-19·34 1/4	19·33 1/2-19·33 3/4	19·33 1/4-19·33 1/2	19·33 1/2-19·34	19·33 3/4-19·34	19·33 3/4-19·34
Norwegian Kr.	19·85-20·15	20·00 1/2-20·00 3/4	20·00	20·00 1/2	20·00-20·00 1/4	20·00 1/2-20·01	20·00 1/2-20·01
One Month Forward Rates							
United States $		7/8-7/16c. pm	1-7/16c. pm	1 3/8-1 5/16c. pm	1 1/4-1c. pm	7/8-7/16c. pm	7/8-5/8c. pm
Canadian $		11/16-5/16c. pm	1 1/16-5/16c. pm	1 1/8-1c. pm	7/8-7/16c. pm	7/8-5/8c. pm	13/16-5/8c. pm
French Fr.		1/4 pm-1/4 dis	1/4 pm-1/4 dis	1/4 pm-1/4 dis	1/4 pm-1/4 dis	1/4 pm-1/4 dis	1/4 pm-1/4 dis
Swiss Fr.		3 1/4-3c. pm	4-3c. pm	4-3c. pm	4 3/4-4 1/4c. pm	4 3/4-4 1/4c. pm	4 1/4-4c. pm
Belgian Fr.		1/4-1/4 pm	1/4-1/4 pm	1/2-1/2 pm	1/2-1/2 pm	1/2-1/2 pm	1/2-1/2 pm
Dutch Gld.		3 1/4-2 3/4c. pm	3 1/4-2 3/4c. pm	3 1/2-3c. pm	3 1/2-3c. pm	3 1/2-3 1/4c. pm	3 1/2-3 1/4c. pm
W. Ger. D-Mk.		2 1/4-1 1/4pf. pm	3-2pf. pm	3 1/2-2 1/2pf. pm	3 1/2-2 1/2pf. pm	3 1/2-3pf. pm	3 1/4-2 3/4pf. pm
Swedish Kr.		1/6 pm-par	1/6 pm-par	1/6 pm-par	1/6 pm-par	1/6 pm-par	1/6 pm-par
Danish Kr.		1/6 pm-1/6 dis	1/6 pm-1/6 dis	1/6 pm-1/6 dis	1/6 pm-1/6 dis	1/6 pm-1/6 dis	1/6 pm-1/6 dis
Norwegian Kr.		1/6 pm-1/6 dis	1/6 pm-1/6 dis	1/6 pm-1/6 dis	1/6 pm-1/6 dis	1/6 pm-1/6 dis	1/6 pm-1/6 dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/9 3/4	251/9 1/2	...	251/9 1/2	251/7 1/2	251/2

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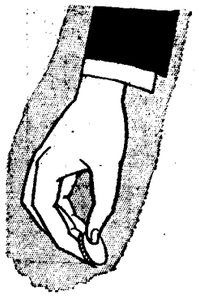

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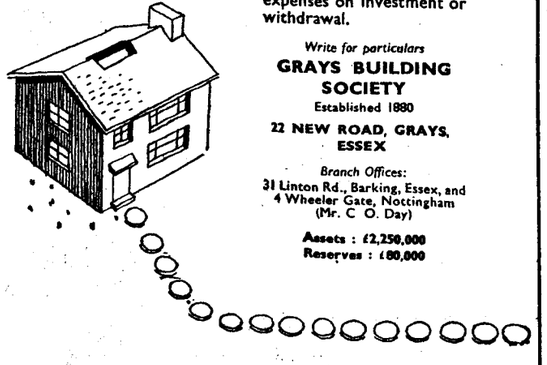

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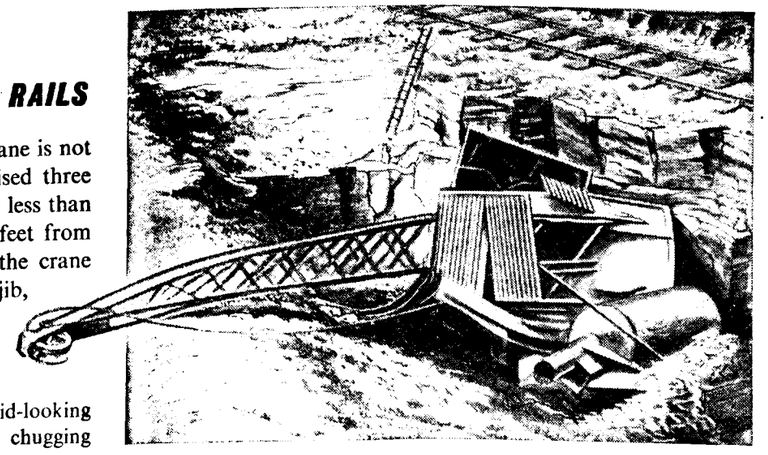

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COMPANY MEETINGS

FINANCE CORPORATION FOR INDUSTRY

THE YEAR'S ACCOUNTS—A METAMORPHOSIS EXPLAINED

JUSTIFICATION OF BOARD'S POLICY

CORPORATION EFFECTIVELY FILLING GAP IN FINANCIAL MECHANISM

BRITAIN'S PRECARIOUS ECONOMIC AND FINANCIAL POSITION

LORD BRUCE ON SOME HARSH AND INESCAPABLE FACTS

The tenth annual general meeting of The Finance Corporation for Industry Limited was held on July 26th in the Conference Hall of the Chartered Insurance Institute, 20 Aldermanbury, London, EC.

The Right Honourable Viscount Bruce of Melbourne, PC, CH, MC, FRS, the chairman, who presided, said:

Gentlemen, before we proceed with this annual general meeting, I am sure it would be your wish that I should convey to Lord Clitheroe our congratulations upon the well-merited honour that Her Majesty has conferred upon him.

Shareholders will possibly have been surprised when they studied the report and accounts for the past year.

In the previous accounts the whole of the *surplus income* for the year—£2,652,474—was written off investments. Nothing was placed to reserve, the carry forward was not increased, practically no income tax was paid and there was no dividend.

The accounts before you show £126,008 written off preliminary expenses, £250,000 transferred to investment reserve, a dividend of 6 per cent proposed on the paid-up share capital and £453,483 provided for taxation on the profit for the year. The carry forward is increased from £74,926 to £179,367.

This metamorphosis must have appeared even more startling to shareholders in that the press a few months ago gave full publicity to the fact that the price at which we sold our interest in Petrochemicals to the Shell Company was much less than our investment in the Petrochemicals Company. This showed that we had incurred a substantial loss in respect to our advances to this Company.

EXPLANATION OF ALTERED POSITION

Having regard to these facts it is desirable that I should explain to shareholders how this altered position has come about.

In our accounts last year, owing to the impossibility of determining the value of some of our investments, a note was inserted on the Balance Sheet which read as follows:

"Investments by way of loans and participations in 'other companies' include interests in companies in the development stage the value of which cannot yet be assessed."

In view of that position your Directors felt compelled last year to use the whole of the surplus income in writing down the value of the investments falling into this category.

The two important cases were our investments in Petrochemicals and Murgatroyd's.

During the past year, however, we have disposed of all our interests in Petrochemicals and of our shares in Murgatroyd's. In the case of Murgatroyd's we sold our Equity interest to the Distillers Company and Fisons on a 50-50 basis. The amount we received was sufficient to cover the amount at which the investment stood in our books. The Corporation still has a substantial holding of Loan Stock in this Company.

PETROCHEMICALS

In the case of Petrochemicals we disposed of the whole of our interests to the Shell Company. The agreed price was sufficient to cover the figure at which these investments stood in the Corporation's books, although it should be noted that £360,000 of this has been retained by the Shell Company as I shall explain further on.

The position, therefore, is that during the year we have disposed of the two investments "by way of loans and participations in other companies" to which reference was made in the note on the audited Balance Sheet last year and this year our investments are taken in at cost.

As the Corporation does not now hold any investments which your Directors feel it necessary to write down, the whole of the profit for the year is available for the purposes to which I have indicated it has been applied.

I think that the achievement of this position is a justification of the policy that your Directors have pursued in the past. By such a policy I also suggest they have fulfilled and are fulfilling the purpose for which the Corporation was formed, namely to finance new industries or the expansion of old industries which are in the interest of the national economy and for which the necessary finances cannot be found through the ordinary channels.

MURGATROYD'S

Murgatroyd's is a salt and chlorine venture. Chlorine is one of the basic requirements of the chemical industry. The F.C.I. came to the assistance of Murgatroyd's at a time when the need for Chlorine was not as fully recognised as it is today. The expansion in its production is vital to the national economy and Murgatroyd's make a considerable contribution to these requirements. Under the joint control of Distillers and Fisons I am confident it will further expand and we shall be ready to do what we can to assist in finance for that further expansion if called upon to do so.

In the case of Petrochemicals, the Company can now go forward under the direction and control of the Shell Company, who have both the finance and the technical skill to develop the enterprise to the maximum possible point and I believe we have built something of great value to the British economy.

It is true that in doing so we have incurred a very considerable loss. The alternative, however, appeared to be that we would have to find several millions of additional capital for further development and expansion. This inevitably would have led to an ever-deepening measure of direct control and increasing responsibility for the technical side of the business. Taking everything into consideration, your Board are satisfied that they have acted in the best interest of the Corporation, the Company and the national economy in accepting the offer made by the Shell Company.

THE FIRST TEN YEARS

With the presentation of these accounts we complete the first ten years of the Corporation's history. It appears a suitable occasion to review the happenings of this period and examine where we now stand.

Our starting point in such a review should I think be to consider the atmosphere in which the Corporation was formed.

The underlying thought behind its creation was that there was a gap which none of the existing financial facilities available in London could fill. The existence of this gap was not universally recognised and many people had doubts in their minds as to its existence. I was one of them. I accordingly made a stipulation when asked to accept the Chairmanship that if I came to the conclusion there was no gap I would be at liberty to resign and not be regarded as deserting the ship.

I, however, soon came to the conclusion that there was a gap. This was first brought home to me in respect of the Steel Company of Wales. Some £50 million of new capital was required. The considered opinion of the City was that only £15 million of that £50 million could be found by a public issue and as a result £15 million of first Debentures were placed on the market. After somewhat prolonged negotiations between the Company, the Issuing Houses and your Corporation, we provided the other £35 million in a second position. Without the intervention of your Corporation, I am convinced this great adventure, which has proved so successful, could not have been financed.

The conclusion I arrived at after taking over has been continuously strengthened. I will give you one or two examples.

One is where monies needed by well established people for expansion are not required as permanent capital because it is anticipated that they can be repaid over a relatively short term out of profits. We recently undertook to advance £15 million to one of the large Steel Companies on such a basis.

Another is where our services are needed in the case of the small business with great potentialities but which has still to prove itself.

An outstanding instance of this is the case of Perkins Diesel Engines. For the development of this enterprise, which was then quite small, your Corporation found £1½ million. Ultimately the Company reached the stage at which it was possible to replace the F.C.I. Loan by permanent capital from the public and in the process your Corporation obtained valuable share interests which in their realisation have proved extremely proficable.

These examples which I have given you will, I hope, convince you—as they have convinced me—that there was a gap in the financial mechanism and that your Corporation is carrying out a useful role in filling it.

MANDATE SCRUPULOUSLY ADHERED TO

Having dealt with these points, I now revert to our early history. At the inception of the Corporation we were regarded with considerable suspicion by the existing finance channels in the City. They feared that as a result of our coming into the field they would be subjected to unfair competition in their work of providing finance which they had so long and successfully carried out. I am happy to say that I believe all those doubts and suspicions have disappeared and that it is recognised that we scrupulously adhere to our mandate of providing assistance only where the necessary finance cannot be found through the ordinary channels. We have also rigorously observed the condition that we should provide finance only where we are convinced that the venture is one that it is in the interests of the national economy to develop.

Having reached a decision that such a venture is of this character, we then endeavour to give it every possible chance of success by keeping our turn on interest rates as low as possible. At the same time, however, we take steps to ensure that in the event of great success being achieved we shall receive some reward for the initial risks involved. This generally takes the form of conversion rights into the equity but occasionally direct investments in ordinary shares have been made.

The soundness of this policy has been demonstrated by the fact that we have been able to apply the profits so arising in writing down losses on other investments. The most striking instance is, of course, the case of Petrochemicals.

The largest contributors to the success of this policy have been the Steel Company of Wales, in which we secured option rights, and F. Perkins, Limited, where we had both an original shareholding and an option. I reiterate to you what I have said on a previous occasion—that the compensation we received in respect to our rights in the Steel Company of Wales of which we were deprived was not a windfall due to nationalisation. While I think the compensation was a fair and reasonable sum, it is my opinion that had there been no nationalisation the value of our option rights would have exceeded the sum we received.

During the ten years of our existence we have made or undertaken to make advances to an aggregate amount of £125 million. When it is remembered that under our Charter we can make advances only where the finance cannot be obtained from any other source, it is I think a matter for congratulation that after our ten years of operation our resources are intact, we have started building reserves and have been able to recommend a modest dividend.

THE ACCOUNTS

I now turn to the accounts themselves.

At earlier meetings I have with what now appears to be unfailing regularity pointed out that by virtue of the time factor involved in practically all the projects with which we have become associated the outgoings of this Corporation have of necessity exceeded the amounts coming back.

Two years ago at our Annual Meeting, after stressing this fact, I uttered a warning that with a continuance of this process the time was not far distant when we would have to restrict our lending even for the most worth-while projects.

The happenings of the last twelve months make it desirable that I should qualify what I then said.

During the year under review our incomings have exceeded our outgoings by some £5 million. This was mainly due to the realisation of our holdings in Petrochemicals and the sale of our shares in Murgatroyd's to which I have already referred. Since the end of the financial year we have received a repayment of some £8 million in respect to one of our advances. This repayment has been made in advance of the due date. That this could be done results from the policy that your Board has pursued of making it possible for a loan to be repaid before the due date if the borrower desires.

This policy stems from the fundamental conception of the function of your Corporation. It is to provide assistance to worthwhile projects which cannot obtain the required finance through the ordinary channels. If and when, either from its own resources or by recourse to the market, it can ensure its requirements, FCI can be repaid and the money made available to FCI to render assistance in other directions.

The result of these transactions is that over the past twelve months incomings have exceeded outgoings, and the position of which I gave warning two years ago has receded for the time being. Moreover, at the present moment it appears that repayments for the present year will again exceed outgoings. On this point, however, I am not prepared to express a definite opinion. It must depend upon the calls made upon us. There are indications that they may be heavy.

BALANCE SHEET FEATURES

I now turn to the Balance Sheet.

Loans to Companies controlled by the Iron and Steel Holding and Realisation Agency have remained the same but loans and participations in other Companies have fallen by approximately £5 million.

New business during the year amounted to £18¼ million.

At March 31st last the position as regards investments and commitments, excluding the £36,275,000 loans to Companies controlled by ISHRA, was £50,382,282, as against £40,919,639 the year previously. As I have already told you, your Board are satisfied that no provision is now required in respect to any investments remaining in the Corporation's portfolio and as a result, the wording of the Balance Sheet has been changed. Last year the figure of investments in other Companies at March 31, 1954, was at cost less amounts written off. This year the investments appear at cost. The quoted shares shown separately on the Balance Sheet, as required by the Companies Act, were not acquired during the year but are certain shares we already held and for which a quotation on the London Stock Exchange was obtained during the year.

Income tax recoverable is lower than it was a year ago, due of course to the changed circumstances of the Corporation's Profit and Loss Account about which I have already spoken.

The only other point with regard to the Balance Sheet with which I propose to deal is Note 2, which refers to £360,000 which may later become recoverable, in whole or in part, in respect to certain investments realised during the year.

This is part of the arrangement made with the Shell Company and represents a sum of money retained by them—as is normal in such deals—in case experience should bring to light defects in the Partington Plant not apparent to either party at the time of the sale. We have no reason to anticipate that this will happen and to the extent that it does not by March 31st next the money will be paid over to the Corporation and will then be brought to the credit of the Profit and Loss Account

PROFIT AND LOSS ACCOUNT

From the Profit and Loss Account you will see that interest and dividends from investments less interest on advances from Banks show a satisfactory increase and this has been maintained despite the changes in the Bank Rate during the year.

The amount of the net surplus on realisation of investments, engagement fees and other income is also satisfactory and arises in the main from the sale of certain investments, notably Perkins Shares we had acquired as a result of past operations. I must, however, remind you that unlike the interest we receive on our advances the balance on this account must fluctuate considerably from time to time.

On the debit side of the Profit and Loss Account administrative and other expenses, expenditure upon furniture, equipment, alteration to premises and Directors' fees, are in the aggregate comparable and indeed show some reduction on the figures of a year ago.

We are then left with the net profit for the year of £497,699, the appropriation of which I referred to at the beginning of my remarks.

NATIONAL ECONOMIC POSITION

Over the years since I became Chairman, after reviewing the accounts, I have ventured at our Annual Meeting—owing to the Corporation's close link with the national economic position—to make some observations of a more general character with regard to the national and international financial and economic position.

That practice I propose to continue today. In doing so I must make it clear—as I have on previous occasions—that I and I alone am responsible for the views expressed.

Twelve months ago I expressed the apprehensions I felt as to Britain's economic position. I gave my reasons for these anxieties. I even ventured to suggest that unless action was taken Britain was heading for serious trouble. My observations bore no fruit.

Notwithstanding my gloomy predictions in respect of our external position, we have enjoyed another year of marked internal prosperity, with full employment, rising wages and profits and booming stock exchanges.

At the risk of being regarded as a prophet of gloom and an incurable pessimist, I propose to reiterate the warning I uttered twelve months ago.

I am encouraged to do so by a speech the Chancellor of the Exchequer recently made. Not the statement he made yesterday—which in my view indicates too great a reliance on monetary policy and too little appreciation of the necessity to arouse the people to the dangers that confront us. The speech to which I wish to refer was one made to the National Production Advisory Council on Industry. In that speech, according to *The Times* Report, the Chancellor of the Exchequer said:

"If British costs and prices rose faster than those quoted in the US and Germany, we would have to accept the consequences—a reduced share of world trade and a check to hopes of a steady rise in our standard of living. The evidence we have suggests that this is a very real danger."

This is almost identical with what I said at our meeting twelve months ago, save that the Chancellor goes no further than saying that the result of our not maintaining our position in world trade "would result in a check to hopes of a steady rise in our

standard of living," whereas I was and am convinced that the result would be infinitely more serious.

THE FOUR MOST IMPORTANT FACTORS

I now propose to give you some of the facts which in my opinion support the views I held and hold as to the consequences.

In doing so, I will deal with what I suggest might be taken as the four most important factors in relation to our national economic and financial position. They are—

Our Gold and Dollar Reserves.
Our Balance of Payments.
Our Exports and Imports.
Our Competitive Position.

There is no division of opinion that our gold and dollar reserves are inadequate. Equally it is agreed that it is imperative that they should be increased.

Figures are regularly issued in regard to the reserves and I have read many comments from responsible quarters upon them. The impression left on my mind by those comments has been that things were going well. An examination of the figures, however, hardly bears out this impression.

At the end of June, 1954, our gold and dollar reserves stood at £1,078 million. By March, 1955, they had fallen to £953 million. They have subsequently recovered, but only very slightly. At the end of June, 1955, they stood at £957 million.

These figures show that in the period of twelve months from June, 1954, to June, 1955, our gold and dollar reserves, so far from being strengthened, fell by £121 million or some 11 per cent.

In face of these figures we have to admit that over the past year we have failed in our objective of building up our reserves to a more adequate figure.

URGENT NEED FOR INCREASED EXPORTS

The precarious position in relation to our balance of payments has again been evident in recent events.

For the first half of 1954, without taking into account the USA Defence Aid, we had a favourable balance of £148 million. For the second half of 1954, however, the comparable figures showed an adverse balance of £38 million. A further large deficit appears to have occurred in the first half of this year.

The deficit in the second half of 1954 was reduced by United States Defence Aid of £26 million. In the first six months of this year the deficit was reduced by some £33 million of similar Aid.

Even allowing for the relief afforded by United States Aid—and we would not desire, nor can we expect, an indefinite continuance of such assistance—the position cannot be regarded as satisfactory.

An analysis of the figures shows that the deterioration in the position has come about owing to a relatively great increase in the volume of our imports and a worsening of the terms of trade. We may I think reasonably hope for an improvement in the terms of trade. We cannot however anticipate a substantial reduction in the volume of our imports in future years if we are to maintain our production—let alone expand it as we should—and safeguard our standard of living.

This being the position we have to recognise that the only answer to the problems of our gold and dollar reserve and balance of payments is to increase our exports.

This need is accepted by everyone. The increasing difficulty in reaching our objective is not, however, so clearly recognised.

Since the war we have greatly increased our exports. What we have accomplished affords grounds for satisfaction and reflects the greatest credit on all those responsible not only for our visible exports—the great exporting industries—but for our invisible exports—shipping, insurance, finance and tourism.

STEADILY INCREASING COMPETITION

We have to remember, however, in considering what we have accomplished that we were assisted by a sellers' market for some years after the war, stockpiling since the Korean war and the absence of Germany and Japan as serious competitors. Now these first two favourable factors have largely disappeared and we are faced with increasing competition from Germany and Japan—particularly Germany.

It is essential that we should realise how serious that competition is. Before the war Britain and Germany each had roughly a 20 per cent share in world exports of manufactured goods. In 1951 Britain's share was 21 per cent and Germany had built up her share to 9 per cent. In 1954 Britain's share had declined to an estimated 19 per cent and Germany's share had expanded to an estimated 14 per cent.

These facts are even more significant when it is realised that Britain's export of manufactured goods declined in 1952 and 1953. There was no expansion in these years in world trade and it is clear that Britain's shrinkage was to a considerable extent due to Germany's expansion.

Britain increased her exports in 1954, notwithstanding a continuance of German expansion. This however was not due to any increase in our competitive power but because world trade in manufactured goods rose by about 9 per cent in value in that year. Unless world trade continues to expand it is difficult to envisage successive increases in British exports in future years.

There was no sign in 1954 that Britain was improving her competitive position vis-à-vis Western Germany. Neither our manufacturing production nor our productivity rose as fast as in Germany. Our wages rose faster than in Germany and our average export prices were not reduced so rapidly. These facts are significant and must bring home to us how serious is the German threat to our export trade.

I have dealt with the German position at some length, because I think it best illustrates the point I am trying to make. At the same time we must not overlook Japan and the United States. Japan is progressively becoming a more serious competitor in world markets. The USA, if she is to avoid unemployment, must continue to export on the scale of recent years—which I would remind you is far in excess of her pre-war performance.

When we consider all these facts in relation to our need—which is accepted by everyone—to increase further our exports I submit I am not taking a pessimistic but a realistic view of the position which faces us.

PUBLIC UNAWARENESS OF SERIOUS POSITION

If these facts were understood by the general public and if they realised how precarious is the position in which we find ourselves and how serious is the threat to employment and the standard of living which we have so laboriously created over the years, I believe the whole atmosphere would be changed and many of the happenings of recent months would not be tolerated.

For example, the series of strikes have not only held up our exports—with incalculable effects on the minds of our overseas customers as to our capacity to fulfil orders placed with us on time—but have brought in their train a weakening of our competitive power just at the time it is being most seriously challenged in world markets.

Equally disturbing is the threat the strikes constitute to responsible trade unionism, upon which so much of the industrial life of this country depends.

That the people do not understand how serious is our economic position is due in my opinion to the fact that our leaders, particularly in the political field, have not told them the harsh and inescapable facts in language that would be understood by all.

It is true that from time to time warnings are uttered. I have already quoted one that was recently given by the Chancellor of the Exchequer. This, however, was addressed to a body who fully realise the position, and not to the people as a whole in language understandable by all.

Equally, many Trade Union leaders have given voice to their apprehensions. My point, however, is that the situation requires more than spasmodic utterances by individuals. It needs a concerted drive by the Government, the Employers and the Trade Unions to bring home the danger that faces us.

The position was admirably summarised to me by a working man, who was very worried and had a better grasp of our economic position than many I have talked to in high places. The statement was that just when the workers were brought to the point of realising the seriousness of the position and the necessity for a maximum production effort, along came a Minister with a soothing-syrup statement that everything was going well.

THE REAL QUESTION

It is not, however, enough to criticise. The real question is what are we going to do?

The first essential to my mind is to make the people as a whole understand how precarious is our economic and financial position and how vitally their employment and standards of living depend upon how we face it. This is a considerable task and can only be accomplished if it is brought home to the people with an authority that cannot be challenged what is the position and what we must do to face it.

In my view we now have a great opportunity of bringing this about. We have a Prime Minister who, irrespective of Party Politics, enjoys the confidence and trust of the whole of the people. We have a Minister of Labour who everyone realises has no real political affiliations or ambitions and whose only desire is to serve the Nation. He has the further great advantage that by his handling of the many difficult situations that have confronted him during his tenure of office he has won the esteem and good will of the leaders of both employers and trade unions.

I greatly welcome the action recently taken by these two Ministers in holding conversations with these leaders, with a view to improving relations in industry. Might not these conversations go even further, with the objective of arriving at agreement on a joint statement which would bring home to the people the facts which I have suggested it is vital they should appreciate and which would have the authority which is essential?

It would also, I believe, destroy the dangerous belief held in many quarters that full employment can be maintained solely by national policies of Individual Government and demonstrate that only through efficiency and increased competitive power lies our salvation.

A statement such as I have indicated by bringing these facts home would greatly strengthen the very many admirable efforts to which I referred last year—such as those of the Anglo-American Council on Productivity and of the British Productivity Council to achieve these objectives.

It is vital to our future that we should increase production and reduce costs. A year ago I commended to you and, through the medium of the report of this Meeting, to the general public, consideration of a policy based on Mr Harry Ferguson's arguments for co-operation with organised labour, in an endeavour to stabilise wages and unite in a nationwide drive to bring down the cost of production.

At that time, wages were chasing prices. Since then, though prices have continued to rise, earnings have risen still more, and today, taking the overall figures, it would seem that wages are leading prices. And inflation is raising its ugly head again.

The need for some revolutionary and unorthodox thinking is overdue. The conversations which the Prime Minister and Minister of Labour have recently initiated appear to me an opportunity for indulging in it. If we are to survive as a nation, we have got to increase our competitive power.

In conclusion, it is once more my pleasant duty to express my thanks to all my fellow directors for the help and assistance that they have given me during the year, and on their behalf, and on yours, to express our indebtedness to Mr Nelson and his small but very competent staff for the continuance of the admirable services they are rendering to the Corporation.

The report and accounts were adopted, and a dividend of 6 per cent was declared.

The retiring directors, Sir Robert J. Sinclair, KCB, KBE, and Sir Ronald M. Weeks, KCB, DSO, were re-elected; the remuneration of the auditors was duly fixed; and the proceedings terminated with a cordial vote of thanks to the chairman for his conduct of the meeting.

THE SUNGEI KRIAN RUBBER ESTATE LIMITED

INCREASED CROP AND PROFIT

SIR JOHN BARLOW'S STATEMENT

The Forty-sixth Annual General Meeting of the Sungei Krian Rubber Estate Limited was held on July 26, 1955, in London.

The following is an extract from the circulated statement of the Chairman, Sir John D. Barlow, Bart, MP:

The profit for 1954 was £55,602, compared with £43,528 last year. Taxation requires £30,000. Your Board propose to transfer £20,000 to Replanting Reserve and pay on July 29, 1955, a dividend of 10 per cent less income tax. This will leave a reduced carry forward of £26,427 to next year's accounts.

Your Board also propose to distribute on July 29, 1955, a Capital Surplus Dividend of 4s. per £1 Stock Unit. This distribution is exempt from income tax. The amount to be distributed is £30,440 and will reduce the balance on the Capital Surplus Account to £31,353. Members should not expect such a large capital distribution as the present one in the future.

The increased profit compared with 1953 was mainly due to a slightly larger crop at 1,647,540 lb. and a refund of Malayan Replanting Cess of £12,348 in respect of previous years.

The replanting programme is progressing satisfactorily and 180 acres were replanted during the year. Since 1948 £57,405 has been spent replanting 930 acres with modern high-yielding material. The Replanting Reserve now stands at £136,816 which will be needed to bring existing immature areas to maturity and replant a part of the remaining seedling areas of nearly 3,000 acres.

The financial position of the Company is strong. Nett Current Assets amount to £213,228, of this sum £75,452 is invested in Government Securities and £94,295 in Produce Companies. Our Produce Company Investments consist of £17,435 in Rubber Companies operating in Malaya, £12,303 in Tea Companies in India and Ceylon and £64,557 in Produce Companies in Africa and Australia. As opportunity occurs further investments will be made in Produce Companies in different parts of the Commonwealth.

COMPARISON OF COMMODITY PRICES IN U.S.A.

When I wrote my Speech last year the price of rubber was considerably lower than it is today, and I pointed out that there had only been a 29 per cent increase in the price of natural rubber comparing prices in the USA in 1954 and 1939.

The position this year has been altered, and I set out below percentage increases in price of various commodities between January to September, 1939, and January to April, 1955, taken from the Survey of the Guaranty Trust Company of New York.

	Per cent
Coffee	710
Rosin	282
Cotton	263
Wheat	238
Copper	212
Pig Iron	173
Zinc	158
Cattle	143
Wool	116
RUBBER	107
Tin	90
Petrol	83

It will be seen that the price of rubber during the first four months of 1955 has risen to nearer other commodity price increases compared with prewar prices.

The price of natural rubber, however, cannot be related directly to the percentage increase in the price of other commodities compared with 1939. Natural rubber in the USA in January to April, 1955, sold at nearly 33 US cents (28¼d.) per lb and synthetic rubber sold at 23 US cents (19¼d.) per lb. As natural and synthetic rubber are interchangeable for many uses, in the long term, the price of the two products will probably be approximately the same.

FUTURE OUTLOOK

In April, 1955, the US Government sold their synthetic rubber plants to private buyers. So we are now able to compete with private enterprise producers of synthetic rubber on equal terms. It is to be expected that private enterprise will make great efforts to improve and cheapen the production of synthetic rubber. Producers of natural rubber must meet this challenge by more research on the industrial uses and suitability of the natural product. The demand for rubber is continually expanding, especially with the large increase in the production of motor vehicles in all countries of the world.

In 1955 production of natural rubber is estimated at 1,845,000 tons and consumption at 1,830,000 tons. Production of synthetic rubber is estimated at 985,000 tons and consumption 955,000 tons. So production and consumption are evenly balanced and with the delay in shipments due to the recent dock strikes in Singapore and England fluctuations in the price must be expected. If the price for natural rubber remains near its present level we can look forward to a prosperous year in 1955. The Report and Accounts were adopted.

CONSOLIDATED TIN SMELTERS, LIMITED

INCREASED TINPLATE PRODUCTION

The annual general meeting of this company will be held on August 18th in London.

The following is an extract from the circulated Statement by the Chairman, Mr Clifford Waite, for the year to March 31, 1955:

The Parent Company's net revenue for the year is £362,302, out of which your directors have appropriated £50,000 to General Reserve, and have provided £50,000 to write down the cost of the investment in subsidiary companies. These appropriations are similar to those made last year. The Board recommend a dividend of 3s. per £1 Ordinary stock, less tax.

After providing for taxation and the minority shareholders' proportion of profit, the consolidated net profit at £489,581 shows a decrease of £110,284 on that of the previous year, due in no small measure to the termination of the contract for the sale of slag to which reference was made in my statement last year. This decrease is more than offset by the increase in credits for War Damage Compensation and taxation adjustments.

If industry is to compete successfully in world markets under present conditions, it is essential that the national finances should be conducted on sound lines and that industry should not be drained of the resources which it requires to maintain its competitive efficiency. The reduction in the standard rate of income tax for 1955/56 to 8s. 6d. in the £ is therefore a step in the right direction.

PRICE STEADY

During most of the year the price of tin on the London Metal Exchange remained steady between £700 and £750 per ton, and the average price for the year was £726 4s. 6d. per ton. A feature of the London Market was the disappearance at the end of 1954 of the "backwardation," which had prevailed practically ever since the market was reopened in 1949, and the emergence of a "contango" or premium for forward tin over prompt tin. This change resulted from the increased supplies of tin reaching the market and was welcomed by all sections of the tin trade as a return to more normal conditions. The average Singapore price for the year ended March 31, 1955, was Malayan $359.669 per picul, equivalent to £704 19s. per ton.

Towards the end of 1954 the tin market was once again disturbed by commodity "shunting" by "cheap sterling" operators. These firms, many of whom had little or no previous experience in dealing in tin, were able to undercut the established dealers by buying tin with transferable sterling at substantial discounts below the official sterling/dollar rate. Even after paying all charges, including trans-shipment at European ports, these operators could sell the tin in USA some £5 per ton below the cost to established dealers. I am glad to say that in March, 1955, official support was given to the transferable sterling rate by the UK Authorities so that the differential virtually disappeared and commodity "shunting" was no longer profitable

World production of tin in concentrates during 1954—177,000 tons—showed little change from the preceding year; a fall in Bolivian production of 6,000 tons was balanced by increases of over 4,000 tons in Malayan and 2,000 tons in Indonesian production. World consumption increased by 6,000 tons to 138,000 tons. It is gratifying to note that world production of tinplate continues to grow year by year and in 1954 amounted to 6,438,000 tons compared with 2,815,000 tons in 1938.

THE STANDARD BANK OF SOUTH AFRICA LIMITED

A VERY SUCCESSFUL YEAR

MARKED ECONOMIC PROGRESS IN THE UNION

GROWING DEMAND FOR BANKING FACILITIES

INCREASE OF AUTHORISED CAPITAL APPROVED

SIR FREDERICK LEITH-ROSS ON THE CONTINUED EXPANSION OF BUSINESS

The one hundred and forty-second Ordinary Meeting (being the Annual General Meeting for the year 1955) of the Standard Bank of South Africa Limited was held on July 27th in London, Sir Frederick Leith-Ross, GCMG, KCB (the chairman), presiding.

The following is his circulated statement:

I have to report with much regret that, acting on medical advice, Mr R. W. M. Arbuthnot, who became a Director in 1945, resigned from the Board in February last. We are exceedingly sorry to lose his help and our hope is that with a lessening of his activities in the City his health may improve.

On the other hand I am pleased to be able to report that Sir Edmund Hall-Patch, GCMG, and Mr Christopher John Holland-Martin, MP, have accepted seats on the Board. Sir Edmund has served the UK Government with distinction in many special assignments and was until last summer the British Executive Director of the International Monetary Fund and of the International Bank for Reconstruction and Development. Since joining us, Sir Edmund has undertaken to act as Alternate Deputy Chairman in the place of Mr Berry who had asked to be relieved of these duties because of the weight of his other commitments. Mr Holland-Martin brings to our Board valuable experience of banking and commerce both in this country and in East Africa, being a Director of Martins Bank, the Uganda Company and Nyasaland Railways. You will, I am sure, agree that we are fortunate in having secured the services of these gentlemen and you will be asked to confirm their appointments at the forthcoming General Meeting.

In order to keep us informed in regard to developments affecting the direction of the Bank's activities, it is desirable for members of the Board and senior executives in London to visit our overseas organisation and for those in Africa to visit us in London as frequently as may be practicable. Mr Villiers a few months ago made a tour during which he visited Pretoria, Johannesburg, Bulawayo, Salisbury, Nairobi, and Uganda, while Mr C. R. Hill, our General Manager in London, made an extensive tour of East Africa, during the course of which he visited every Branch save one and met the great majority of our Staff in that area. During the autumn of last year I paid a visit to our Agency in New York and took the opportunity of meeting the Presidents and other senior representatives of our banking friends in the United States of America.

Both Mr Ralph Gibson, the Chairman of the South African Board, and Sir Ulick Alexander, the Chairman of the Rhodesian Local Board, have recently paid their usual yearly visits to London and we have also had visits from other members of the Local Boards, while Mr A. McK. White, the General Manager in South Africa, and Mr Jeffreys, the Assistant General Manager in Salisbury, have also been asked to come to London. In view of the increasing responsibilities which our Local Boards are assuming, we have invited Mr G. H. R. Edmunds and Mr K. C. Acutt to act as the Deputy Chairmen of the South African and Rhodesian Local Boards respectively, and I am glad to say that they have accepted.

The pace at which economic developments have been taking place in South and Central Africa during recent years is probably as great as, if not greater than, that in any other part of the world and it is a constant problem for the Board and the Management to maintain that first-hand, up-to-date contact that is necessary with the changing conditions in the various territories in which we operate.

EXPANSION OF BRANCH SYSTEM

You will have appreciated from the figures placed before you each year how greatly the business of the Bank has expanded in the last ten years but perhaps our growth can best be illustrated by looking at the number of our branches and of our staff. In 1945 the total number of our branches, sub-branches and agencies was 399: today that figure is 666. Similarly in 1945 our staff numbered 5,800, while today the figure is 9,750. It is true, of course, that some of this increase may be said to have been making up the shortage which developed during the war, but even so these two sets of figures are very striking. They show that, with our growing organisation, a young man with initiative and intelligence, as well as character, has excellent prospects of reaching a position of responsibility at a reasonably early age. In fact, it would be true to say that the expansion of our branch system is more likely to be hindered by the difficulty of finding suitable staff than by any other single factor.

We now recruit a higher proportion of our annual intake from South Africa than we have ever done before. We still require, however, to find considerable numbers of young men in the United Kingdom, and I mention this fact in the hopes that some of our shareholders may be able at times to give some help.

THE BALANCE SHEET

The rapid increase in economic activity which has continued in the Union and the Federation of Rhodesia and Nyasaland, and some revival of activity in East Africa, has naturally been accompanied by proportionately increased demands upon the Bank for financial assistance. The changes in the Balance Sheet this year are mainly a reflection of the greater assistance we have given to our customers and the manner in which we have found the resources to do so. You will observe that the figures under the headings "Advances" and "Bills of Exchange purchased" are larger by £16 million and £1 million respectively. Another item which is a reflection of business activity is "Remittances in Transit" and this you will see is about £5 million greater. Thus the facilities accorded to our customers have expanded in the aggregate, to the extent of £22 million. The resources for this expansion have been provided to the extent of about £10 million by the increase in "Current, Deposits and Other Accounts" and, as regards the balance, by reducing other assets—Bills Discounted which are mainly Treasury Bills of the Union or the United Kingdom Governments have been reduced by more than £5 million, investments have been realised to the extent of £4½ million and cash items are down by £3 million.

Before passing from the Balance Sheet I should mention that it has been our practice hitherto to include a *per contra* item "Bills for Collection" on both sides of the accounts. Although at one time this was the common practice, it no longer is so. Bills for Collection are not an asset of the Bank: we handle them merely as agents and, in agreement with our Auditors, we have now decided to omit the item. The comparative figures on the left hand side of the Balance Sheet have been adjusted accordingly.

PROFIT AND LOSS ACCOUNT

Turning to the Profit and Loss Account it will be noted that, after making the usual and necessary provisions, the balance of Profit for the year amounts to £787,945 whereas for the previous year it was £635,811. There was therefore an improvement of £152,134. This improvement is a reflection of the general expansion in our business, assisted by the earnings after all provisions on the £3 million additional resources which were raised by the issue of shares in 1953.

The balance brought forward from last year's accounts was £338,133 so that we have £1,126,078 for disposal. An interim dividend of 1s. per share was paid in January last. This amounted to £350,000 gross and, after deduction of income tax at 9s. in the £, cost £192,500, and there remains £933,578 to be dealt with. After appropriating £50,000 to writing down premises we are left with £883,578 and the Board recommend the payment of a final dividend of 1s. 6d. per share which, with the interim dividend already paid, will make the distribution for the year 2s. 6d. per share or 12½ per cent. This represents an increase of 3d. per share over the dividend paid last year and will cost £61,250 more which the Board feel justified in recommending in view of the increase of profit last year and the favourable prospects, so far as can be foreseen, for future years. The amount of the final dividend will be £525,000 gross and will cost, after deducting income tax at 8s. 6d. in the £, £301,875, leaving a balance of £581,703 to be carried forward to next year's accounts.

I should like to refer to the amount allocated to writing down the Bank's Premises which is reduced to £50,000 this year from £175,000 last year. You will recall that in my Statement in 1954 I referred to the fact that for some years we had been faced with

heavy expenditure in making up the arrears of building which had accumulated during the war years, but that the backlog had been largely overtaken. In the absence of special projects, it is to be hoped that our expenditure on building will tend, in future, to be lower than in recent years. This being the case there is less need to allocate so much to writing down our Bank Premises which already stand in our books at a price substantially below their real value. Moreover, in the Union, once a Bank has written down the value of its premises, it is not permitted to write them up again, so that any sums allocated for that purpose become frozen, whereas if they are retained in the carry forward, they will remain available for any purpose. For these reasons the Board feel that it is in the interests of the Bank to limit the amount allocated to premises, at any rate for the present, to the amounts required in specific cases where a write off of expenditure is desirable.

THE BANK'S CAPITAL

It is the intention of your Board to make a further issue of shares for cash.

The Bank has had, as you will have seen, a very successful year. The expansion of our business in the Union, however, creates a problem for us in regard to our capital resources. You may remember that, when the last issue of shares for cash was made in 1953, I told you of our legal obligations in the Union of South Africa under the Banking Act of 1942. This Act provides that a Commercial Bank—such as ourselves—must maintain in the Union "Capital and Unimpaired Reserves" equal to 10 per cent of its net liabilities to the public. Only published reserves can be taken into account in calculating "unimpaired" reserves for the purpose of the Act. Our legal obligations under this heading have grown as follows:

At March 31, 1943, they amounted to £3.2 million approximately.

At March 31, 1953, they amounted to £8.6 million approximately.

At March 31, 1955, they amounted to £10.5 million approximately. You will see therefore that of an issued capital and published reserves of £14 million, some £10.5 million is required for our business in the Union, leaving only £3.5 million for our business elsewhere. The Board feel that this disparity needs to be adjusted.

The Bank has, of course, substantial reserves in addition to the published reserves shown in the Balance Sheet, and it would have been possible to meet the requirements under the Union Banking Act by making a transfer from these reserves to published reserves. The Board decided against this course. It has been their policy throughout the history of the Bank, and not least in recent years, to build up reserves as the primary defence against the changes and chances of our business; and, whatever the next few years may hold for Africa, they consider that this policy of continually strengthening them should be maintained.

Closely following on this report, therefore, shareholders will have received an invitation to take up additional fully paid £1 shares, in the ratio of two new shares for seven of the existing shares held (whether these are £2 shares, £1 paid, or £1 fully paid shares). Shareholders will also be able to apply for any excess shares, in addition to the provisional allotment to which they will be entitled as of right. The terms of the issue have already been announced in the Press and full details will be forwarded to shareholders in a Circular which will be accompanied by a Provisional Allotment Letter and form of application for excess shares.

After this issue of shares, there will remain, of the total authorised capital, only one million shares not yet issued. The Board think it advisable to take powers to increase the authorised capital by a further £2 million to £17 million, thereby making a total of 3 million shares available for issue, if and when necessary. A resolution to this effect will accordingly be moved at the Annual General Meeting; its terms will be found in the notice of the Meeting on the page facing the Report of the Directors.

STANDARD BANK FINANCE AND DEVELOPMENT CORPORATION LIMITED

Attached to the Bank's Accounts will be found the Balance Sheet and Profit and Loss Account of our wholly owned subsidiary Standard Bank Finance and Development Corporation Limited. The profit earned for the year by the Corporation, after making a transfer to Contingencies Account out of which provision will be made for any diminution of assets, amounted to £21,087, i.e., £3,768 more than for last year. The amount brought forward from the 1954 Accounts is £57,580 and there will therefore be £78,667 for disposal. The Corporation has now been trading for eight years, each year with slightly improving results, and the Board has decided to declare a modest maiden dividend of 2½ per cent, which, after deduction of income tax, has been paid to the Bank. The cost of this dividend less income tax at 8s. 6d. in the £ will be £14,375, leaving a balance of £6,712 from the year's profits to be added to the profit brought forward. The profit carried forward to next year's Accounts will be therefore £64,292. The purpose of forming this subsidiary company was to protect the Bank's connections and to furnish in appropriate cases longer-term finance than it would be suitable for the Bank to provide by way of overdraft. The results of the Corporation's operations, measured in terms of profit, have not been spectacular but it continues to fulfil its role, and its benefit to the Bank cannot be measured only in terms of the profits made.

REVIEW OF ECONOMIC CONDITIONS

In the past it has been my practice to include in this Statement a somewhat lengthy review of conditions in the various countries in which we are established. This was necessarily somewhat out of date when published, as it related to the period of the Bank's accounts that had ended some months before. I feel that this part of my Statement can be much curtailed, as more complete and up-to-date information is to be found in the "Standard Bank Review" which we now issue monthly both in London and Pretoria. Any of our shareholders who desire to have this "Review" will be put on the Mailing List on receipt of a request in writing to that effect. The same applies to any of your friends and business associates to whom the "Review" would be of interest.

Accordingly, the notes that follow regarding the economic position in South and East Africa and the Federation of Rhodesia and Nyasaland are intended to give only a general picture of developments during 1954.

UNION OF SOUTH AFRICA

In the early months of 1954 progress in the Union of South Africa was affected by the unsettled international situation and fears of a possible recession in the United States of America. As the year proceeded, however, confidence returned and trading activity increased to such an extent that the year may be said to have been one of marked economic expansion. This improvement, which was reflected in both the internal and the external position, was achieved despite the continuation of trading restrictions in the form of import price and other controls.

The increasing prosperity was evidenced by increases in the national income, gross domestic savings, agricultural production, mineral and manufacturing output, railway earnings and exports of merchandise, all of which reached record levels. The national income continuing its upward trend rose steeply to an estimated total of £1,375 million and thus recorded a further improvement of 7 per cent over the year before.

The value of the gold output rose to a record peak of £164.5 million from £147.5 million in the previous year. A large part of this expansion is the result of the increasing output from the Orange Free State Mines, but the fast-growing contribution of the new mines in the Transvaal was an almost equally important factor. Official statistics also recorded an increase of £11 million—to nearly £15 million—in the shipments of "prescribed materials" which is understood to mean mainly uranium. It is expected that foreign exchange earnings derived from gold and uranium will continue to rise progressively for a number of years.

Farmers enjoyed their best season for many years with a number of record crops. Not only was production amply sufficient to cover internal requirements but large surpluses were available for export—particularly maize and sugar. These excellent results were primarily due to favourable weather, but rising standards of farm management, the extension of soil conservation and greater mechanisation all played an important part and should continue increasingly to do so in the future. The importance to the Union's economy of farming production can be seen from the estimated value of the output which is given as £61 million in 1939, £179 million in 1949 and £343 million last year. The last season was also favourable for the wool farmers, price being maintained while production increased.

Secondary industries had a satisfactory year, with expanding turnovers in many cases, but some sections will have to improve their competitive ability in the face of expected relaxations of import control. It is the Government's policy to encourage the establishment and expansion of manufacturing undertakings which are based on a sound economic foundation and they have announced their intention of providing some measure of tariff protection to worth-while industries, with due regard to the general interests of the country.

The postwar prosperity of the diamond industry continued. In the first quarter of 1955 the combined value of gem and industrial stones sold was a record for quarterly sales. Base mineral production improved, and practically all sections of the engineering industry met with a steady demand consistent with the progress made in industrial and general industrial development. The two limiting factors in industrial production have been the shortage of steel—a condition not unknown in other parts of the world—and the inability of the railways to deal with all the traffic offering, a difficulty which exists in varying degrees almost throughout Africa. Action is being taken by the Government to improve the transport situation, and it is hoped that some relief will be seen before long.

GOVERNMENT'S SOUND FINANCIAL POLICY

An indication of the strengthening of the Union's economic position was the marked improvement in the Country's balance of pay-

ments which, during the year, amounted to about £44 million in their favour. The exports of South African products (excluding gold) increased by £32 million, reducing the normal deficit in the external balance of trade, while the inflow of capital from overseas increased substantially. Since the end of last year there has been some reduction in the foreign exchange reserves of the Union—due partly to the relaxation of import controls and partly to the effect on capital movements of the higher money rates prevailing in London—but the note coverage remains very strong.

The sound financial policy of the Government has been successful in curbing inflationary tendencies, and the price level of Union goods has remained relatively stable since 1953. All in all, the prospects for commerce and industry for the immediate future appear to be good, and it is confidently anticipated that 1955 will be a year of continuing prosperity for the Union.

FEDERATION OF RHODESIA AND NYASALAND

Following the constitution of the Federation in 1953, there has been a period of what may be termed political and economic stock-taking in these territories. The Federation has been fortunate in its political leadership which has inspired a growing sense of confidence in its success. Despite some unrest amongst the African workers in the Northern Rhodesian copper belt and transport difficulties which still persist, there has been no general slackening of trade and considerable further expansion. This will be enhanced as the three-year development plans of the Government come into fruition, involving, besides the major hydro-electric project at Kariba, an expenditure of some £30 million over the period of 1954-57 on the improvement of communications and transport and approximately the same total on a number of other schemes. The development that has already taken place can be judged by the growth in the external trade of the Federation. The aggregate figures have risen each year from £137 million in 1949 to £277 million in 1954—with a favourable balance of trade amounting to £28 million. These figures reflect the rapid development that has taken place in primary production—particularly the output of mines and tobacco—but the importance of secondary industry is steadily growing, especially in Southern Rhodesia where it is now responsible for approximately one-third of the population gainfully employed. For example, there are now over ninety clothing factories operating in the territory, and they are so well established that they are able to export goods to the value of over £5 million a year. In general, the progress and development during the past year has been most satisfactory and, provided the necessary overseas capital for major projects is forthcoming, there is every reason to anticipate a bright future for the Federation. The business of our Bank has expanded with the general development of the Federation—the average level of our advances in the area having increased from £13 million in 1953 to over £17 million in 1954. There is a constant demand for capital for industry requiring periods for repayment exceeding those of normal banking facilities, and, to enable us to deal with some of their cases, we are proposing in the near future to extend the operations of our Finance and Development Corporation to the Federation.

EAST AFRICAN TERRITORIES

The economy of the East African territories is gradually becoming more diversified, with the development of industrial and mining activities to supplement the primary agricultural production. The value of external trade (imports and exports together) of the whole area amounted to £219 million in 1954, as compared with £198 million in 1953. The facilities extended to customers by our branches in East Africa similarly increased from about £13 million to £17 million in the past year. There were, however, considerable differences in the pattern of economic activity in the separate territories, the main expansion being in Uganda.

In Kenya, the state of emergency still overshadows the economy but, while the unfavourable balance of trade continues to increase, capital continues to be expended locally on office building, factories, etc. The Government are about to embark on a 3½ year development programme which it is hoped will result in an increase of £45 million in the Colony's income. The basic principle of the plan is that 600,000 African families will be provided with small farm units. Harvests during 1954-55 were generally good, coffee, cereals and pyrethrum in particular recording satisfactory results.

Uganda continues to have the most buoyant economy of all the East African territories and, despite political unrest, the year was one of marked economic expansion with large crops of cotton, coffee and sugar. The income of the African farmers and the amounts paid out in wages continued to increase and, as a result, the currency in circulation was also greater. The balance of payments continued to be very favourable. The Owen Falls dam and power plant was formally opened by Her Majesty the Queen in April, 1954, and the transfer from thermal to hydro-electric generation has enabled the Electricity Authority to reduce its tariff.

As regards Tanganyika, certain adverse factors persisted but 1954 may be said to have been a year of better economic progress. Speaking generally, the produce seasons were not good and a further fall occurred in the price of sisal, although in recent months an improvement has resulted from overseas spinners replenishing their depleted stocks. On the other hand, the tea and cotton crops were records, it was a good year for coffee, and the sugar and tobacco crops were very satisfactory.

Port and transport delays have been a handicap to producers and traders throughout the East African territories but recently conditions have improved. Some progress has been made in the provision of further deep water berths at Dar-es-Salaam and the first new berth is expected to be completed in the middle of 1955.

TRIBUTE TO STAFF

The good results of our operations which I am able to report to you this year would not be achieved were it not for the hard work and unremitting attention to duty of our Staff. The functions undertaken by a banker are constantly increasing and becoming more complicated and they require a variety of talent and experience. Operating as we do in rapidly developing countries, our manpower resources have at times been strained in the effort to maintain our expanding organisation at full efficiency. We have been able to achieve this only by the loyal manner in which our staffs have responded to the calls made upon them. We are grateful to them all, senior and junior, men and women alike, and I take this opportunity to thank them, on your behalf, for the good service which they have rendered and which, I am sure, they will continue to render to the Bank and to its customers.

The report and accounts were adopted and resolutions increasing the authorised capital and amending the Articles of Association were approved.

THOMAS DE LA RUE AND COMPANY

EXPANDING FORMICA SALES

The fifty-eighth annual general meeting of Thomas De La Rue and Company, Limited, was held on July 27th in London.

Mr B. C. Westall, CBE, MA (the Chairman), presided and, in the course of his speech, said: The financial position continues to strengthen and shows a further improvement over the position reported last year. The Current Assets of £3,451,926 exceed Current Liabilities by £1,791,549. Capital and Revenue Reserves, including the Undivided Profits, now exceed £2 million.

There has been a substantial increase in the Trading Surplus from £565,371 to £833,890. This year Taxation, including Profits Tax, reaches the high figure of £547,830 compared with £360,333 last year. The profit for the year, after taxation, has increased to £286,787, and your Board recommend a Final Dividend of 22 per cent, making 30 per cent for the year, 10 per cent more than last year.

Commitments for Capital Expenditure not provided for are estimated at £250,000. Practically the whole of this sum will be applied to the payment for additional plant for the manufacture of our FORMICA and DELARON products. This considerable sum will be provided out of the Company's financial resources. In my opinion, however, it is possible that we may be reaching a point in the expansion of the sales of our products when we may require further finance.

Coming to the individual Divisions, the Security Printing had a better year than I expected when we met last. Although competition is keen and profit margins small, nevertheless I think it is safe for me to forecast that the results of the current year will exceed those of the year under review.

The Plastics Division had a very good year. There was a substantial increase in the turnover, both at home and for export. In spite of increases in certain costs, nevertheless owing to the substantial expansion of the sales of FORMICA, we were able to announce a reduction in selling prices, and this, we hope, in turn will again swell the demand for this extraordinarily useful material.

There has also been a satisfactory increase in the sale of DELARON Industrial Laminates.

The results of the Gas Division last year were scarcely affected by the restriction placed on Hire Purchase which came into effect just before the Financial Year terminated. Since the close of the year the full effect of this restriction has been felt, with the result that we have had to reduce the staff at our Warwick factory.

Some two years ago development was undertaken with the object of producing new and efficient oil-fired boilers. These are now on the point of production, and I hope that this oil heater will go some way to compensating the losses incurred in the making of Gas Appliances in the past and in the year under review.

In the Stationers Division there was some improvement in the sale of playing cards. On the pen side a good deal of work has been carried out in producing a new range of ONOTO Pens which will be supported by a substantial advertising appropriation. The fear pen manufacturers had some little while ago that the ball point would supersede the fountain pen has now, I think, been finally disposed of.

The report was adopted.

GEORGE NEWNES LIMITED

ANOTHER SATISFACTORY YEAR — MR H. C. TINGAY'S STATEMENT

The fifty-eighth annual general meeting of the Company was held on July 28th at the Company's offices, Mr H. C. Tingay, Chairman, presiding. Mr Tingay said:

Since the Directors' Report was circulated we have learned with the deepest sorrow of the death of our President, Sir Frank Newnes, whilst on a visit to Australia. Sir Frank was the only surviving son of George Newnes (the first Baronet)—founder of the Company. He joined the Company in 1899 at the age of twenty-three and had continued, up to the time of his death, as a Director. For many years he acted as Chairman, until he retired from that office two years ago as a consequence of advancing years. During the whole of his working lifetime Sir Frank devoted himself wholeheartedly to the interests of the business. Warm hearted, generous and kindly, he had the gift of making friends and keeping them. In addition to his unstinted services to the Company he did much good work for the publishing industry in general and took a keen interest in its trade charities. He also will be gratefully remembered for his excellent work on behalf of hospitals over many years. Sir Frank's passing will be mourned by a very wide circle of friends both in and outside the publishing world.

The following is an extract from the Chairman's circulated statement.

The past year has continued to show a vigorous and healthy trading position. On the revenue side new records have been reached both with sales and advertisements, although, on the other hand, the additional income has been wholly, or almost wholly, offset by increased costs.

The combined earnings of the Group amount to £1,527,668 as compared with £1,518,649 for the previous year. After deducting taxation of £618,614 as against £794,896 there remains a net profit of £909,054, an increase of approximately £185,300.

PARENT COMPANY'S RESULTS

The figures of the parent company, George Newnes, Ltd., show a substantial advance. The net profits, after deducting taxation and all other charges, amount to £549,044 as compared with last year's figure of £468,050. The Directors recommend that a final dividend of 15 per cent be paid on the Ordinary Shares, making, with the interim dividend, 18 per cent for the year. After allocations to Pension Funds and transferring £275,000 to General Reserve there remains a balance of £90,696 to go forward to next year's accounts.

THE CONSOLIDATED ACCOUNTS

As will be seen in the accompanying accounts, the Consolidated Balance Sheet discloses a position of considerable strength. The combined cash resources of our several companies amount to no less than £1,378,230 in addition to Tax Certificates of £736,650. The "General Reserves" and "Reserves for Contingencies" reach a total of £1,737,762, in addition to which "Development Account" stands at £839,143. As has been explained previously, the Development Account has been created to promote new enterprises in the publishing field; also to enable the Company readily to take advantage of acquiring established publishing properties as and when they may become available. In addition to such Reserves the undistributed profits in the Group amounts to the sum of £368,976.

THE PUBLICATIONS

As has been said previously, the publications owned and published by the Group show a wide diversification in appeal. Fifty-eight in all, twenty-two of them come within the general and specialist category, the other thirty-six catering for a wide variety of interests in business and industry.

The number and variety of the publications preclude separate mention, but some of the more important might be referred to individually.

WOMAN'S OWN, our colour-gravure weekly, continues to progress in sales and advertisement revenue, both of which establish new records. The sale today is well in excess of two-and-a-quarter millions a week. The full-colour printing facilities available to advertisers in WOMAN'S OWN are being used more and more, with the recognition of the powerful selling force of colour advertising at an economic cost. Also, with the advent of additional printing plant now available we are able to publish a certain number of eighty-page issues—a notable, and indeed record-breaking, achievement in the highly competitive field of women's weekly papers.

TIT-BITS fully maintains its popularity both with readers and advertisers notwithstanding considerable competition in the field of popular weeklies. The circulation continues above the million mark.

Last year reference was made to launching a newcomer in our highly popular group of "Practical" magazines—the PRACTICAL MOTORIST & MOTOR CYCLIST—a shilling monthly appealing to car and motor-cycle owners directly concerned with maintenance and upkeep. The magazine was an instantaneous success and the current sale now exceeds 275,000 copies per issue. Following upon that success we are launching in September another magazine in the do-it-yourself field—the PRACTICAL HOUSEHOLDER. As the title implies, this will be a magazine for the handyman, giving authoritative information and guidance in carrying out the manifold jobs that beset the householder.

C. ARTHUR PEARSON LIMITED

The business of C. Arthur Pearson Ltd., our principal Subsidiary in the general publishing field, has had a successful year. HOME NOTES continues to hold its long-established position as a favourite home weekly. SMALLHOLDER, the guide and counsellor for the small food grower and practical home gardener, performs its weekly service in a manner which earns the continuing support both of a large and loyal readership and advertisers. The popular fiction weeklies, published by Pearson's, hold a conspicuous and satisfying position in the mass-appeal market.

COUNTRY LIFE, LIMITED

Country Life, Ltd., has enjoyed one of the most successful years in its long history. Although its publications COUNTRY LIFE, HOMES AND GARDENS, RIDING, GARDENING ILLUSTRATED and ANGLING, have had to bear heavily increased costs, they have to some extent been able to meet the higher outgoings by attracting a larger volume of business. Both COUNTRY LIFE and HOMES AND GARDENS have substantially increased their circulations, but the Company's improved results are due in no small measure to another of its widely-spread activities—its book publishing business. The public demand for the DICTIONARY OF ENGLISH FURNITURE, which costs thirty guineas, and the first volumes of the new ENGLISH COUNTRY HOUSES and WILDFOWL OF THE WORLD series, both expensive productions, has been most encouraging, and has demonstrated that there is still a responsive market for products in which quality counts more than selling price.

AMATEUR GARDENING, the leading gardening weekly, has once again moved forward to a new high record in circulation, the present figure being in excess of 230,000 copies a week.

TEMPLE PRESS LIMITED

Temple Press also has had a satisfactory year. The industries with which its principal journals are associated have all shown increasing prosperity, which has been reflected in the journals. Nevertheless, increased costs of production have to a somewhat disturbing extent, offset the benefits derived from increased advertising revenue; and the continuing advance in costs gives rise to difficult questions in seeking a solution. The all-important export sales of the journals continue to show a steady increase, and it is Temple Press policy constantly to build up overseas sales of all appropriate journals and books.

One of the most satisfactory aspects during the past year has been the increasingly important part played by the monthly journals. Temple Press monthlies in the newer fields, such as PLASTICS, THE OIL ENGINE AND GAS TURBINE and THE OVERSEAS ENGINEER (purely an export journal), have steadily increased in both circulation and advertisement pages.

THE NATIONAL TRADE PRESS LIMITED

The National Trade Press has had another good year. Last September the Company launched a new publication—BRITISH COMMUNICATIONS AND ELECTRONICS, which has been planned to disseminate information on the practical application of communications and electronic equipment to Government Departments, Transport Authorities, and manufacturing industry generally. The journal has been well supported by manufacturers of communications and electronic equipment and components, and it has secured a wide readership in the United Kingdom, and in more than eighty countries overseas.

The many Trade Fairs in the Textile and Footwear industries organised by the publications of the National Trade Press Group during the last twelve months have been well attended and have earned praise from the industries represented.

BOOK INTERESTS

The book-publishing activities of the business, now a considerable and important sector, continue to expand. The Subscription Books Division, of which the marketing of CHAMBERS'S ENCYCLOPÆDIA forms part, progresses each year to still higher figures both in this country and overseas. Our Australian Company, now in its sixth year, has also done well and continues to extend its scale of operations in new fields.

The report and accounts were adopted.

THE BRITISH PLASTER BOARD (HOLDINGS) LIMITED

NET PROFITS INCREASED

GROWTH OF INTERESTS OUTSIDE BUILDING MATERIALS

LORD BELPER ON EXTENSIVE CAPITAL EXPENDITURE

The thirty-eighth annual general meeting of The British Plaster Board (Holdings) Limited was held on July 21st at Bath House, 82 Piccadilly, London, W.1, The Right Honourable Lord Belper, DL (the chairman) presiding.

The following is the Chairman's statement which had been circulated with the report and accounts for the year ended March 31, 1955: From the Consolidated Profit and Loss Account you will see that the Trading Profit, together with income from associated companies, trade and other investments, totals £2,054,217, which is slightly higher than the comparable figure for last year. This result incorporates a full year's profit from our new Canadian subsidiary, Western Gypsum Products Limited.

Provisions for taxation still absorb a disproportionate amount of our profit, although this year there is a welcome reduction in UK taxation, mainly through the cessation of the Excess Profits Levy, the reduction in the standard rate of UK tax, and the relief due to the Company in respect of the new Investment Allowances. The full benefit of the Investment Allowances has been placed to reserve.

We have also brought back into profit £148,681 which is mainly made up of taxation reserves no longer required, since it is now apparent that our provisions for Excess Profits Levy have been over-estimated.

£150,892 has been placed to reserve in our subsidiary companies, including the tax benefit on Investment Allowances, as a step in the direction of procuring that their capital and reserves are brought more into line with the value of their capital assets. Your Directors have also appropriated £375,000 to the Parent Company's General Reserve.

DIVIDENDS

Your Directors recommend the payment of a final dividend of 7½ per cent, which, being at the same rate as the final dividend paid a year ago, and with the increased interim dividend of 5 per cent, makes a total for the year of 12½ per cent compared with a total of 11¼ per cent paid last year. We feel that this modest increase in the total dividend for the year goes some way to compensate our stockholders for the progressive fall in the real value of the return on the capital invested.

TRADING ACTIVITIES

At home, sales of gypsum rock and plaster have shown an increase and sales of plasterboard have been maintained, in spite of the interruptions to building generally, caused by the unusually bad weather. On the other hand, costs of coal, transport and wages have continued to rise, with the result that, notwithstanding further increases in efficiency, our profits in the gypsum products section of our business in the UK are appreciably lower than those of last year, and we have been obliged to increase our selling prices. Even so, it should be appreciated that in this section of our trade, selling prices are up by only 90 per cent approximately over prewar prices, in contrast with the increase of over 230 per cent in the case of commodities generally as shown by the official indices.

The turnover of our roofing felt companies shows an increase on last year but, here again, profits are down. Price cutting is reaching a stage where it may endanger the structure of the industry.

The profits earned by C. Davidson & Sons Limited and its subsidiary companies which form our Paper Group, have shown a substantial improvement on those of last year, through a general expansion in its trade and the benefits of the capital expenditure programme which is being carried out.

Our engineering companies have also shown improved results in spite of highly competitive trading conditions.

Since my last statement to members, I have visited our associated company in South Africa and our subsidiary companies in Rhodesia and Canada, and I was glad to be able to see at first hand the progress made by these organisations and to discuss their problems with the Directors and staffs of each company. I should like to express my appreciation of all that was done to make my visits interesting and informative. I am sure that our Canadian company, which is our latest acquisition, and where we have planned an expansion programme, will be a most profitable investment.

During the year, arrangements have been completed with an important company in Sweden to set up a plasterboard factory and plaster mill in that country, and a proportion of the capital of the new enterprise will be held within our Group.

BALANCE SHEETS

As will be seen from the Parent Company Balance Sheet, the operating assets were transferred to our new wholly owned subsidiary—The British Plaster Board (Manufacturing) Limited—on September 1, 1954, and this transaction is reflected in the increase in the value of shares held in subsidiary companies.

The Consolidated Balance Sheet shows that throughout the Group, almost £1 million has been spent during the year on additions to Fixed Assets and that there are capital commitments estimated at a further £697,000. Your Directors are fully aware of the need to keep the plants of the Group up to date and, where profitable, to extend the productive capacities.

Owing to the increase, as a necessary policy, in the volume of stocks of raw materials and finished goods, and an increase in the debtors' balances which reflects our increased activity, it was found necessary during the year to realise part of our holding of Government securities and these now stand in the Balance Sheet at £441,516.

As I mentioned in my last report, we now hold all the issued capital of Western Gypsum Products Limited since, during the years, its preference capital of $250,098 (£92,138), which was held outside the Group, was redeemed at par. Since the date of the Balance Sheet, part of the money loaned to us by a Canadian Bank, which is included in the figure of £675,998, has also been repaid.

DIRECTORATE

During the year, Mr H. N. Butler, who has been a Director of the Company since 1951, accepted a full-time executive appointment with the Company. Mr Butler's wide experience of financial and commercial matters has already proved of great benefit in the operation of our Group.

PERSONNEL

I am sure you will realise that the continued prosperity of your Company is only secured through the loyal and zealous service of all the employees in our organisation and I take this opportunity to place on record our thanks to them all.

The report and accounts were adopted and the final dividend of 7½ per cent, less tax, making a total of 12½ per cent, less tax, for the year was approved.

The retiring directors were re-elected and the remuneration of the auditors having been fixed, the proceedings terminated.

SAN FRANCISCO MINES OF MEXICO

IMPROVED LEVEL OF METAL PRICES

The forty-second annual general meeting of San Francisco Mines of Mexico Limited was held on July 22nd in London.

Mr C. E. Temperley, OBE, MC (the chairman), presided, and, in the course of his speech, said: The gross value of metals sold by your Company in the year ended September 30th last was £8,322,000. This was £1,690,000 more than the value in the previous year—a satisfactory increase. The net profit was £295,000, which is only slightly better than in the previous year.

When I spoke last year I warned you that the Company was earning little profit at the level of metal prices then ruling. As it happened, metal prices improved soon after I made my Speech, the markets were firm and we were able to turn to account in the remainder of the year a greater quantity of metal than we expected—and at a better price. In the upshot, our earnings were a good deal larger than I dared to hope at the time of the Meeting; instead of next door to nothing they came out at some 2s. 6d. per Stock unit

Operations at the Mine were continuous throughout the year and underground development continues to give satisfying results

In the year in which the Company earned £295,000 for its shareholders, Mexican Production Tax, Export Tax and Mercantile Tax, and Mexican and United Kingdom Income Taxes took no less than £2,261,000. This is really a fantastic tax situation. Clearly private enterprise will not be encouraged to risk its money in trying to keep the Mexican Mining Industry alive if shareholders in a successful mine such as ours are to get out of the industry they have established a mere £295,000 while the Tax Authorities—and nearly entirely the Mexican Tax Authorities in the present instance—get the colossal sum of £2,261,000. Let us hope the Mexican Government will do something to ease the burden before it is too late.

Since the end of the last financial year, metal prices have risen further and if nothing untoward happens, it looks as if our earnings this year should be decidedly better than our earnings last year.

The report was adopted and a dividend of 2s. per Stock unit and bonus dividend of 1s. per Stock unit were approved.

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in Northern Rhodesia)

SUCCESSFUL YEAR IN SPITE OF STRIKE

SIR ERNEST OPPENHEIMER ON AFRICAN ADVANCEMENT

The eighteenth Annual General Meeting of Nchanga Consolidated Copper Mines Limited will be held at Nkana on Wednesday, August 17th. The following is from the Statement by the Chairman, Sir Ernest Oppenheimer, which has been circulated with the Annual Report and Accounts.

This has been a year of successful operation marred only by the unfortunate strike of African workers which lasted for a period of seven weeks during the first quarter of 1955. The effects of the strike on the industry were mitigated to some degree by the maintenance of production on a limited scale. This was made possible by the loyal support of all our European employees, and of certain Africans, who remained at work throughout the strike. The loss of copper production at this mine due to the strike is estimated at 16,250 short tons, and had the strike not occurred a new production record would have been established.

After forgoing their wages for a period of seven weeks, the strikers returned to work at their old rates and conditions, having gained nothing at all by their very considerable sacrifices. Their claims were quite unrealistic and would never have been made by more experienced and responsible leaders. The companies had offered to submit the wage demand to arbitration but this offer had not been accepted by the African Union who chose instead to submit their members to the trials and losses of a protracted strike.

RESPONSIBILITY THE KEYNOTE

We have no quarrel with the existence of the Northern Rhodesia African Mineworkers' Trade Union; but in the light of past experience, it is difficult to escape the conclusion that the African Trade Union leaders have yet to appreciate the full measure of the responsibility which is placed upon them by virtue of their office. The employment of Africans in the Rhodesian copper mining industry involves serious problems with wide implications, over and beyond the domestic questions relating to wages and employment conditions on the Copperbelt.

The companies have an overriding duty to maintain their wage structures—and their whole policy of employment—within the Federation's long term economic and social framework. As large employers of African labour, we have obvious obligations to that section of our employees, and our recognition of this is shown by our desire to see the African advance in the copper mining industry to more responsible positions.

The keynote of African advancement is—again—responsibility; this does not mean merely the acquisition of increased operative skill, but embodies as a fundamental concept the development of a sense of judgment and a measure of self-discipline. These are mental attributes which are not acquired overnight; they come only after extensive and intensive experience, and so far as the African is concerned, must be achieved against an unfavourable background. Unlike the European, the African is lacking in industrial tradition—his whole past is bound up with the soil—and whilst, therefore, I am convinced of the rightness of African advancement and I am certain that it will come about, I am equally certain that it will be a slow and evolutionary process.

Recent events have in fact confirmed how difficult and delicate is this matter. African advancement has been the subject of discussion between our companies and those of the Rhodesian Selection Trust Group on the one hand and the European Mine Workers' Union on the other, and these discussions have proceeded with interruptions over the past two years. Now I regret to say they have broken down again.

Nevertheless during all these talks and negotiations we have come to have a much better understanding of one another's point of view, and in spite of all our disappointments I remain confident that in due course, and with the co-operation of our European employees, a practical solution of this problem will be found.

Official recognition was recently accorded by the companies to the Mines' African Staff Association which was formed spontaneously more than two years ago; its main object, in terms of its constitution, is to advance the interests of African mine employees in supervisory or "staff" jobs. The companies consider that this Association fulfils a long outstanding need, and that this counterpart to the European Salaried Staff Association will prove to be of great benefit to the employees concerned, and, in particular, that its recognition will improve in the long run the prospects for African advancement in the industry.

COPPER PRICES

I do not propose to indulge in any specific prophecies regarding the price of copper but, statistically, the position appears to be reasonably sound and the indications are that it will continue thus well into the future.

In January of this year your Company, jointly with Rhokana Corporation, publicly announced its decision to adhere to the London Metal Exchange price as the basis for its sales. This decision was taken after the closest study of suggested alternatives, and whilst I do not think it necessary to recapitulate at length the reasons given for that decision, I should like to reiterate that in my opinion the London Metal Exchange provides the best mechanism for determining prices in relation to supply and demand.

It is well known that aluminium is becoming increasingly competitive with copper, but the price level at which this competition is effective varies tremendously according to the end use, and I cannot subscribe to the view that any arbitrary method of price fixing, introduced now, will affect the longer term position which will be determined by economic conditions. If the tempo of industrialisation throughout the world continues to be a vital economic factor, it does not seem unreasonable to assume that copper and aluminium will both be in considerable demand.

EXPANSION OF EDUCATIONAL FACILITIES

In March of this year, the four producing copper mining companies announced their decision to establish a foundation to promote technical education on the Copperbelt and to enlarge the scope of existing scholarship schemes. The growth of the Copperbelt towns has resulted in a demand for educational facilities, particularly of a technical nature, on a scale which the Federal Government is, as yet, not in a position to meet, whilst the assured expansion of the industry foreshadows a greatly increased demand on technically trained manpower. I am very pleased that this latest expression of the copper companies' faith in the future of the industry has been endorsed enthusiastically by the European employee organisations.

Copies of the annual report and accounts may be obtained from the head office, Kitwe, Northern Rhodesia, or from the transfer offices at 44, Main Street, Johannesburg, and 11, Old Jewry, London, E.C.2.

RANGALLA CONSOLIDATED

RECORD RESULTS

The thirty-second annual general meeting of Rangalla Consolidated Limited was held on July 21st in London, Mr Eric Davenport, ACA (the chairman), presiding.

The following is an extract from his circulated statement:

The Accounts for Season 1954 now presented to you disclose a profit in the net figure of £87,562, as compared with £30,381. These results constitute a record in the history of the Company and are entirely due to the extraordinarily high price of Tea over 10 months of the year under review. These high prices continued into the opening weeks of 1955, but as is now well known there has since been a disastrous fall in the Market with Teas changing hands at or below cost of production.

The position in the trade is confused and it is impossible to forecast how long such conditions will obtain. Unless there is very marked improvement in the second half of 1955 I cannot hold out bright prospects for the current season.

Crop for the year was disappointing at 1,345,621 lb, showing a shortfall of approximately 100,000 lb compared with 1953, due to unfavourable weather conditions which retarded the recovery of pruned areas. The estimate for 1955 has been maintained and crop prospects appear favourable, but much depends on weather.

You are being asked to approve a Capitalisation Issue of one fully paid 10s. Share for each Share presently held, which will restore the Capital written off in 1932.

Addressing the meeting, the chairman said: Since the Report and Accounts and my statement were printed your Board have been approached by the authorised representatives in London of a Ceylonese citizen who has purchased over a period a very substantial holding in the Company's Share Capital. We have been asked to appoint Mr G. W. S. Bagshawe to the Board to represent this holding. Your Board are of the opinion that this is a reasonable and proper request and that it should be acceded to. It is proposed therefore to co-opt Mr Bagshawe to the Board at our Board Meeting on August 18th.

The report was adopted and the Board's capitalisation, scrip issue and increase of capital proposals were approved.

BRITISH SUGAR CORPORATION, LIMITED

A NOTABLE ACHIEVEMENT

SIR ALAN SAUNDERS'S REVIEW

The nineteenth annual general meeting of the British Sugar Corporation, Limited, was held on July 26th in London, Sir Alan Saunders, OBE, chairman, presiding.

The following is an extract from his circulated statement for the year to March 31, 1955 :

I cannot this year repeat that the weather has been ideal for the industry. The 1954-5 campaign was conducted under some of the most difficult weather conditions the industry has yet had to face, but the combined efforts of farmers, hauliers and factories avoided any serious frost damage to the crop.

There has been a welcome trend in the postwar years towards earlier drilling, but in 1954 this was reversed and very little of the crop was sown until the latter half of March. With the arrival of warmer conditions, however, the operation was completed exceptionally rapidly.

Rainfall during the growing period was high and this no doubt helped to minimise the effects of pest and disease, particularly in the case of virus yellows disease, the aphid vectors of which were largely immobilised. Although damage was somewhat greater than in the previous season, it is not thought to have had any significant effect upon the ultimate yield.

Weather was most unfavourable during almost the whole of the harvesting period. Mechanical harvesters could not be operated to the fullest extent, and there was a resultant delay in beet deliveries to factories.

A total of 4,520,645 tons of sugar beet was delivered, the fifth highest figure in the history of the Corporation. In view of the adverse conditions, I think you will agree that this is a notable achievement, particularly when I point out that only so recently as the 1946-7 season did we receive more than 4 million tons for the first time. I think this is a point of great interest. It means that an average crop for today would have constituted an all-time record only eight years ago.

HIGHER YIELD

The crop acreage was 416,771, grown by 38,493 farmers, which represents an average of 10.83 acres per grower. The average yield per acre was 10.85 tons, which compares with an average yield for the ten preceding seasons of 10.51 tons. In other words, despite the abnormal weather the yield was one-third of a ton above average.

The continued wet weather resulted in a low average sugar content of 15.67 per cent, which was 0.64 per cent lower than in the previous season and the lowest juice purity for five years. Together with a lower average root weight, this reduced the sugar per root figure to 91 grammes, compared with a record 110 grammes last year. Nevertheless, total sugar produced was 596,601 tons, of which 367,056 tons was white sugar. The amount of sugar beet pulp produced was 279,226 tons. Molasses production amounted to 199,096 tons.

I have referred on previous occasions to the valuable work performed by the Sugar Beet Research and Education Committee, in which we are financial partners with farmers and working partners with both farmers and the agricultural departments, as well as the scientists. The valuable work of this body over the years has yielded good dividends in such spheres as cultivations, fertilisers, mechanisation, investigations into pests and diseases and many others. I should like to take this opportunity of expressing appreciation of the harmonious and businesslike manner in which this work is conducted.

The technical results at the factories were affected by enforced slow running in the first month of the campaign due to the very bad agricultural conditions. Nevertheless, the campaign average daily slice was 41,486 tons, a figure only exceeded in last year's record campaign. The dirt tare of delivered beets for the whole season was the highest in the Corporation's history, and this caused unusual problems in wear and tear of plant.

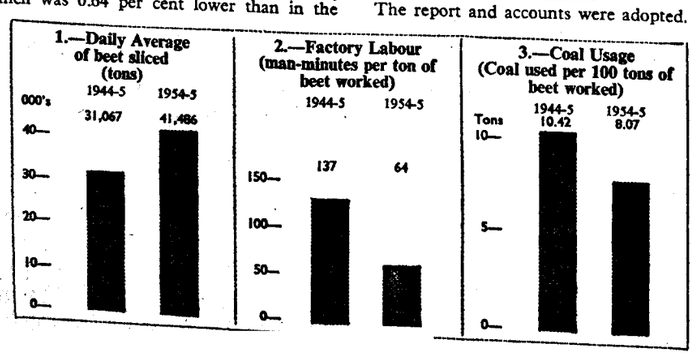
FACTORY IMPROVEMENT

In my address of 1950 I announced a large-scale plan for the reconstruction and improvement of our factories at a cost of between £9 and £10 million. I am glad to report that this programme has been successfully completed at a total cost of £9,242,000, and the factory improvement and operational economies as a result of this work are progressively accruing.

The major plant additions (in this last year of the reconstruction programme) were ten continuous diffusers installed in six factories. These operated very satisfactorily and were the primary reason for the achievement of a record low sugar loss in process.

Turning now to our main product, we have maintained production of the finest quality sugar and I should like to acknowledge with gratitude the pleasant relations which continue with the sugar trade and the leading manufacturers of sugar-containing goods, who are our valued customers.

The report and accounts were adopted.



GROSVENOR HOUSE (PARK LANE)

SIR CHARLES TAYLOR ON GROWING REPUTATION

The twenty-seventh annual general meeting of Grosvenor House (Park Lane) Limited was held on July 28th at Grosvenor House, Park Lane, London, Sir Charles Taylor, MA, DL, MP (the Chairman), presiding.

The following is an abridgment of his circulated Statement:

Profits for the year show a further increase. This is encouraging when it is remembered that the previous year's results included the whole of the Coronation festivities.

The end of food rationing benefited all the catering departments. Nowhere in the world is there better food or better cooking than in the fine British hotels, of which Grosvenor House is an outstanding example and one whose reputation continues to grow both at home and abroad. More and more are we benefiting from personal recommendation, and there can be no better tribute than this.

The cost of building, of alterations, and of new plant and machinery is very high and should, the Directors feel, be met out of profits available. During the year a new and larger Cocktail Bar has been created which is proving a success and a sound investment. A new ballroom air-conditioning plant is also being installed, which will make the ballroom as efficient and attractive as the finest in this or any country. For these and other planned special expenditures a new Account, "Special Works in Public Rooms," has been opened in the Balance Sheet.

The payment of Monopoly Value which is part of the annual cost of having a liquor licence, has been commuted.

PARK STREET DEVELOPMENT PROJECT

In order to make the development of the site known as 35 Park Street a satisfactory undertaking, the lease for the whole of the Grosvenor House site, which had 70 years to run, has been cancelled and a new lease for 150 years negotiated on very satisfactory terms.

Partly to finance the Park Street development £300,000 of 5 per cent Unsecured Loan Stock has been issued at par. It was arranged to call up only 10 per cent in the first instance and the Company has the right to call up further instalments as and when needed. It has been agreed that the Holders of the Stock may convert into Ordinary Shares at a premium of 80 per cent in three years or 100 per cent within five years.

Due to the enormous cost involved in building, equipping and furnishing as compared with revenue earning capacity your Directors are satisfied that it is uneconomic to build and equip a first-class hotel today. Your Company can, however, add a number of hotel bedrooms without having to provide additional basic services. We have, therefore, submitted development plans to make a contribution to the Hotel accommodation in London and to the traffic problems of Park Lane and Park Street and, at the same time, to provide a fair return on the investment.

In view of the special expenditure and development programmes your Directors recommend a dividend of 10 per cent and a bonus of 5 per cent which, in effect, amounts to the same total as last year.

The Chairman paid a warm tribute to the management and staff.

The report was adopted.

F. H. LLOYD & COMPANY

LARGER SALES TURNOVER

RECORD NET PROFIT

MR F. N. LLOYD'S STATEMENT

The sixty-eighth annual general meeting of F. H. Lloyd & Company, Limited, was held on July 22nd at the registered office, James Bridge Steel Works, near Wednesbury, Mr F. N. Lloyd, chairman and managing director, presiding.

The secretary (Mr E. Allison) read the notice convening the meeting and the report of the auditors.

The following is the chairman's statement circulated with the report and accounts for the year ended April 2, 1955:

Ladies and gentlemen,—Our trading profits for the last financial year were only slightly lower than those for the previous year. Although competition has increased, we have been able to work to capacity for the greater part of the period under review. Profit margins have been lower, but this has been largely offset by a further increase in sales turnover. The marked improvement in available profits is due to the lower tax liabilities, caused mainly by the disappearance of the EPL.

We have also benefited from investment allowances in respect of the capital expenditure which we have undertaken. As the present level of capital expenditure is expected to continue, we have decided to create an Investment Allowances Reserve which reflects in our accounts the extent of the financial benefit which has accrued to us under this heading.

PROFIT AND DIVIDEND

Turning to the accounts, after providing for depreciation, £158,846, and taxation, £404,283, the net Profit for the group for the year, as shown in the Consolidated Profit and Loss Account, is £453,031. This again constitutes a record, the previous best being £332,372 in 1954. During the year, interim dividends were paid of 2½ per cent, less tax, on the 5 per cent Cumulative Preference shares, and 5 per cent, less tax, on the Ordinary shares.

The general reserves of the group are increased by an allocation of £301,368, from £785,000 to £1,086,368, and the tax relief of £39,759 for the group investment allowances has also been allocated to capital reserves. We now recommend the payment of final dividends of 2½ per cent, less tax, on the Cumulative Preference shares, and 20 per cent, less tax, on the Ordinary shares, which, in total, will absorb £89,988. The balance on the Appropriation Account of the parent company to be carried forward to next year is £117,389, which, with the amount of £24,998 carried forward in the subsidiary companies, makes a total carried forward for the group of £142,387, compared with £121,143 last year.

CAPITALISATION OF RESERVES

Over a long period of years we have reinvested a large proportion of our profits in the business. The total reserves, revenue and capital now amount to £2,460,646 for the group. This compares with our issued Ordinary capital of £750,000. The reserves largely represent money which is permanently employed in the business, and we propose recognising this position by capitalising £750,000 of these reserves and issuing one new fully paid Ordinary share for every existing Ordinary share held. This does not of itself mean that we shall pay out more in dividend next year: our future dividends must be decided in the light of the results which we achieve. It will be necessary to increase the authorised capital of the company. To enable this issue to be made, a resolution to increase the authorised capital to £1,760,000 will be moved at an extraordinary general meeting to be held immediately following the annual general meeting.

It is of interest that since 1945 there has been a growth of 272 per cent in our issued capital, and 509 per cent in the value of our fixed assets. Although our dividend during this period has increased from 8 per cent to 25 per cent, at no time has more than one-third of our profits been distributed, the whole of the remainder having been put back to finance the development and improvement of the business.

WORKERS' INCREASED EARNINGS

The number of our employees has increased from 1,600 to 2,800 and the extent to which our employees have participated in the benefits derived from the company's development can, to some extent, be measured by the fact that average earnings per employee have advanced from approximately £6 10s. 0d. to £11 10s. 0d. per week in respect of an average working week which was 49 hours in 1945 and still remains at the same figure today. The fact that we are still having to work appreciably longer than the 44-hour week is a measure of the shortage of available man-power, which has been the limiting factor on our production last year, and is more acute today than ever before.

Although we do not do any appreciable direct export trade, we are nevertheless extremely vulnerable to any recession in the output of engineering goods for the export markets. We therefore have to face the fact that our progress could be brought to a halt if the effects of the industrial troubles which have recently beset this country were to persist to the point where they destroyed our customers' ability to compete in the export markets.

CAPITAL EXPENDITURE

The total capital expenditure during the year was over £500,000, and the greater part of this sum was spent at our subsidiary companies, Lloyds (Burton) Limited and Parker Foundry (1929) Limited. Expenditure at Lloyds (Burton) Limited has been mainly on electric melting and heat treatment plant to increase production of alloy cast steels and of ductile cast iron. At Parker Foundry (1929) Limited, a complete new foundry has been built to increase our output of heavy castings.

The year's results could not have been achieved without sustained effort by our staff and works employees who continue to work well together to promote the progress of the company.

The report and accounts were adopted; the proposed dividends were approved; the retiring director, Mr M. C. Lloyd, was re-elected and the directors were authorised to fix the remuneration of the auditors, Messrs Agar, Bates, Neal & Co.

At a subsequent extraordinary general meeting the board's capital proposals were approved.

THE LONDON COUNTY FREEHOLD & LEASEHOLD PROPERTIES

BOARD'S PROGRESSIVE POLICY

The forty-fifth annual general meeting of The London County Freehold & Leasehold Properties Limited was held on July 25th in London.

Mr Thomas J. Cullen (Chairman and Managing Director) in the course of his speech said:

Our gross rental income for the year was £2,339,560, being £45,534 more than last year. The net revenue was £297,940.

Our properties are in an excellent state of repair. The increase in property outgoings was £42,402 against an increase in rental income of £45,534.

POTENTIAL NET REVENUE INCREASE

The Housing Repairs and Rents Act, 1954, came into operation at the end of August last.

After an enormous amount of work, the increased cost of services and repairs has been generally agreed. The amount actually receivable by agreements made under the terms of the Act is still substantially below the actual amount of the increased outgoings which we have incurred. Our rents, even if the whole of the increase in the cost of services and repairs were added, would still be low—indeed it would not be possible to build flats to let at such figures. In consequence we have assets that should provide an increased net revenue in the future. We have invested over £1,900,000 in properties since March, 1939. Of that sum £900,000 represents investment of the annual provisions of the Leasehold Amortisation and Freehold Buildings Replacement Funds, the balance of £1 million provides additional income. Of these investments about 50 per cent were in commercial properties and a substantial portion of the balance in rebuilding, or improvements to, residential properties. The Commercial properties are yielding a higher rate than the residential properties and the net income from the investment of the £1 million is not less than some £80,000 per annum.

Loan interest is now some £53,000 per annum less than it was in 1939; the only additional charge to be taken into account is the dividend on an issue made in September, 1943, of £300,000 5½ per cent Preference Stock. Therefore, a total of some £116,000, additional to prewar net income should be available for ordinary stockholders. That is equivalent to 4½d. per 10s. Unit of ordinary stock, after allowing for profits tax attributable to dividends. Most of this has been earned for several years now but has had to be used in connection with rent controlled flats for maintaining the services and paying for the increased cost of repairs.

Your Directors are glad to be able to recommend payment of a small increase in dividend for the past year and look forward to continued improvement in the net income available for distribution.

In February last I visited Rhodesia and was offered a unique opportunity of managing two very fine properties in course of construction in Salisbury, Southern Rhodesia, with an option to purchase at the end of two years. I was most impressed by the prosperity of the Federation and the possibility of suitable property investments. Material benefit should accrue from our interests there.

The report was adopted and the total dividend of 1s. 3d. per 10s. unit of Ordinary Stock was approved.

RUSTON & HORNSBY LIMITED

INCREASED TURNOVER

The sixty-sixth annual general meeting of Ruston & Hornsby Limited was held on July 27th in London, Mr W. J. Ruston, chairman of the company, presiding.

The following are extracts from his circulated comments on the report and accounts for the year ended March 31, 1955:

When I addressed you a year ago, I wound up with the forecast that although trading for the year now under review should be on a scale commensurate with production capacity, the rate of profit might be further reduced because of increased costs. What I said then is now justified by the results, because although I am able to report an increase of no less than 10 per cent in despatches of the Group the gross trading profit has fallen by £229,000.

Relatively speaking, the fall is not substantial, but when we consider that a considerable portion of the gross output has accrued as a result of the large amount of money expended on capital equipment, it is most disappointing to be unable to report any return on the investment. I attribute this failure and the fall in earnings largely to increased costs. Because of this we have had reluctantly to increase our prices and we have yet to see the extent to which our trade may be affected by this decision.

DIVIDENDS

The net profit of the Holding Company is £695,682. Of this £382,822 is taken to General Reserves, and £4,954 retained, leaving £307,906 for distribution amongst the shareholders of which £294,687 is required for the proposed dividend at the rate of 12½ per cent on the Ordinary Stock.

Your directors are of opinion that the issued share capital of the company is disproportionate to the capital employed in the business. It is recommended that £1,900,000 of the Capital Reserve and £150,000 of the Plant Replacement Reserve should be appropriated for the purpose of paying up in full 2,050,000 Ordinary shares of £1 each for issue to the holders at the close of business on July 8, 1955, of the Ordinary Stock in the proportion of one new Ordinary Share for £2 in Ordinary Stock held at such time.

For some years past, direct and indirect exports of our main products have remained steady at approximately 85 per cent of our total production. This figure during the past twelve months has been steadily falling, and is now in the region of 70 per cent. This trend alone demonstrates the significance of foreign competition, particularly that of Germany, where although costs have indeed risen, they have done so to a much smaller degree than in the United Kingdom. In respect of our main products of oil engines we obtained little benefit from the prosperity and increased purchasing power at home. Bulk electricity supplies are becoming almost universal, and we are becoming more dependent upon exports to traditional markets which are often heavily protected by import duties.

It is more than usually difficult to forecast the prospects for the current year. The Group Order Book although slightly down on last year, is still satisfactory, averaging ten months production at the present level of output. Any further increases in costs would necessitate further raising of prices, which in turn may well lead to a contraction of our order book.

The report was adopted and the board's capital proposals were approved.

METAL CLOSURES LIMITED

SUBSTANTIALLY INCREASED TURNOVER

The nineteenth annual general meeting of Metal Closures Limited was held on July 22nd at West Bromwich.

Mr W. V. Esperson (the Chairman) presided, and in the course of his speech said:

Our Consolidated Profit before taxation for the year is £306,986, which compares with a profit before taxation of £227,140 for 1953—an increase of £79,846, or 35.15 per cent. The net profit result is £130,712 which compares with £71,994 for the previous year. The abolition of the Excess Profits Levy, which last year amounted to £28,443, has substantially benefited us.

The whole of the profit increase is due, firstly to a substantially increased turnover, and, secondly, to improved manufacturing methods. I am sure you will regard as extremely gratifying the fact that the Company's reputation has never been higher for quality of its productions and the services which we render to our customers. Our output of manufactured articles increased from the previous year by about 29 per cent and the increase in their invoice value was about 28 per cent. It is therefore evident that during the year under review our manufacturing resources were very fully employed

During the year we made very satisfactory progress in our export markets—the total value of the exports was over 100 per cent greater than for the previous year.

Due principally to the profits which have been ploughed back into our business over the past years, the issued capital of our Company does not adequately represent the actual amount of capital now employed in it. In order to correct this position, your directors determined to recommend that we should make an issue of scrip in the proportion of two new Ordinary Shares for every three now held. To accomplish this, we propose to capitalise the sum of £100,000.

RISING COSTS

I regret to say that, since the beginning of this year, there have been two increases in the price of our principal raw material, whilst there have also been increases in the rates of wages. I do not, however, deplore the latter development, since in our case it has been linked with increased production, but there appears to be no limit to the increase in the prices of raw materials. So far, we have not passed on any of these increases to our customers, and we intend to carry them ourselves as long as we reasonably can. As a matter of interest, I may state that over the past seven years our prices in respect of about 75 per cent of our output have been increased by only approximately 15 per cent, despite the fact that during that period the price of the aluminium sheet we use has been increased by 75 per cent and wages have risen by about 100 per cent.

In regard to the future, our works are fully occupied, we have more orders on our books than we had at the time of the last annual meeting, and it is apparent now, from results already achieved, that the financial accounts for the current year will at least show a state of affairs no less favourable than those we have under review.

The report and accounts were adopted and the Board's capitalisation proposals were approved.

HACKBRIDGE AND HEWITTIC ELECTRIC COMPANY

RECORD TRADING RESULTS

The forty-ninth annual general meeting of Hackbridge and Hewittic Electric Company, Limited, was held on July 25th, in London. Mr Anthony M. Browne, Chairman and Managing Director, presided.

The following is an extract from the statement circulated with the report and accounts:

After providing for all outgoings and taxation, the net profit of the Group for last year amounts to £213,284 against £167,767 the previous year. This represents the highest result achieved by the Company in this respect.

The net assets applicable to the Ordinary Share Capital based on Balance Sheet values amount to £1,288,788, that is £788,788 in excess of the issued Ordinary Capital of £500,000. In order to bring the latter more in line with the real capital employed, it is proposed to issue 800,000 Ordinary Shares of five shillings each credited as fully paid, to be distributed in the proportion of two new shares for every five stock units of five shillings at present held.

As at March 31st last Current Assets amounted to £2,026,064 and Current Liabilities to £555,758. This surplus of net current assets amounting to £1,470,306 is more than represented by stocks in hand and debtors which together amount to £1,904,823.

During the past year the trading surplus of the Group amounts to £524,931, an increase of some £20,000.

INCREASED MANUFACTURING FACILITIES

The increase in the trading surplus reflects the effect of the measures taken to improve designs and means of manufacture alluded to in the last report. The changes already made have been very considerable in their scope and yet much must still be done in the way of research and development in order to keep pace with the latest practices and likely trends.

Accordingly, it is proposed to issue a further 200,000 Ordinary Shares of five shillings each, which will be offered to the existing Ordinary Stockholders in the proportion of one new share for every ten stock units held. The price of issue will be 12s. 6d. per share. This additional money is wanted to finance the additional plant and factory extensions now required.

Both at home and overseas the plant we supply continues to enjoy a high reputation and our Company is held in high esteem because of the quality of its products and the good service given to its users. Work for the Central Electricity Authority and Area Boards and for the British Railways and London Transport Executive continue to be the principal outlets at home for the Transformer and Rectifier Divisions respectively and it is hoped that the schemes of expansion of these Authorities will continue to offer scope for our products.

In addition every effort continues to be made to hold other existing markets and to enter new markets both at home and overseas. Orders have been obtained at a sufficient rate to ensure full output in all divisions during the coming year.

The report was adopted and a total dividend of 30 per cent approved.

At the subsequent Extraordinary General Meeting the Board's capitalisation and scrip issue proposals were approved.

COMPAGNIE FRANÇAISE DES PÉTROLES

(French Petroleum Company, Paris)

GENERAL EXPANSION

The annual general meeting of the Compagnie Française des Pétroles was held in Paris on June 25th, with M. Victor de Metz in the chair, and the following is a summary of the report presented by the Board:

The year 1954, a good year for the oil industry, was marked by a general expansion of the Company's activities.

The Company acquired a 6 per cent share in the International Consortium formed to market Persian oil once again. According to the agreements concluded with the Persian government, a rising output will be made available during the years 1955, 1956 and 1957. In fact, during the last two months of 1954, Persian exports of crude oil totalled 450,000 tons, whilst the Abadan refinery processed a further 870,000 tons.

A 33⅓ per cent share was also secured in Abu Dhabi Marine Areas Limited and Dubai Marine Areas Limited, two companies set up in 1954 to purchase and explore concessions on the seabed outside territorial waters in the Persian Gulf.

The total tonnage of crude oil received by the Company during the year amounted to 9,312,828 metric tons, made up of 6,719,049 tons from the Eastern Mediterranean, and 2,593,779 tons from the Persian Gulf area, as against a total of 8,324,000 tons in the preceding year. The Company also shared in the output of the Tripoli and Abadan refineries to the extent of 146,604 tons.

Investments rose considerably during 1954, comprising a £420,375 share in the Iraq Petroleum Company's capital increase, and £1,110,600 in the new marketing organisation in Persia.

The Compagnie Française de Raffinage, an important subsidiary, processed 6,224,039 tons in 1954; 3,200,599 tons were handled by the Raffinerie de Normandie, and 3,023,440 tons by the Raffinerie de Provence. The former put a bitumen-processing and cut-back plant into service in September, and the latter began operating an installation for the dispatch of liquid gas by sea in November.

With the entry into service of the tanker *Zubair*, the deadweight tonnage of the Compagnie Navale des Pétroles (another undertaking controlled by the Company) passed the 200,000-ton mark. Another large unit launched in 1954, the *Biblos*, was practically ready for the sea by the end of the year. The expansion programme further comprises three tankers due for delivery in 1955, 1956 and 1957 respectively.

RESEARCH AND DEVELOPMENT

The boring at El Golea, conducted by the Compagnie Française des Pétroles (Algérie) was stopped at a depth of 8,600 feet, and a new borehole was sunk at Tamellaht, near Touggourt, which had reached 11,300 feet by the end of the year.

Further important gas reserves near Lacq were discovered during 1954, and a new pipeline for natural gas between Cap Bon and the city of Tunis was put into service.

PROFITS AND CAPITAL

The Company's capital was raised further to Frs. 23,208,890,000 during the year. Net profits totalled Frs. 6,975,760,806, and it was proposed to declare a gross dividend of Frs. 600 per share of Frs. 5,000 nominal, equivalent to 12 per cent as before.

The report and the proposals put forward by the Board were adopted.

GEO. BASSETT & CO.

SALES RECORDS SURPASSED

The annual general meeting of Geo. Bassett and Company Limited was held on July 28th in London, Mr D. Gordon Johnson presiding.

The following is an extract from the circulated statement:

A year ago I referred to our record-breaking achievements in the financial year 1953-54, when profits, production and sales all soared to new high levels. These record achievements were far surpassed during the year under review. Profit before tax was £795,135, an increase of 72 per cent over the previous year and the highest in the Company's history.

We have now revised and expanded our profit-sharing scheme to embrace all our male staff at the factory with a minimum of one year's service, together with certain senior members of our female staff. We have done this in order to give tangible expression to our conviction that modern industry is essentially a partnership.

The record results for the year under review were due entirely to higher sales and increased productivity, which enabled us to absorb increases in wages and raw material costs without raising any of our selling prices.

Although confectionery as a whole is now in a buyers' market, your Company is still not quite able to meet the full demand for its main products, in spite of a 50 per cent increase in output during the year under review.

Our exports again showed an increase over the year.

The report was adopted.

G.R.A. TRUST

CONTINUED DISCRIMINATORY TAXATION

The twenty-seventh annual general meeting of The Greyhound Racing Association Trust Limited was held on July 21st in London.

Mr Francis S. Gentle, CBE, Chairman, in the course of his speech referred to the taxes for the year totalling £1,672,000.

This included £1,133,000 for the discriminatory 10 per cent Pool Betting Duty, levied only on Totalisators on greyhound racecourses, which had been imposed in 1948 in a spirit of postwar emergency and with the promise that if it proved too drastic it would be mitigated. Representations to the Treasury are being furthered by an all-Party Committee of MP's helping simply in the cause of common justice and Mr Gentle looked forward to the time when this tax would be alleviated.

Potential competition from Television would be widened with commercial sponsoring but Mr Gentle believed all Sports would be given an indirect copyright in their spectacle: this would provide machinery which, with intelligent use, could prevent unfair competition and be of the greatest value to all Sports and, in the long run, to Television itself.

The Company's Stadia are being kept in first class repair and improved where necessary: although costly, this is essential, in the Board's view, for the maintenance of the Company's business.

The Accounts were adopted, the 15 per cent dividend and 5 per cent special bonus from profits of previous years were confirmed and the retiring Directors were re-elected.

THE A.P.V. COMPANY

GROUP TURNOVER EXCEEDS £5½ MILLION

The forty-fifth ordinary general meeting of The APV Company was held on July 27th in London, Dr R. J. S. Seligman, Ph.nat.D, FCGI, FInstMet, FIM (the Chairman), presiding.

The following is an extract from his circulated statement:

The improved trading conditions to which I referred last year are evidenced by the Accounts now presented. The Consolidated Net Profit of the Group, before providing for Taxation and Staff Bonus, amounted to £359,538, an increase over the previous year of £139,431, of which £95,434 is attributable to the Parent Company.

The provision for Taxation in the Group Accounts amounted to £169,600, and for Profit Sharing Staff Bonus £32,593.

The Turnover for the Group in 1954 amounted to a figure in excess of £5,700,000 as compared with £4,200,000 for the previous year.

The orders received by your Company in 1954 were 77 per cent greater than in 1953, and export orders received in 1953 were more than doubled in 1954.

With the exception of a small loss incurred by our Italian subsidiary, all your Subsidiary Companies worked profitably for the year under review.

REVIEW OF ACTIVITIES

The Dairy Industry: The past year has seen a steady growth in your Company's service to the Dairy Industry. This is particularly true of the Dairy Industry abroad.

The Brewing Industry: There have been increased sales by your Company to Breweries in almost every part of the world. In many cases the quality of your Company's products has overcome some severe competition in both price and delivery.

The Food Industries: This Department achieved higher sales than in any previous year.

The Chemical Industry: 1954 gave your Chemical Engineering Department the largest order book recorded so far in any one year. Sales of the Company's standard products have increased and there is every prospect that this tendency will continue.

Bulk Transport: Sales by your Transport Tank Department in 1954 have exceeded appreciably those of 1953. It is expected that in this respect the current year will be in line with 1954.

General Engineering: This Department is almost exclusively concerned with meeting the needs of the Defence Departments. Indeed some 90 per cent of the orders received during 1954 were from Government Departments or Government contractors. It is not anticipated that orders can equal those received in the past unless a marked change in world conditions takes place.

The move of your factories is now all but complete. The final move of the offices, laboratory and research organisations should be completed before the end of this year. Already the benefit of centralisation at Crawley is seen in the form of better flow of materials and components, improved control and reduced handling costs, but much remains to be done and your Directors are confident that it will.

I think it reasonable to assume that, for the Group, 1955 will be comparable with 1954.

The report was adopted and the dividend of 10 per cent for the year was approved.

FODENS LIMITED

The fifty-third annual general meeting of Fodens Limited was held on July 27th at Elworth Works, Sandbach. Mr James Wild, the Chairman, said in his report:

The accounts show that we have had a very satisfactory year. A high percentage of our production has been exported and we continue to receive a steady flow of orders from our overseas agents. We also have a full order book for the home market. We also are engaged on valuable Government contracts.

Our subsidiary company, Fodens (South Africa) has continued to expand and has recently taken over larger premises in Johannesburg.

We have recently opened a further service depot at Carlisle, and in the near future plan to open another at Glasgow. Plans are also afoot for a depot at Bristol, and for the extension of the present facilities in Darlington.

I know that it is of interest to many members to see how each £1 of our gross sales income has been applied, and the figures for this year are:

	s.	d.
Wages and Salaries	5	0¼
Materials and Services	12	3¾
Servicing of Buildings, Plant and Equipment		9¼
Taxation		11¼
Retained in the Business		7
Dividend (net)		3¾
Total	£1 0	0

I would like to thank all our employees for their share in the continuing prosperity of our Company.

The report was adopted.

HENDERSON'S TRANSVAAL ESTATES

The forty-third annual general meeting of Henderson's Transvaal Estates Limited was held on July 21st in London.

Sir Joseph Ball, KBE (the chairman), in the course of his speech, said: Dealing first with the company's own accounts, the profits, after payment of tax, amounted to £48,961, as compared with £45,689. Profits before tax amounted to £77,508 as compared with £73,276 last year. The consolidated net earnings amounted to £67,082.

This company's South African coal interests are held through its Subsidiary—Tweefontein United Collieries Limited. The results of that company for the year ended December 31, 1954, showed a profit on coal of approximately £142,000, as compared with £176,200 during the preceding year—a decrease of about £34,000. Dividends of 10 per cent (the maximum) on the cumulative participating preference shares, and 10 per cent for the year on the Ordinary share capital were paid. As a result of prospecting, further reserves in both the No. 1 and No. 2 seams accessible from the Tweefontein West Shaft were proved, as well as a substantial area of No. 1 seam accessible from the Waterpan Shaft. The outstanding feature of 1954 is the fact that evidence has been obtained to justify a policy of expansion.

Last year I informed shareholders that a large area of the mineral rights owned in the Bethal area by our Subsidiary—Mineral Holdings Limited—had been included in prospecting option agreements with subsidiaries of two of the principal mining finance houses. Since then, an extensive programme of drilling for gold has been in progress.

The report and accounts were adopted.

W. J. BUSH AND COMPANY

OVER-ALL TRADE INCREASE

The fifty-eighth annual general meeting of W. J. Bush and Company, Limited, was held on July 27th in London, Mr Eric L. Bush, chairman of the company, presiding.

The following is an extract from his circulated statement for 1954:

During the year under review there has been a satisfactory increase in our over-all trading and this could have produced a higher profit figure had it not been for more intensive competition, particularly in overseas markets, which affected the margins at which we operated. The accounts show that we have maintained the satisfactory level of profit achieved in the previous year.

In view of the enhanced cost of plant and equipment it is considered desirable to increase the reserve against this item by a further allocation to £120,000, bringing the total to £450,000.

RESERVES INCREASED

With the prevailing inflationary tendencies we have deemed it appropriate to increase the reserves against Contingencies and Stock in Trade by £80,000 and £50,000 respectively. In this connection it is to be observed that the value of stocks comprising manufactured goods and raw materials located at the Company's establishments throughout the world is over £2½ million and with the addition to the reserve against this item provided for in the Accounts there is a total provision of approximately 13½ per cent.

It will be noted that a reserve "Additional provision against Overseas Debts £32,938" has been made. This arises as a result of operations associated with an overseas government and payment is overdue. Negotiations for a settlement are proceeding but it is considered prudent to make this provision.

Under our development programme the substantial amount of £234,967 has been expended on Fixed Assets at home and abroad during the year under review. This figure includes further expenditure on our new plant at Isando near Johannesburg.

WILSON BROS., LIMITED

(Greeting Card Publishers)

The eighth annual general meeting of Wilson Bros., Limited (Greeting Card Publishers), was held on July 26th, in London. Mr Samuel Edward Wilson (Deputy Chairman and Joint Managing Director) presiding.

The following is an extract from the Chairman's circulated statement:

I am happy to announce that this year marks the Golden Jubilee of this business.

The profit for the year, before providing for taxation, fell from £176,933 to £163,647, but the profit, after taxation, rose from £64,817 to £74,745, due to the elimination of excess profits levy and the reduction in the standard rate of income tax. Your Directors recommend a final dividend of 32½ per cent, making 50 per cent for the year on the capital as increased by last year's bonus issue.

It is again most gratifying for me to report a very substantial increase in volume of business, both in the home and overseas markets and an ever-growing demand for your Company's publications.

Trading for the first few months of the current year is very satisfactory, and your Board again looks forward with quiet confidence to another successful year.

Your Directors are recommending that a sum of £13,350 be capitalised and applied in paying up in full 267,000 shares of 1s. each, which will be issued to Shareholders by way of bonus in the proportion of one new share for every ten shares held.

The report was adopted and the Board's capitalisation and scrip issue proposals were approved.

TRUMAN HANBURY BUXTON & COMPANY, LIMITED

DEMAND FOR BOTTLED BEERS

The sixty-seventh annual general meeting of this company was held on July 27th in London, Mr G. Dent, chairman, presiding.

The following is an extract from his circulated statement:

Since the date of my last review of the accounts, beer consumption has continued to decline over the country as a whole. In the case of your company, the fall in trade has been mainly in draught beers. Sales of bottled beers have been generally maintained. The demand for "Ben Truman" in particular continues to grow and sales of this beer show a further marked increase. Our Trubrown Ale, too, maintains its very high reputation.

Our free trade, especially in the London area, has continued to expand. On the other hand, there has been a general fall in the barrelage of public houses all over the country.

The trading profit of the group before providing for taxation at £1,002,435 shows a decrease of £83,088. This decrease is accounted for in part by the fall in output; but is chiefly due to increased expenditure. The relaxation of building controls has enabled much-needed work to be put in hand which has been held up since the war. The directors recommend a final dividend of 11 per cent, making 14 per cent for the year. No general increase in beer consumption can be looked for until there is a substantial reduction in the excessive beer duty.

The report and accounts were adopted.

WALSALL CONDUITS

ANOTHER YEAR OF PROGRESS

MR A. E. READ ON THE RECORD OUTPUT

The Nineteenth Annual General Meeting of Walsall Conduits Limited was held on July 22nd at Birmingham, Mr Albert E. Read, the chairman, presiding.

The following are extracts from his circulated statement: I am pleased to report another year of satisfactory progress. The group trading profit for the year ended December 31, 1954, before providing for taxation, was £449,344, compared with £405,561 for the year 1953. As you will see from the accounts, provision has this year been made for income tax (payable in 1956) on the profits of the year under review.

After providing for all taxation (including income tax based on the current year's profits), the final net profit of the group as shown in the consolidated profit and loss account for the year ended December 31, 1954, was £215,241.

The reserves of the Group stand at over £1 million and the directors are recommending that £600,000 of these be capitalised.

Our subsidiary company A. G. Hackney & Co. Ltd. produced a trading profit of £38,663, and after providing for taxation based on the profits of the year there remains a net profit of £20,902 as compared with a loss for the year 1953.

In my remarks last year I said that reorganisation in production methods had enabled us to absorb additional production costs without any increase in selling prices of our own products, but there is a limit to what can be achieved in this direction. Production costs continue to rise and recently we have been obliged to make a moderate advance in our own selling prices.

OUTPUT AND SALES

Output for the year 1954 again reached record figures, being 15 per cent higher than in 1953, although the overall profit margin declined by approximately 2 per cent. Sales for the first five months of this year are well above those for the same period of last year and we have a full order book. With the exception of steel, the general flow of materials is now reasonably good, but the general shortage of suitable labour is a handicap to maximum production.

During the year 1954 we acquired for cash the old-established business of Eureka Conduits and Fittings Company, and this has already resulted in a useful addition to our output.

We have continued to expand our range of products, and it is our earnest endeavour to supply everything required for electric light and power installations from the smallest to the largest building in the country.

All our employees, including those at the depots, have served the company well throughout the year, and their loyalty and efficient service have materially contributed to the results achieved. The directors wish to join me in expressing our thanks and appreciation to all concerned.

The report was adopted.

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Applications are invited from graduates and others with suitable qualifications and/or experience, interested in social research, for temporary appointment as interviewers for a period of approximately three months as from September 1. The work will be undertaken in the following areas: London and Middlesex, Leicestershire, Northamptonshire, Nottinghamshire, West Riding of Yorkshire, Manchester, Sussex, Devon and Cornwall. Applicants must be prepared to travel locally: possession of a car would be an advantage. Payment will be made at the rate of £600 per annum and allowances for travel and subsistence. Applications, including particulars of age, sex, qualifications and experience, should reach the Secretary, University of London Institute of Education, Malet Street, W.C.1, not later than ten days from the appearance of this advertisement.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of ASSISTANT LECTURER IN HISTORY with special interests and qualifications in Medieval History. Salary scale £550 to £650 per annum with membership of the F.S.S.U. and Children's Allowance Scheme.—Applications should be sent not later than August 8, 1955, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

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Applications are invited for the following posts in the Department of Economics:—(i) Temporary Research Assistant to assist with research on the structure of property and property ownership in postwar Great Britain.
(ii) Temporary Tutor.
Salary for each post will be between £400 and £500 per annum, according to qualifications and experience.
The appointments will be for one year in the first instance and may be renewed for a second year. Applications should be sent by August 15, 1955, to the Registrar, University College, Singleton Park, Swansea, from whom further particulars may be obtained.

THE UNIVERSITY OF SHEFFIELD

Applications are invited for a post of ASSISTANT LECTURER in ECONOMICS to begin duties on October 1, 1955, or as soon thereafter as possible. Salary scale £550 x £50 to £650, with FSSU provision and family allowance.—Further particulars should be obtained from the Registrar, to whom applications (three copies) should be sent by August 20, 1955.

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An allowance is made towards travelling expenses. Duties to commence November 1, 1955, or such other date as may be agreed upon by the College Council.
Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.
The closing date for the receipt of applications, in New Zealand and London, is September 1, 1955.

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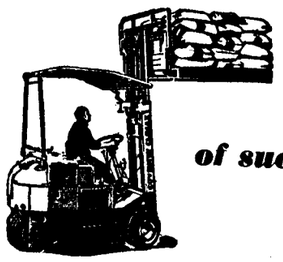

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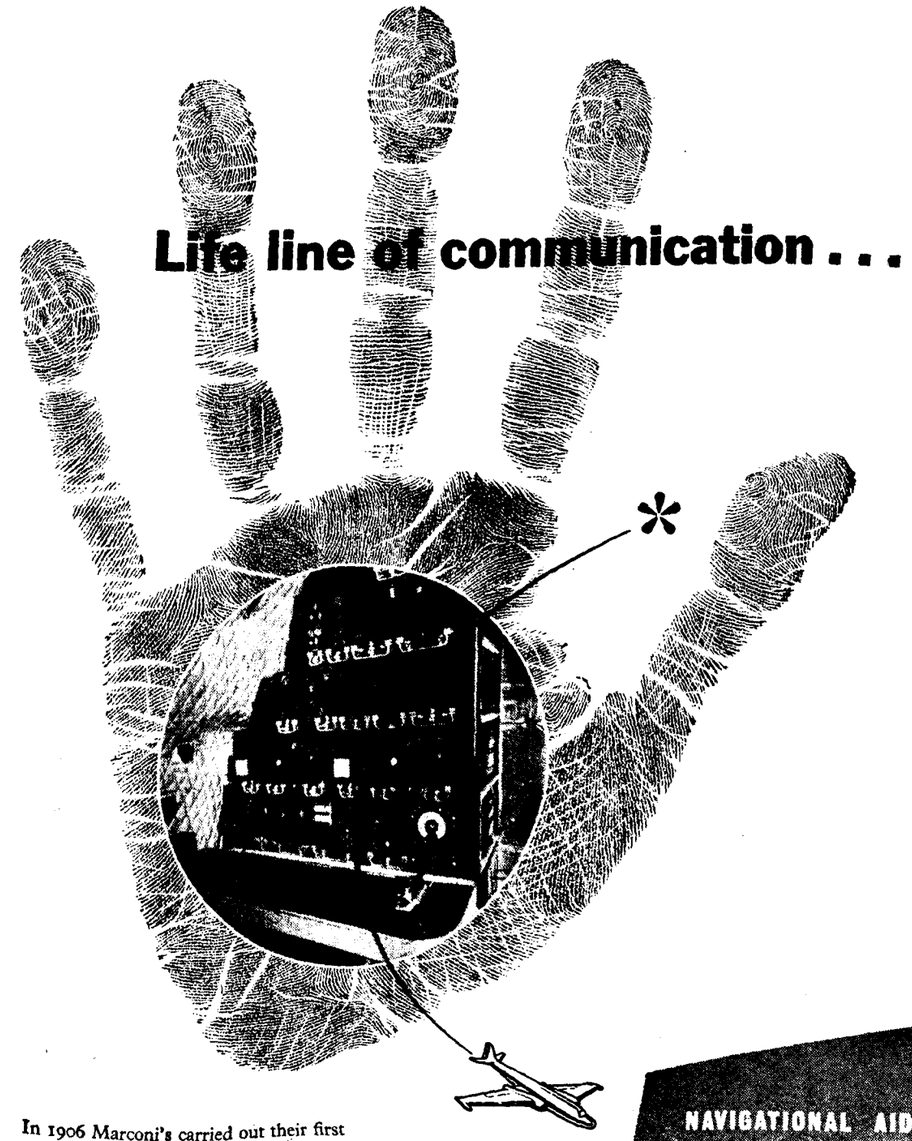

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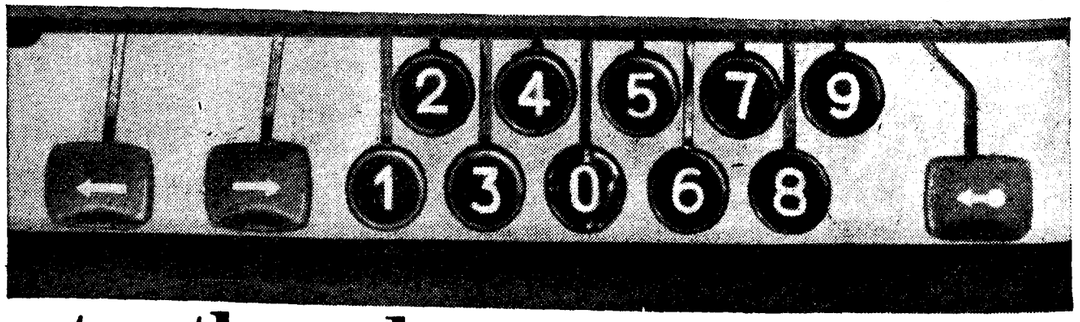

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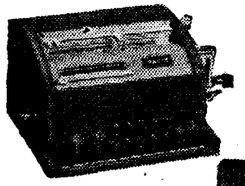

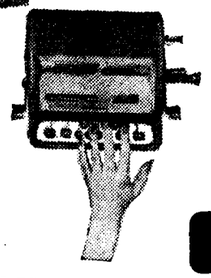

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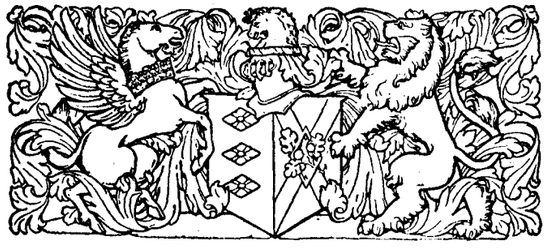

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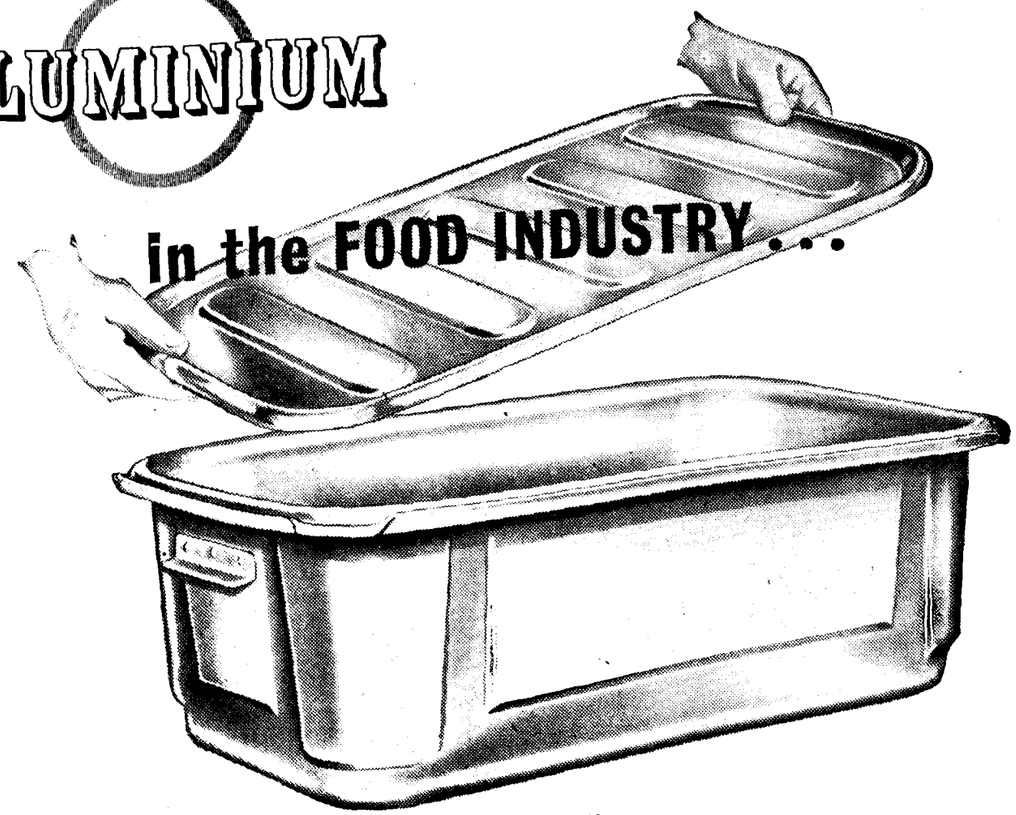

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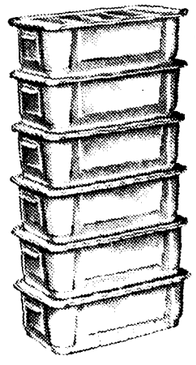

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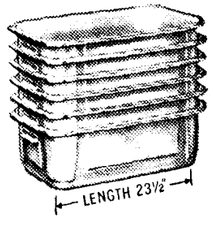

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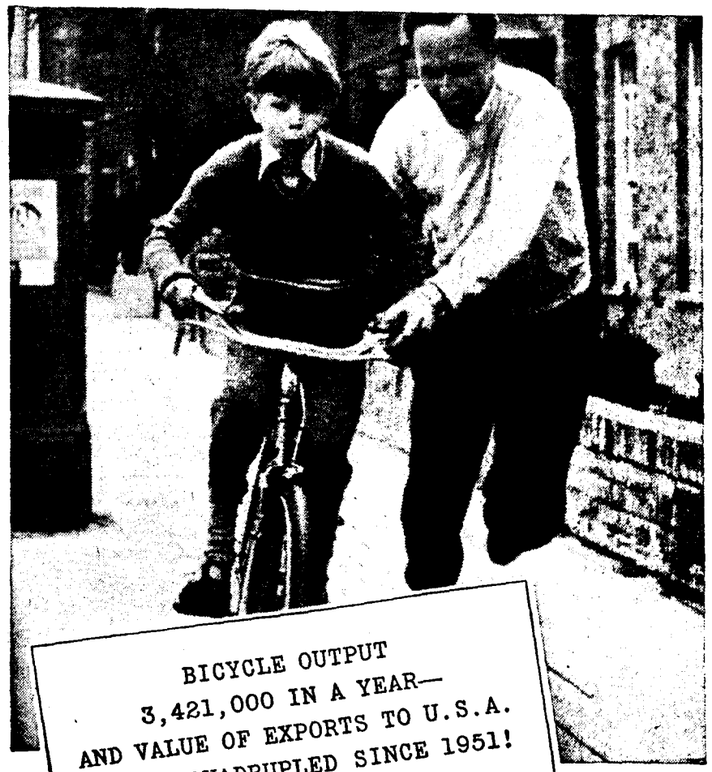

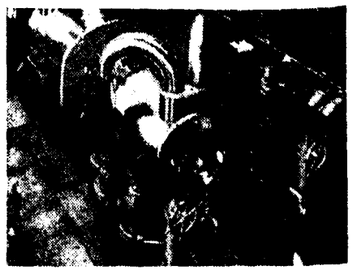

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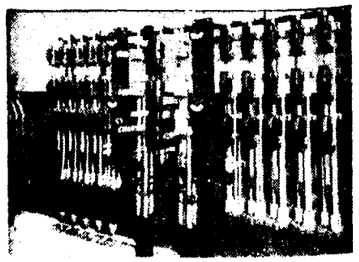

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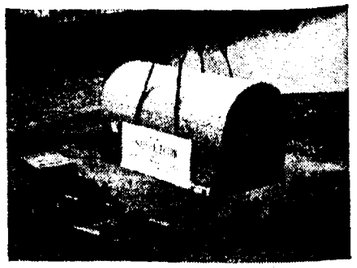

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Second Step on Formosa

IN the midsummer sunshine, the lakeside at Geneva seems to hold an irresistible attraction for the world's diplomats. After the assembly of the Big Four, a bare fortnight ago, comes the meeting between the American and Chinese representatives to discuss the points at issue between the two countries—not yet a meeting "at the summit," indeed, but perhaps a prelude to a more exalted conference. And the site is not the only thing the two meetings have in common. In releasing the eleven American airmen and talking of the possibility of a "peaceful solution" to the Formosa problem, the Chinese have suddenly produced a display of reasonableness and conciliation that is strongly reminiscent of the Russian approach to last month's gathering. There has been a striking similarity between the preliminaries to each bout of negotiation: on the American side, an early reluctance, developing later into qualified enthusiasm; on the Communist side, a skilful propaganda campaign, in which a spectacular display of "good-will" has been mixed with a repetition of old demands, and in which the *pièce de résistance* is the offer of a regional "security" pact to replace existing alliances.

The comparison suggests that the resemblance may go further. The most remarkable development in the Far East since the turn of the year has been the accumulation of evidence that for the time being something like deadlock has been reached in the Formosa straits. It may be that in Asia, as well as in Europe, the opposing powers have now reached the conclusion that a *détente* is possible; and that, without being able to solve the problems that divide them, they can come to some non-committal and more or less amicable arrangement that will permit a relaxation of tension. Moods appear to have changed in both China and America; and if the present negotiations go well, they may further considerably diminish the chances of war over Formosa.

It is clear from the events of the last few days, especially from Mr Chou En-lai's speech at the week-end, that Chinese diplomacy has borrowed not a leaf but a whole chapter from Moscow's book. Basically, Peking's ambitions remain unchanged. Mr Chou made a point of repeating all his familiar claims—membership of the United Nations, abolition of the embargo on the export of strategic goods to China, and the ending of the American "occupation" of Formosa. Moreover, his Asian "security" pact (first suggested after last year's Berlin conference) resembles Mr Molotov's "security" pact for Europe in that it would require the non-Communist countries to dismantle the security arrangements they already have; it would involve the dissolution not only of Seato, but also of the American defence agreements with Japan, Formosa and South Korea. But, like the Russians in Europe, the Chinese have now decided to make their demands with a smile rather than a grimace; the emphasis, for the time being, is on *détente*, and on peaceful rather than warlike approaches.

Hence the last-minute release of the American airmen just before the talks in Geneva opened, and the promise that the question of the

American citizens still detained in China "should be easily settled." Hence also the novel offer to negotiate with "responsible local authorities" on Formosa; and the suggestion that the "liberation" of the island might be achieved by peaceful means rather than by armed onslaught. The contrast with the situation at the winter's end is striking; it matches the change of mood produced in Europe by the sudden Russian decision in the spring to sign the Austrian peace treaty. The Chinese hope to get much the same sort of result from this month's Geneva meeting as the Russians intended to get from last month's, and they have made their preparations with equal thoroughness.

It is unlikely that their reasons for seeking a *détente* are purely tactical. China's defence expenditure is a crushingly heavy burden for so backward a country; it is proportionately several times as heavy as Russia's was at the time of the first Russian five-year plan. Moreover, it takes a long time to convert an army of peasants into a modern fighting force, and for all but the simplest equipment China is entirely dependent on the Russians, who may well be finding the task of supporting their allies a burdensome one. An easing of the Far Eastern situation might make it possible for China to divert some resources to the industrialisation programme; it would also, if it lasted long enough, strengthen Chou's hand in asking for a relaxation of the embargo, and brighten his chances of getting foreign capital from sources other than Russia. Considerations like this are bound to have added weight to the reflection that Peking's previous policy, having failed to dislodge the Americans and the Nationalists from their island outposts, was in any case ripe for a change.

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While this change has been taking place in China, another, no less remarkable for being fully exposed to public view, has been occurring in the United States. American policy has travelled a long way since last autumn; even as recently as that, it would have been difficult to imagine a fortnight in which a meeting between senior Chinese and American diplomats could have followed hard on the heels of a Presidential trip to Europe to talk to the Russians. It is true that, even at the height of the Formosa crisis, the Americans were never so ready to go to war about the island as some of their critics alleged—or (to be fair) as some of their public figures advocated. But it is impossible not to notice that heads have cooled since then, and minds grown clearer; and the prospect of consolidating the *status quo*, with "two Chinas" on the map instead of one, has grown steadily more attractive as the hopes of dislodging the Peking regime have faded.

It is sometimes suggested that this has happened because the American government has been compelled to keep in line with changing public opinion. In fact, the opinion of the great body of the American public has not so much changed in the past year as been given an opportunity to crystallise. A whole series of events—beginning with the fall of Dien Bien Phu and including the decision whether or not to use atomic weapons off Formosa, the report on the fall-out in the Bikini H-bomb test and the debate over the latest armed services appropriations—have made it increasingly clear that the Republican right wing had seriously miscalculated the nation's temper. President Eisenhower's growing assurance in office has enabled him to rely more confidently on his own judgment of public opinion; and the result has been the stranding of the Republican right wing and a decisive movement of American foreign policy towards negotiations with the Chinese.

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If both China and America have retreated from the positions which made calm discussion seem impossible at the beginning of the year, what chance is there that the newly opened talks will yield some kind of workable accommodation? Hard and fast agreement is likely to be scarce; the talks may result in the release of the remaining Americans in China, and possibly an opportunity for the Communists to assure themselves that the Chinese students in the United States are free to leave if they wish. But the one thing that will certainly wreck them is an attempt by either side to get the other to agree to a definitive solution of Formosa's status. The Chinese Communists will never admit that Formosa should be permanently independent of the People's Republic, any more than the Americans will be willing to hand it over at once to be governed from Peking; any attempt to thrash out the question whether, as a permanency, there should be two Chinas or one, is bound to end in failure. Last February *The Economist* suggested that there were three stages by which the problem of the island should be tackled, and the third and last of these was the question of the island's ultimate control. That stage is little closer now than it was then.

The essential first step was to achieve a *de facto* ceasefire in the straits. Without fuss and without negotiation, this has been done in the last few months. (The Communists broke the lull a few days ago with a sharp bombardment of Quemoy, but that was probably no more than a warning before the talks that they could be less agreeable if they chose.) The second step has now been reached, which is to remove the issue from the shadow of the guns to the conference table.

The best hope of the discussions is that they will prevent a relapse. It should not be too much for diplomatic subtlety to devise a form of words which, without compromising the claims that each side still makes, will let both go away from Geneva with the feeling that honour has been satisfied. Such a declaration might include some general phrase disapproving of the use of force; it might also refer to the island's "autonomous status," which Chiang Kai-shek could interpret as effectively recognising his independence, and which the Communists could interpret as a theoretical reduction of Formosa to the status of their own autonomous provinces. The chief test of the negotiators' skill may well be to produce a document the value of which, like that of the ancient Delphic oracles, lies in its ambiguity.

To achieve even as much as this will require a great deal of goodwill, the existence of which has yet to be proved. Moreover, even if a *détente* is achieved, it would be foolish to expect it to endure for ever, or to ignore the special dangers inherent in it. Mr Chou En-lai will continue to sow his suggestions of an Asian "security" pact, and the more successful the relaxation of tension, the more fertile will be the ground they fall on. Time will one day deal with Chiang Kai-shek; and Chou's reference to talks with "local authorities" may well be a first attempt to test the loyalty of those who will succeed to his authority. So long as it remains the Communists' ambition to remove American support from the free countries of Asia, the causes of friction will continue to exist. But less direct methods of operation are now in favour. The result is likely to be at least a temporary easing of the tension round one of Asia's most persistent trouble-spots; and that, where once the danger of war seemed real and urgent, is something to be grateful for.

Thoughts for the Recess

IT would be premature to try to draw any hard and fast conclusions about the temper or promise of the Government or the House of Commons from the first eight weeks of a parliament that may well last five years—years of decision which may determine Britain's position among the nations for a long time to come. They were weeks devoted to little more than tidying up the unfinished business of the previous parliament. Moreover the reconstruction of the Government is not now expected until some time in September, and only when Sir Anthony Eden presents his team in its definite form will it be possible to assess the extent to which he and his colleagues mean business. Progress with the Road Traffic Bill and the passing into law of the County Courts Bill and the Rating and Valuation Bill merely clear the ground for constructive work in the autumn on the promises made to the electorate last March; and in general on the policies that are designed to implement the Chancellor's prediction that the standard of living will be doubled in twenty-five years. This is all to come; nothing is definitely on the agenda except monopolies and clean air; but there is a vague but reassuring sense of bustle and preparation.

Most Tory politicians went off on their holidays in a carefree spirit, a settled parliamentary vista stretching far in front of them, the Geneva conference and Mr Butler's reassurances about the economic situation comfortably at their backs. Under blue skies they have locked up, stopped the papers and arranged with neighbouring civil servants to feed the cat. Yet there may be something to be said for setting a holiday task—a short composition, say, on what unpopular but necessary measures a government with no electoral worries could take, or—for the history class—an essay on the decline and fall of the Baldwin administration of 1924-29.

It was to be expected that there would be a perceptible reduction in political tension in the new parliament; and it is to be welcomed. Argument, however keen, takes place in a much less warlike atmosphere. Members on both sides of the House can be more themselves—their best selves; to put thought rather than slogans into speeches, and to applaud contributions to the debate as well as a well-planted barrage on the opposing emplacements. Mr Gaitskell's reasoned case against Mr Butler's analysis of the economic situation is one instance. Tory backbenchers in the economic debate felt free to doubt if the Chancellor had tightened up quite enough, and in the transport debate to accept the case for leaving the trunk road haulage lines in the hands of the state. This could not have happened in the previous parliament, where, for example, the debate on coal would have revolved in sterile fashion round the failures of nationalisation rather than constructively round the problems of policy. Nor could there have been such a debate as that which followed the railway strike, when the means of preventing such disasters were fairly canvassed, the Tories no longer terrified to affront the working class vote and Labour no longer nailed to a rigid TUC line. The party ideologies have by no means dissolved—but they have softened.

It would be churlish not to see in this a vast improvement—the prospect of a truly constructive parliament. But even if it is but the shadow of a shadow, there is a danger of complacency. The Government is enjoying popular goodwill, and popular goodwill is very enjoyable. The Government is also very comfortable. When the election results came out, it was said that the electorate had given Sir Anthony a majority large enough to govern with, but not large enough to relax on. This might be true if the Labour party had a clear-cut alternative policy to urge, or even the ability to make consistent and incisive criticisms of governmental shortcomings. But in spite of Mr Attlee's new shadow cabinet arrangements, which are sensible and may bear fruit later, the Opposition is preoccupied with problems of its own organisation rather than with the policy it should advocate. If one thing is certain about political parties, it is that organisation cannot be a substitute for policy, though a sound and agreed policy can often make up for defective organisation. Until Labour can find

a policy its true strength as an opposition will remain far smaller than its voting strength in divisions.

This will be a continual temptation to the Government to take things easily. The failure—so far—to face the facts about inflation, to postpone the effort of thought demanded, shows how insidious that temptation can be—for one should surely start as one means to go on. Nor is inflation the only issue calling for difficult decisions, liable to galvanise a demoralised Opposition into life. There are many sleeping dogs that could be left alone—such as subsidies—as well as several growling dogs that will set up a tremendous din if an attempt is made to muzzle them. Ministers admit that industrial unrest cannot be dealt with by legislation, but in spite of much intelligent discussion there is no indication whatsoever that they have any other ideas on how to deal with it. Yet half the Tories' schemes for bypassing the nation's difficulties—ranging from the balance of payments to the maintenance of personal incentives—depend on a reasonable degree of industrial peace, combined with a reasonably stable value of money.

It will not be long before defence will also become a serious issue. Labour has a simple and popular slogan here—cut the call-up because the promised streamlining of the forces in an atomic age ought to permit it, and the international thaw does permit it whether the streamlining has been done or not. But there is very little sign that the Government has any clear-cut ideas on the shape of future commitments, and less still that streamlining is anywhere but on paper.

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Nobody will quarrel with the decision to devote a good deal of the autumn to monopolies, and, since its effects will be slow in any event, there may be justification for giving the Clean Air Bill a good deal of priority. But there is a great deal of urgent legislation which a resolute government with time and a secure majority could fight through in its all-important first year—for example the long-overdue reform of local government, and a measure based on the Phillips report on pensions. No hint of Sir Anthony's intentions has yet emerged.

Here, then, are some of the issues which the country is entitled to expect the Government to face. Facing them means unpopularity in the country and upsets—probably—in the party. Is Sir Anthony ready to face them, or will his leadership turn out to be the leadership of another Stanley Baldwin—who was, after all, his political mentor? No doubt the Prime Minister has given thought to Baldwin's mistakes. He certainly does not have Baldwin's indifference to foreign affairs; but his understanding of economic issues may be as limited. He has at least the same popularity in the country as Baldwin had in the late twenties, and even more with his party, for Baldwin was constantly at cross-purposes with his right wing. Like Baldwin, Sir Anthony appeals because he is a safe man. He says nothing brilliant, and his speeches are as unmemorable as Baldwin's. He shows, too, the same remarkable sensitivity as Baldwin in his handling of those domestic political problems that emerge in personal terms; he may well feel that he has a comparable contribution to make in preserving social stability and furthering the ideal of "one nation." His action in starting talks with trade union leaders immediately after the railway strike left exactly the impression of the Baldwin touch—no solid results emerged, but everyone felt as if a sedative had been judiciously administered to taut nerves.

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The analogy would suggest that over a period of years inflation and crippling wildcat strikes might do to Britain under Sir Anthony what industrial bitterness and unemployment did to Britain under Stanley Baldwin; and it may take less than twenty years for people to look back on the Government's failure to deal with inflation with the same pitying contempt that they now bestow on Baldwin's failure to find the recipe for full employment. But the circumstances are happily more hopeful. Sir Anthony has no Winston Churchill in reserve, of course, but the quality of his team is far higher than was Baldwin's. The present calibre of junior ministers may well be higher than in any previous Conservative administration. The quality of the average MP, too, is obviously higher than in the twenties, even if the standard of the intake at the last election fell somewhat below the intellectual level of the young Tories who invigorated parliament and their party after the 1950 election. What is wanted is central direction; and therefore a very great deal depends on the overhaul of the Government which Sir Anthony is now presumably meditating. Though many of the elder statesmen have now been gently retired, despite a number of important changes the temper of the cabinet still bears a close relationship to that of Sir Winston Churchill in 1951. Then it was ministers' job to play down subsidiary issues while Mr Butler's economic medicine (helped by economic nature) did its work. But the first year of the Eden Government is the year for hard, unpopular decisions, forced through by courageous men in the right positions with clear ideas of what the country needs.

Will Sir Anthony produce, from the materials available, including the promising younger men, a tough government of this type—tough with the country, tough with parliament, and tough with the critics—a technically minded team, whose first interest is to get a technical job done on the economy in two years before democracy gets difficult? Or will there prevail, under temporarily cleared international skies, in the sunshine of Sir Anthony's personal popularity at home, and on a cushion of atomic plenty in prospect, a neo-Baldwinian attitude towards the stern and mounting problems of the economy: an attitude as fatally negative as that of the Baldwin government to international affairs, when it behaved—in Philip Guedalla's epigram—like so many inverted Micawbers waiting for something to turn down? The recess is a time for thinking out the answer.

Suburb Without End?

THE Minister of Housing's request to the local authorities to create green belts round every city is described as an attempt to "prevent the further unrestricted sprawl of the great cities." That is the sort of object that deserves unanimous applause. But green belts by themselves can stop the sprawl of cities only in the most limited sense: the sprawl goes on beyond them. They are no answer to the public nightmare that arises from the pursuit of a million private dreams for "a house, a garden, and a bit of peace and quiet."

Is Britain already one vast suburb? In terms of the total quantity of development, it is not—as yet. Precise figures are lacking, but on any reasonable estimate at least 90 per cent of the surface area is still given over to agriculture, forestry, moors and mountains. The motorist, steering past an incessant flow of houses, shacks, cafés, petrol pumps, WD signs, and public institutions may not credit this fact. But the railway passenger gets a truer perspective.

The motorist's perspective, however, reveals the root cause of much ugliness—the bad design and location of much new development. In design it is hard to overrule popular taste—if the local council likes rustic roundabouts or beautified advertising plots, who is to gainsay them? But over the location of new development, such laxity is unnecessary and unpardonable. In half the counties at least, the old enemy, ribbon development, is once more on the gallop, disguised now as "sporadic infilling"—a phrase which would justify a row of houses from London to Newcastle. Almost every village spawns its little new town—the council estate hived off from the village itself where cottages decay and plots remain unused. In the lanes around, shacks and shanties are going up which evade planning control under the title of agricultural smallholdings. All over the place are the numerous derelict camps, huts, dumps, and airfields of the service departments.

Thus the main present blight upon the countryside consists of development which is badly sited or which need not and should not be there at all. Given the will, these offences could be remedied, for the necessary public powers already exist. But to many people the greatest menace is endless suburbanisation in the literal sense of a vast flood of low-density housing. This prospect, however, raises quite different issues from the unnecessary fouling of the countryside. The suburb today is intellectually unfashionable, and most suburbs are monotonously designed and inadequately equipped. Yet the desire which creates suburbs, the wish for a decent amount of private living-space, is entirely natural and even commendable. The desire for roomier living conditions cannot be treated as just another piece of vandalism, like barbed wire or ugly hoardings, which is ruining the appearance of England.

On the other hand, the full impact of popular taste upon the spread of cities has still not been experienced in this country. In all English-speaking countries there is a close correlation between an individual's income and the size of his garden. The acre or two-acre plots of the well-to-do represent only the van of a mass movement. As living standards rise, increasing numbers will be putting in their more modest demands for one-quarter or one-third of an acre. Moreover, experience shows that they will travel daily enormous distances to get what they want. It is barely a generation yet since the motor bus enabled building development to escape from its ties to the railway, and in another generation from now the spread of private ownership of motor vehicles will set the developer free to go anywhere. The fantastic spread of cities which the pressure of public desire produces can be observed in the United States.

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In Britain, these strong pressures are still held back—partly by the lag in general living standards, partly by two specific factors. The bulk of postwar housing has been public, and local authorities, in the interest of saving land, have pushed the density of housing up well beyond the occupants' tastes. Secondly, planning control, by restricting the availability of sites, has operated and still operates to force up the intensity of new development. But the growing boom in private development will make it increasingly difficult to ignore or flout popular tastes. If these tastes were allowed full and uncontrolled expansion, recent urban spread—great as it has seemed to some—would pale into insignificance. It is not improbable that the present urban or suburban area would be doubled or trebled within twenty years.

Would such an outcome really matter, if it is what the majority want? It is essential that the question should be honestly faced and realistically answered. This is just what the town planning authorities are failing to do, with the result that their actual controls are being slowly eroded while they cling the more strongly to their recondite theories. It is no use Canute just forbidding the tide to come in.

The trump card that is used to hold back the line of the urban fence is the need for conserving agricultural land. But it has been grossly overplayed. Council tenants have been deprived of their vegetable gardens, or put into flats, "in the interests of national food production." It is patently impossible to restrict private development on such absurd grounds, while the effect is to give town planning an unhappy tone of social bias. Nevertheless, a flood of really low-density development would have a severe effect upon the national agricultural potential. If half the population were to spread itself out at ten persons to the acre (a not unlikely result of

giving everyone their way), they would take up another 8 per cent of the improved farmland. This is not more than could be compensated for by increased efficiency; but it is too large to be dismissed as unimportant.

Whatever the agricultural case, it is still more necessary that the majority should ask itself whether it will like the collective consequences of the pursuit of ten million private dreams. Before the war many who settled on the edge of open fields to enjoy the view found the countryside receding by half a mile a year. Such experiences would be multiplied a thousandfold if the still inhibited pressure of private demands for space is given the green light. The prospect of a chain of low-density development, broken only by narrow and precarious green belts, stretching all the way from London to Weymouth, from Stratford to Preston, and from Nottingham to Newcastle is terrifying. All journeys, for work, visiting, or recreation, would become exceedingly tiresome and costly. The flood of cars to be funnelled through the miles of villas would become more and more unmanageable.

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These conflicting considerations can only be reconciled in some compromise. The important thing is to make the compromise intelligent, realistic, and consistent—qualities which are sadly lacking in official policies. Popular tastes cannot and should not be flatly denied or thwarted; but they can be steered.

The steering is a matter of stating where new development may and may not take place, which is the main object of town planning controls. The Minister's insistence on green belts, however welcome in principle, is but a half-bite at the problem. Three things are necessary, if the Minister means business. First, the green belt idea itself ought to be treated less as a way of securing a few miles break between the points where development stops and starts again, and more as a means for preserving the finest stretches of countryside left within easy access of the big cities. Secondly, there is the still greater need to keep building compact—not in the sense of enforcing high densities, but of avoiding scatter and sprawl. Ribbon development at present is being effectively stopped only where agricultural considerations apply. Surely the Minister could by now call a spade a spade, and flatly prohibit this menace and its specious sub-variants as intrinsically undesirable everywhere? Surely, too, he could compel the local councils to integrate their own housing more effectively into the town and village pattern? Thirdly, there is the basic consideration that curbs upon the growth of the largest cities are fruitless if employment therein continues to increase. The fact that last year the London region accounted for almost a third of approved new factory space in Britain suggests how futile it is to try to cure excess fat with a girdle if the patient is still allowed to overeat.

But the final question still remains—what curbs, if any, should be placed upon the extent of new development, as opposed to its location? The public authorities have already gone unwisely and unnecessarily far in forcing up housing densities where they can, and any attempt to put some upper limit upon the size of all building plots would meet with a very cool reception.

It remains true that the private enjoyment of space, air, and quiet will take on an increasing scarcity value, and that in the more populous regions at least, the uninhibited pursuit of these good things is likely to end in collective frustration. Something, therefore, may be needed—short of outright prohibition—which will moderate somewhat the appetite for space and bring home to the individual family the possibility of collective ill-consequences. The most suitable device might perhaps be to increase the valuation for rating purposes of all private amenity space in excess, say, of one half-acre. To be effective, the additional valuation would have to rise fairly steeply above this point. The extra impost could be applied consistently and without difficulty through the reformed valuation machinery. This is not an idea to be taken up without careful reflection; but if the extent of urban spread must be contained, this surely is one way to do it.

Professional Bureaucrats

We do not believe that the propounders of the scheme of filling up all appointments in the Civil Service by open competition can have contemplated the full scope or bearings of their plan. As we view it, it would amount to nothing short of an entire administrative revolution. It would create a special PROFESSION—the members of which would be as exclusively entitled to practise the arts of government as are the members of the Royal College of Surgeons and Physicians to administer medicine or to amputate limbs. It would hand over the whole Executive Government of the empire, except as regards its parliamentary functionaries, to a body of employés, trained in the same school, entering through the same gate, passing through the same ordeal, stamped with the same seal, imbued to a great extent with the same notions and traditions. And if, in addition to this, the rest of the plan were adopted, and the youths thus bearing the prescribed impress and superscription like warranted coin, were to rise by regular gradation to the higher posts, their intellectual and moral habits would be indelibly fixed by professional influence before they arrived there; the ideas and spirit of the corps would destroy or benumb all marked individuality; its character, principles, and pervading notions would become as it were *stereotyped* . . . The nominal Ministers of the Crown . . . would find themselves, on entering their several departments, in the hands of a body of permanent functionaries, wholly *independent of them*, masters of all official traditions and details, and linked together in one close fraternity—through whom all business must be done, and who have their own resolute notions as to the right way of doing it. Would not the Chief Ministers be utterly powerless in such a situation?

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Notes of the Week

No Ideas from Labour

THERE are still no signs that the Labour Party is any nearer to providing the country with the effective opposition it needs. The preliminary agenda for the annual conference in October makes depressing reading: the party's rank and file is at once so plaintive and so lacking in ideas. Transport House cannot complain about the many criticisms of the party organisation, nor can Labour's leaders at Westminster really object to complaints about "lack of energetic opposition" and "uncomradely and undesirable disputations between our leaders." But if the rank and file is so prodigal of its criticisms, it should surely have something to offer by way of advice. It has complained often enough that the leaders ignore it; the morrow of an electoral defeat, with the leaders in humbler mood, offers it a chance to assert itself. The agenda shows, however, that the uncertainty among the leaders merely reflects an even greater intellectual aridity in the lower ranks. On party organisation there is an appearance of constructive thought in the many demands for a better supply of full-time agents, but, as the drafters of the resolutions must have known, this problem is already in hand and there is to be a meeting with the unions before the party conference. On policy there are any number of resolutions demanding "a real Socialist policy," but whenever this phrase is elaborated, it turns out to mean nothing more original than further nationalisation.

Fortunately the preliminary agenda has little bearing on the shape of the conference. The 418 resolutions, together with the dozens of amendments which will now be tabled, will in the end be compressed into about 20 composite resolutions, masterly formulæ meaning all things to all men. The preliminary agenda is chiefly valuable in showing up those questions which are worrying the constituency parties (few resolutions are submitted by the unions) and in providing a safety valve. The constituencies are still mainly refighting lost election battles. Despite so much electioneering about prices, there are only three resolutions on the cost of living compared with 19 on automation. Another 20 deal with pensions and assistance. Resolutions on general foreign policy are few, but 25 on the specific question of the H-bomb and another 22 calling for the abolition, or at least the reduction, of national service, have been put forward. The signs of small, left-wing caucuses at work are to be found on every page. But the agenda is threaded with the search for a master-key to Downing Street. Several resolutions propose compulsory voting, two more urge lowering the voting age to 18, and another wants the National Executive to adopt national colours for the party. Would these, one wonders, be Gaitskell pink or Bevan scarlet—or alternating stripes to signify union?

—Or from the Unions

THE agenda for the Trades Union Congress, which is to be held at Southport at the beginning of September, is in its way as disappointing a document as the agenda for the Labour party conference. But the important debates at the congress take place on the General Council's report, and the resolutions are of secondary importance. Several of them are aimed against the introduction of anti-strike legislation—a possibility which was in any case virtually ruled out by general agreement of the National Joint Advisory Council last week. All trade unionists would no doubt be of this mind. But that being so, one might have expected some suggestions which did not involve legislation; for example, to have a period of reflection before calling a strike, or to hold a ballot of members before

To Our Subscribers in the United States

We have for some time been trying to discover why it is that copies of *The Economist* sent by mail to subscribers in the United States are so late in delivery. An explanation has recently been received from the US Post Office. It appears that all foreign publications are forwarded to the Bureau of Customs for review under the Customs Tariff Act of 1930 as possible propaganda matter. Investigations by a Post Office inspector have disclosed that, owing to the large volume of incoming foreign mail which must be examined, a backlog has accumulated and it is understood that at times the examining unit has been considerably in arrears in "processing the mails."

We feel that comment by us on this state of affairs might be in bad taste, and is certainly superfluous.

resorting to the strike weapon. But apart from a resolution from the Engineer Surveyors' Association that unofficial strikes should be condemned as damaging to the trade union movement, there is nothing of the kind.

There is little, either, to indicate how Congress will react to the General Council's proposal that it should have greater power to intervene in disputes. It is proposed to amend Rule 11 so that the TUC can take action not merely when a deadlock occurs, but if a deadlock seems probable. A few unions, particularly craft unions, may be doubtful about this, but the proposal received overwhelming support within the General Council, and is likely to please a majority in Congress also. It is noteworthy that the National Union of Public Employees is in favour of the proposal; and even the Electrical Trades Union (a militant union which resolved at a recent conference that any strike of its members would be regarded as an official one) is to some extent committed by having accepted TUC intervention in the recent printing dispute. These are hopeful signs, for it may make all the difference if the TUC can put in its oar before tempers have risen and attitudes hardened.

The Slippery Road to Moscow

THE Soviet government has not been rebuffed by the extremely cautious answer it received from Bonn when it first invited Dr Adenauer to Moscow. After exploratory talks between the ambassadors in Paris, the invitation has been repeated, and the German Chancellor will go to Moscow next month. For some good reason of their own, the Russians have also asked M. Faure to visit them, though no date has been announced. Dr Adenauer will perhaps take the Federal Minister of Economics with him, as economic relations are to be discussed.

Among the general public, Dr Adenauer's prestige has been raised by the invitation from the Soviet government. But he is setting out on a slippery slope when he takes the Moscow road. He is faced with two awkward prospects. If he agrees to open diplomatic, cultural and economic relations with the Soviet Union, he will be accused by his political critics of having agreed to the continued existence of two Germanies; and if he holds out against Soviet offers, and refuses to deal with Russia's German satellite, he may come back empty-handed to meet charges that he is too tightly tied to the western alliance.

It is evident that the Russians will suggest that the Federal government, if it wants good relations with the masters, must make friends with the puppets in East Berlin. Marshal Bulganin, in his report to the Supreme Soviet on the Geneva conference, has just said that reunification "can only be achieved by the East and West German states themselves." Perhaps in order to smooth the way to recognition of the Communists, Herr Ulbricht is being kept out of view and is said to be ill. Nor will Herr Apelt, the East German "ambassador" in Moscow, be an embarrassment to Dr Adenauer, as he recently died. The Russians have tried to strengthen the Communists in German eyes by indicating that, as the result of negotiations with the Grotewohl government, they may release the remaining German prisoners of war. The Chancellor had hoped to come back from Moscow with the release order in his pocket. But it seems that Marshal Bulganin intends that there shall be no kudos for Dr Adenauer.

The Saar Experiment Begins

WHILE the great powers are conferring on global settlements, the opening of the referendum campaign in the Saar seems a trivial event. Moreover, the referendum itself will not take place until October 23rd, and much may happen before then in world politics. Nevertheless, the Saar is now the scene of an important experiment, which will show what Western European Union is worth as a mechanism for settling Franco-German differences. The Saar, it may be recalled, is WEU's only exclusive charge; in all other fields the Union is in effect a sub-division of Nato. It is in Saarbrucken, where the Union's commissioners are now sitting, that its political value will be judged.

The Saar government has issued the requisite laws on political freedom, and the banned pro-German parties have mounted the hustings once more. In its first meetings the right wing is beating the nationalist drum in a way which recalls the referendum campaign of 1935. The German Social Democratic party has sent some of its leaders to denounce the Franco-German agreement on the Saar, and the local Socialists are protesting against being labelled "separatist" because they support it. For its part, the newly born Christian Democratic party "leaked" the protest made recently by Bonn; this declared, mildly but firmly, that the Saar authorities had not gone far enough in granting full political rights. There are, it seems, still various ways in which the voter may be unfairly prejudiced in favour of the new statute.

The Germans are right to make a stand for absolute political freedom. If voting in the Saar is not quite free, it will be hard to make an effective demand for complete liberty when elections to an all-German parliament are prepared in the Soviet zone. If the Saar were not a precedent in this way, one might wish that all the parties had been forbidden to hold mass demonstrations. The last Saar elections, which strengthened the party of the Premier, Herr Hoffmann, showed that the Germans vote sensibly when they are not stampeded by patriotic slogans and the herd instinct. But the western governments must take their own democratic medicine in the Saar and trust that there has been a profound change in German temper since the last referendum was held in the Nazi era.

Marshal Tito and the Satellites

MARSHAL TITO has been saying some nice things about the present leaders of Soviet Russia. In a speech at Karlovac last week he said that they were realists who did not want to fall into the errors of the past; he believed that they had at last realised that Jugoslavia was not a tool of the capitalists, but an independent socialist country that

wished to pursue its own path without any interference from either the East or the West.

But when he came to eastern Europe, Marshal Tito was severely critical. He complained that some leaders there, especially in Hungary and Czechoslovakia, continued to make trouble about Jugoslavia behind the scenes. In their efforts to slander Jugoslavia they had staged trials, like the Rajk trial, and sentenced innocent men to death; now they were finding it hard to admit their mistakes, "for the dead cannot be brought back." Marshal Tito might have added that the Russian leaders' *volte-face* towards Jugoslavia had been made less difficult and embarrassing by the death of Stalin and the fall of Beria; in Hungary there have been no convenient deaths or eminent scapegoats to make the eating of humble pie somewhat easier for Rakosi and his associates. In any case, a real *rapprochement* with the man who has successfully broken away from Stalinist rigidity and built up friendly relations with the West cannot be easy for a régime that has apparently embarked on a full-scale retreat from the softer "new course" policies introduced two years ago, and is even deporting from Budapest people believed to have any western contacts.

Marshal Tito's open criticism of some satellite leaders may stimulate Moscow into calling them to order. It is conceivable that Khrushchev and Bulganin, while determined to maintain their hold—especially their economic hold—on eastern Europe, may feel that a facade of "national Communism" might make the peoples of these countries more reconciled to their fate (with beneficial effects on their productivity) and that closer relations between Belgrade and western Europe could help to bring this about. This would certainly in part account for the Russians' remarkable efforts to make themselves agreeable to the Jugoslavs and their open anxiety to secure a close *rapprochement* between the Soviet and Jugoslav Communist parties; for it would clearly be desirable to demonstrate that "national Communist" parties have the closest links with Moscow. Whether Marshal Tito will oblige with such a demonstration remains to be seen. So far he has held the view that Jugoslavia's role is to help break down the division of the world into two blocs, not to assist in the consolidation of one of them.

Cautious Charitable Changes

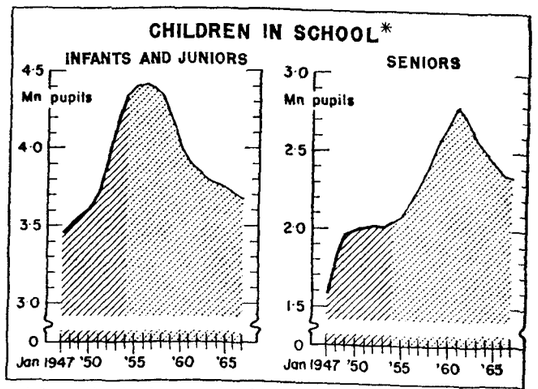
THE Government has taken a long time to make up its mind about the Nathan committee's recommendations on charitable trusts. (They were discussed in *The Economist* of January 10, 1953.) But what is a little disappointing is not so much the delay—the law and practice of charitable trusts are, after all, extremely complicated—as the cautious attitude that has now been shown.

From the public point of view the most important section of the committee's report dealt with the alteration of charitable trusts that have become obsolete or impracticable. Under present law, any such alteration is subject to the doctrine of *cy-près*, which means that the new purposes of the trust must be as near as possible to the original ones. This restriction was removed from educational trusts in 1869, and the Nathan committee proposed that it should be relaxed for all charitable trusts—though with the proviso that there should be safeguards and rights of appeal when new schemes were made. But the Government is more sanguine than the committee about the effects of the *cy-près* doctrine and has decided against placing all charitable trusts on the same footing as educational trusts. Nor does it go as far as the committee suggested in giving the Charity Commissioners power to initiate new schemes when the trustees fail to do so. It follows that the Board of Charity Commissioners is not to be reconstituted, as the committee proposed, into a part-time essentially lay body of public men and women experienced in charitable affairs; it will remain predominantly legal and official. The Government, moreover, disapproves of the suggestion that, to help the charitable instinct to be fruitfully canalised, a national "common good trust" should be officially established and be subsidised from the property of persons dying intestate and without next of kin.

In other words, the Government is anxious to keep its own action to the minimum and to rely on voluntary effort to bring charity up to date in present circumstances. There is, of course, a great deal to be said for this point of view. On the other hand, the Nathan committee, which also bore in mind the dangers of over-regimentation and interference, found so many anomalies and frustrations in the existing law and practice that it is difficult not to feel that its more positive approach to reform has more to commend it than the Government seems to think.

The Schools in 1954

THE Ministry of Education's report for 1954 published this week is an encouraging record. The familiar contours of the Bulge—the host of children born just after the war—make their appearance again. But the peaks are



* In maintained or assisted primary and secondary schools excluding nursery and special schools.

no longer frighteningly distant. The primary schools will have reached the top next year, and the secondary schools in 1961. With a better supply of teachers—a record number of 11,768 students were recruited in 1954—classes can begin to shrink as they are already doing in the primary

schools. Meanwhile, the emphasis in school building has shifted from primary to secondary schools. The total number of places for which building was started was therefore less in 1954-55 than it had been in the two preceding years; but at the end of 1954 Circular 283 lifted all limits on "minor projects" and allowed local authorities to start reorganising all-age village schools, where secondary education is so often purely nominal.

In spite of such progress, many problems and frustrations remain. Local authorities' plans for this rural reorganisation add up to £11½ million for 1956-57, and the Minister expects to be able to approve only about half as much in that year, within the total building programme (excluding the minor projects) of £60 million for that year. Moreover, there are more than 1,600 all-age schools in towns, for which plans are not yet invited; and 567 "black list" schools are still in use.

As for the staffing problem, the special allowances introduced on April 1st have yet to show their effect on the shortage of people to teach mathematics and science. Last week it was announced that from next year men with first or second-class degrees who teach these subjects will have their national service "deferred" as the euphemism has it. There is surely little in the argument that this will cause the schools to attract scientists, not only of the poor academic standard which they tend to get at present, but of poor character as well. As it will give the schools somewhere between 50 and 100 scientists and mathematicians in the first year, and more in later years, its benefits to the schools are obvious.

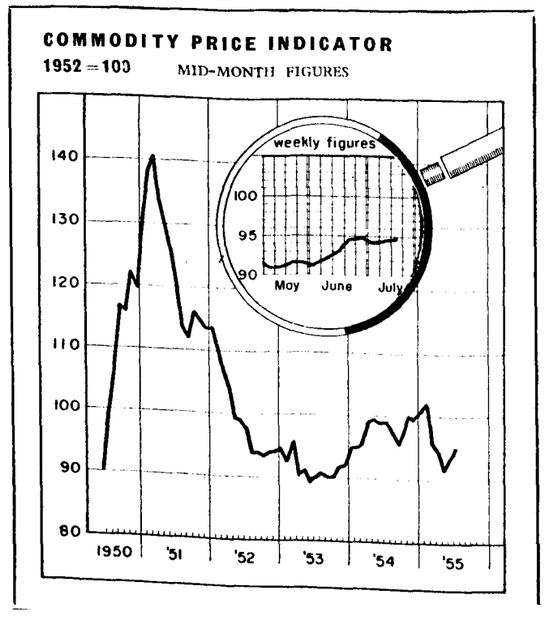
Copperbelt Split

SIR ERNEST OPPENHEIMER, in welcoming the agreement on the categories of skilled and semi-skilled jobs—24 in all—to be transferred to Africans under the agreement between the Rhodesian Anglo-American group of companies and the European Mineworkers' Union, appealed to the Rhodesian Selection Trust to "see their way clear to joining us in this important venture in industrial relationships." But it is perfectly plain that the Trust does not see its way clear at all. For the agreement contains the provision which all along the Selection Trust has found completely unacceptable—that after the initial transfer of jobs no further African can be advanced unless the European Mineworkers' Union agrees: it leaves the Europeans with a veto. Mr Prain, chairman of the Selection Trust, is known to hold firmly to the view that any such provision in an agreement on African advancement in the Copperbelt, however worded or disguised, would give the white unions virtual control over the Federation's racial and industrial policy, for what the mineworkers win today the railway workers may demand tomorrow, and the ultimate result would be a South African form of apartheid. Nothing that Sir Ernest says about the unwisdom of trying "to set precise targets and timetables" in matters involving race relationships is likely to move RST, since in their view that is precisely what the new agreement does. In three years the union and Anglo-American will meet again to consider the report of a firm of industrial consultants on a job analysis to consider whether any further jobs can be surrendered—but the final word will rest with the union.

Thus the two companies now find themselves in different camps, and all the efforts to find common ground in the Chamber of Mines have failed. As the European mineworkers are unlikely to accept a scheme for the RST mines less favourable to themselves than that which they have signed with Anglo-American, the stage is now set for a head-on clash between the Selection Trust and its white employees.

No Recess in North Africa

THIS weekend the French parliament breaks up for the summer recess, and as the deputies leave Paris they are also leaving behind a North African problem of which they have tackled only a part, and the least intractable part at that. M. Faure can claim one big achievement; the Franco-Tunisian conventions, initiated by M. Mendès-France, have just received final ratification from the Council of the Republic. But there has not been any comparable progress in other parts of North Africa, and events there are unlikely to wait upon the reassembly of parliament. The tenseness of the Algerian situation can be gauged from the fact that last week the emergency regulations had to be extended for yet another six-month period. Now the government has at last promised to apply more fully the Algerian statute that was signed eight years ago. It cannot afford much longer to delay the economic measures the country needs; out of a working population of 2,300,000, there are 400,000 entirely unemployed and as many partly unemployed. Fiscal and agrarian reforms of a radical kind, as well as a vigorous inflow of capital, are needed to expand the Algerian economy. Will France be willing to pay as much to bolster its ambitious policy of integration?



But it is Morocco where the danger of an explosion is most immediate, as the daily death rolls bear witness. And here the French government seems to be so mesmerised by the opposition of the diehards—French settlers and Moroccan landlords alike—that it is incapable of getting down to the problem of the Sultanate, which lies at the root of the trouble. The extremists are now branding M. Grandval, the new Resident-General, who has begun to eliminate some administrative abuses and to try to control his police force, as a revolutionary trouble-maker; and the threat of a revolt by the "irresistible" El Glaoui, which was used in 1953 to bring about the deposition of Sidi Ben Youssef, is now being brandished to prevent any interference with his successor, Sidi Ben Arafa.

Yet the last few weeks have proved two things: that El Glaoui, recently humbled in his fief of Marrakech, is not all-powerful; and that the present Sultan cannot be maintained in power without bloodshed. The French government refuses to restore the former Sultan, but a third solution—a regency council—is available and has gained much support among Moroccan nationalists. The colonialist lobby in the *Palais Bourbon,* alarmed lest the government should take advantage of the parliamentary holiday to make this necessary first step to progress, has asked to be kept informed of any moves planned during the recess. But time does not come to a stop in the summer; and in Morocco blood is the price of hesitation.

Goa in the News Again

THE Goa season has opened again; it is now quite an established international *divertissement* for the otherwise dull month of August. Indian political volunteers of varying degrees of non-violence have been descending the Western Ghats, and Mr Nehru has declared that

> If Portugal refused to yield to moral pressure, the whole structure of Portugal will collapse. Even if it does not, we shall make it collapse.

The Portuguese riposte, however, has assumed a less traditional form this year. In addition to taking the usual precautions along the frontier, Dr Salazar's government has announced a timely if modest move in the direction of representative elections in Goa. This will by no means satisfy Indian feeling, but at least it suggests some new awareness in Lisbon that the Goa problem will not be solved merely by resounding declarations about the oneness of Overseas Portugal with the homeland.

The essentials of this problem have, unfortunately, been somewhat lost to view in recent years. On the one hand, doctrinaire "anti-colonialists" in Asia cannot conceive that there should be any genuine attachment to Portugal in Goa, such as was shown in last year's pious demonstrations against Indian pressure. On the other hand, western irritation at the current Indian tendency to affect superior morality in international conduct has led to some understandably malicious comment on Delhi's behaviour towards Lisbon. In sober fact, however, Mr Nehru is no more a hypocritical bully than is Goa an imperialist war base.

The hard realities about Goa are that, while it has a distinctive character which is unique even in the immense variety of the Indian scene, it is already bound to India by stronger human and material ties than those that link it with Portugal, and any final breach between the two countries would make things impossible for the little territory. The task for statesmanship, as against demagoguery, is to make Goa's inevitable transformation a calm and peaceful one, and the obvious method is to let its own people take their own decisions about their future. The Portuguese government still seems to have a good way to go before it understands this, and it may have to move fast if it is now to make up for eight lost years and avert a really grave conflict.

Khrushchev's Crucial Harvest

THE Soviet Union is now gathering in the last harvest of the current five-year plan, and the combine-harvesters are already on the move from the south-west to the north-east of the country. It is claimed that this year, in spite of a late spring, sowing was carried out in time, and the first crop reports from the northern Caucasus and the Ukraine are very optimistic. Good news from the Ukraine must be particularly encouraging for the planners, because last year drought in this traditional granary was the chief cause of the poor harvest. On the other hand, weather reports from Siberia and Kazakhstan, where grain from the reclaimed "virgin lands" will be gathered later, are not so hopeful. No official estimate for the whole country is likely to be made before next November.

This is a crucial harvest for the new regime. Stalin's successors have made no bones about the extent of the agricultural crisis and the role that increased grain production must play in overcoming it. For the last three years the total grain yield—calculated in inflated "biological" terms—has remained obstinately in the neighbourhood of 130 million tons, and the original target of 180 million tons has seemed quite out of reach. Mr Khrushchev has assumed personal responsibility for the drive to step up agricultural production, and his various schemes should begin to bear fruit this year. If they prove successful, the Soviet Union ought to harvest this year 20 million tons of additional grain from the reclaimed land, while the output of maize—the latest panacea—should climb from less than four to over 18 million tons.

Such a sudden jump would be an enormous help to the Soviet economy. It would enable it not only to put more food on the home market and to diversify agricultural production, but also to ship some grain to the satellites, who must now seek it beyond the Iron Curtain. It is useless, however, to count one's grain before it is gathered, and Nature may still play havoc with Mr Khrushchev's programme. In that case the consequences for him may be serious. If he can produce a triumphant report from the agricultural front at the forthcoming All-Union Party

Congress, his position will no doubt be strengthened. But with Russians and satellites clamouring for more food, it may prove difficult in case of failure to put the blame once again on Mr Malenkov.

Parliament Off the Air

THE timid approach of most politicians to television in politics was depressingly underlined last week by the agreement of the two main parties to confirm the restrictions on television and radio discussions about matters due to be debated in Parliament. When the ban came under fire earlier in the year Sir Winston Churchill adamantly refused to consider lifting it, but something better was hoped of Sir Anthony Eden. He has shown himself very ready to use television; and he broke new ground by giving a television report to the nation on Geneva. It is therefore all the more disappointing that he and Mr Attlee should have agreed not only to maintain the restrictions, but to have them formalised by directives from the Postmaster-General to the ITA and the BBC. It is to the credit of the Corporation that it sought to get the rules eased, and then, having failed, insisted that the Government must accept full responsibility for maintaining them.

The position remains, therefore, that there can be no television or radio discussion of any subject due to be debated by either House within the following fourteen days, and that no MP can take part in any programme about matters which are the subject of current legislation. The fact that much of the airborne discussion in which MPs take part is puerile stuff does not alter the fact that the viewing and listening public is entitled to be given fair arguments about current problems.

Logic for Ratepayers

MR SANDYS has rejected a suggestion that a Royal Commission should be set up to report promptly on the question of industrial re-rating. The Government sticks to the view that the re-rating issue should not be broached until the effect of the new valuation lists is apparent next year. But there is no logic in its position, since the broad consequence of re-valuation can already be foreseen and in fact powerfully strengthen the case for re-rating. This is not a party issue. A recent Conservative pamphlet* came out as strongly for complete re-rating as did the Labour party at the last election, with the difference that the Conservative authors had the courage to apply the doctrine to agriculture (which pays no rates at present) as well as to industry (which pays 25 per cent of its full liability).

Re-valuation provides, in fact, the golden opportunity to lift local government finance out of its present dismal chaos. Previous attempts to establish a uniform system of valuation have fallen down on the last-minute opposition of aggrieved householders. Next year's attempt has better prospects only because business and commerce will be made—for the time being—to carry a heavier burden than housing. But this expedient only makes the position of industry and agriculture more anomalous. Industry is a substantial direct consumer of local services, while indirectly the quality of housing, education and social facilities are of vital importance for its labour supply. Nobody seriously doubts that industrialists, and farmers too, can now afford to make a full rate contribution.

If the Government delays, the valuation system could easily sink back into a worse muddle. Rates, as Ministers have several times given warning, must rise substantially in the years following re-valuation. Commerce will then demand that its extra burden should be shifted to other shoulders, but householders will certainly decline to accept it back. The consequent necessity for yet more central aid will reduce further the vitality of local government. The idea of a Royal Commission has little to recommend it since the main facts are already known. What is needed is a Minister with the courage to apply the same principles of valuation, without fear or favour, to all beneficiaries of local government instead of endlessly patching as the holes appear.

*The Problem of the Rates, by Allban Allee and Josephine Hodgson. Conservative Political Centre. 1s.

Holidays in Britain

THIS week and last the ports and airports have been crowded with overseas visitors, as the tourist traffic reaches its annual peak. It is sad to think what many visitors have to go through before they can board a train or bus. Tourism has become such an important weight in the balance of payments that one would have thought that considerations of profit, if not of hospitality, would have ensured them a pleasant welcome. But invisible exports mean nothing to the immigration department, whose general attitude seems to be that anyone setting foot on these shores must be up to no good. Foreign visitors are herded into a separate queue and grilled like spies, while holders of British passports sail through and take all the best seats on the train.

Year	No. of Visitors '000	Total Tourist Income £ million
1947	401·0	33·0
1948	511·0	47·0
1949	565·0	65·0
1950	630·0	87·5
1951	711·6	107·0
1952	732·8	114·5
1953	818·6	126·0
1954	901·5	137·0

The table above, drawn from the annual report of the British Travel and Holidays Association, which was published last week, shows that the number of tourists, and the earnings derived from them, have risen steadily since the war. Of the £137 million earned in 1954, £95 million was spent inside the country, and the rest was fare payments to British shipping and airlines. Some £50 million of the total takings were in dollars—£39 million from American visitors. This was more than twice as much as was earned by exports of vehicles and aircraft to the United States, and nearly twice as much as whisky exports. As the report proudly points out, it was enough to pay for all Britain's imports of American tobacco and wheat.

This year the number of tourists, in spite of the strike of Atlantic liner crews in June, is expected to reach a million. But the Travel Association thinks it cannot expand much more. The would-be visitors are there, with their dollars in their wallets. But they demand bedrooms with private bathrooms—of which, at the height of the season, London, Edinburgh and other key centres have a severe shortage. This valuable trade is thus to receive a check because present building costs, and present costs of staffing make it uneconomic for the hotel industry to meet the need.

More Haste in Malaya

IT is well that the Colonial Secretary is in Malaya and Singapore at this critical time; he is able to weigh up the position and the personalities on the spot, and this will be of invaluable service to him in the months of critical relations between Britain and these two territories which almost certainly lie ahead. In Malaya, the unexpected and almost total victory of the Triple Alliance of Malays, Malayan Chinese and Malayan Indians gives Tengku Abdul Rahman the right to lead a majority government—for as long, that is, as the alliance holds together; and to hold it together he is naturally basing his policy on issues which unite the races rather than those which divide them. Chief among these are the right to early self-government and a wholly elected assembly, the removal of British control, especially as symbolised by the Governor's powers of veto, and an amnesty for the Communist terrorists, who are now in sore straits. Nearly all these points were in the alliance's election manifesto, which was put together under pressure from rising Malay nationalist sentiment.

In Singapore, Mr David Marshall's government hangs by a thread; he is demanding immediate self-government, though, in order to keep in step with the Tengku, he may be willing to compromise on a time-limit. Thus a severe problem is set for the Colonial Secretary in both territories. It was never expected under either the Malayan or Singapore constitution that self-government would come anything but gradually, and it was assumed that the process of achieving it would destroy support for Communism in both countries. But in fact the very first elections to be held, and the entry into office of the first locally elected governments, have been the signal for a claim that the process shall be completed at once; that the transitional stages are unworkable. The newly elected members see themselves as constituting national assemblies of impatient sovereign peoples rather than parliaments-in-training. And yet it is far from certain that Communism could not rapidly undermine both countries; the racial issue—even the issue of citizenship in Malaya—is unsettled; and problems of strategy, involving Britain's responsibility to the free world, are mingled with obligations of trusteeship to minorities. It is obviously necessary to do everything possible to check this fantastic haste for the transfer of power and this demand for the reform of constitutions, which were fully agreed upon in advance, almost before they are tried in practice. But it is a difficult situation, for a breakdown of relations between the gradually abdicating imperial power and the incoming nationalist governments would chiefly benefit the Communists, who intend to destroy both, and whose plans have been frustrated only by a vast expenditure of blood and treasure over the last eight or nine years.

Pakistan Changes Gear

IT was a logical step for Pakistan to devalue its currency as from August 1st to parity with the Indian rupee, but the timing of the measure was something of a surprise. Indeed, in the past six years—since Pakistan got out of line with the rest of the sterling area by not devaluing against the dollar—there have been many occasions when a currency change of this kind might have seemed more appropriate. But, in choosing a moment when there is no suggestion of an economic crisis, the authorities have probably acted wisely; certainly they have caught the speculators napping.

The explanation offered by the Finance Minister for the change is that Pakistan has now reached a stage in its economic development when special attention must be given to improving the competitive position of its exports. But, as is pointed out on page 498, the export of the country's principal crops, jute, cotton and tea, hardly qualified for such drastic help. The real gain should be twofold: a higher rupee income from these exports, and more confidence in the rupee. Manufactured exports will benefit, but the volume of these is still relatively small. On the other hand, Pakistan is now less likely than before to be adversely affected by the inflationary effect of higher priced imports, because of the progress the country has made towards self-sufficiency.

But there is no need to seek for any very refined explanation. Currency matters are not always decided by strict logic. Certainly Pakistan's obstinate determination in 1949 not to join sterling and the Indian rupee in their devaluation was not based on economic calculation but on political considerations—some would say on pique. In the world's estimation, Pakistan made a mistake then which would have to be corrected eventually. The Pakistan authorities have been able to delay the decision for six years, and then take it in their own time. This speaks well for their control of affairs, for their rupee at its old rate was hopelessly overvalued.

Japan Loses an Illusion

HITCHES are already developing in the unofficial trade agreement between Japan and China, which was signed with fanfares and acclamation last May. Reports from Tokyo speak of a sudden hardening in Peking's attitude on the question of payment, and say that the Chinese are demanding sterling in payment for their exports. The Japanese have retaliated by switching their imports of various com-

modities, including salt, from China to other countries, and their former mood of unlimited optimism about the possibilities of the China market is rapidly fading.

Japanese business men are realising that trade with their Communist neighbours poses a number of involved problems. They have, for instance, nothing but Peking's promises on which to base their estimates of the potential volume of trade with China, and experience tends to show that when it is put to the test there is in fact much less trade than they had been led to expect. This uncertainty is all the more embarrassing because the Nationalists, who do more trade with Japan than the mainland does, and do it more reliably, are in the habit of cutting off business with firms which, in their eyes, are too active in doing trade with the Communists. There is also the payments problem: the present pattern of trade produces an import surplus for Japan, but the Japanese are unwilling to settle this in sterling or other "hard" currencies because they want the Chinese to increase their imports of Japanese products, thus bringing trade into balance. The Chinese, however, complain that they cannot buy more from Japan because the United Nations embargo restricts their range.

At various times Japanese business men have suggested that they would be glad to get rid of the embargo, but their request for a revision of the controls is unlikely to be met for the time being. Meanwhile efforts are being made by interested parties in Tokyo to revive interest, and a return visit to Peking by a Japanese trade delegation is being arranged this month. But the chances are that unless a radical change in the world situation permits a relaxation of the UN embargo, the trade—and Japanese enthusiasm—will continue to languish.

Over Eighty

It has often been said that one of the chief miseries of old age is loneliness, but it is not always realised that loneliness is not the same thing as living alone. Loneliness may be felt acutely in a large institution or in an impersonal "home" for the elderly. Conversely, as the Assistance Board has found, it is possible to be over eighty, living alone, poor (dependent on assistance allowances) and yet to lead a happy, active life.

A year ago, the Board, whose report was published last week (Cmd 9530), called for special reports from its area officers on all people receiving assistance who were over eighty and living alone. A comforting fact is how few of the assisted fulfilled the conditions. About 300,000 were over eighty; but over half (52 per cent) had younger relatives living in the same house. Another 10 per cent were in hostels, "homes" or hospitals, or were living as boarders. Of the remainder, 26,753 were married (the spouse in 17,662 cases being under eighty), leaving 85,773 potentially lonely old people of over eighty living alone—though nearly 20,000 of them had other people not related to them living under the same roof. And what surprised the Assistance Board's officers was the large proportion of them who were healthy and active and the extent to which they were befriended and visited by neighbours and relatives. Fewer than 1,000 seemed to be really lonely or neglected, and the reason usually lay in their own personalities rather than in lack of neighbourliness.

The Board, however, quite rightly deplores any complacency about the needs of the old. They will increase as the number of old people increases and the number of their younger relatives declines—when, in fact, there are fewer to fetch and carry and to pay the visits that mean so much. The Board's report, in fact, makes clear that most old people need personal service rather than official services. Even specially designed council bungalows are not always the answer; for, overhoused by modern standards as so many old people are (two-thirds of the single and married over-eighties were living in three or more rooms), they yet prefer to "end their days in the homes which, however inconvenient, hold their memories." It is the community's task to help them to achieve this wish.

Sunfed on the Horizon?

A faint glow of hope has at last begun to warm the breasts of the patient enthusiasts who, year in and year out, have pleaded for a Special United Nations Fund for Economic Development (Sunfed) to help underdeveloped countries. At the meeting in Geneva last week of the UN Economic and Social Council, although the promises that were made were, as usual, conditional ones, a new mood of optimism was discernible.

The better outlook for world disarmament probably had most to do with this. Both the Americans and the British, whose participation is essential if Sunfed is to have any real significance, have consistently argued that their contribution to the fund must depend on their achieving substantial savings in defence expenditure, which would be possible only in the event of an acceptable world disarmament plan. Other countries, in turn, have made their membership conditional upon that of the United States and Britain. And the Russians, though vocal and enthusiastic supporters of the idea, have always been reticent when the question of their contribution was raised. But this year's progress in the five-power disarmament talks has made it a little more likely that the essential condition for Sunfed's existence may one day be satisfied. Fortunately, also, the project itself has recently been given a much-needed renovation by a committee of experts headed by M. Raymond Scheyven, a tireless and eloquent advocate of the scheme. Some of the more woolly ideas have been jettisoned, and a new organisational structure has been devised which, it is hoped, would make possible closer co-ordination with the other international institutions interested in the field and thus reduce the size of the staff required to run the fund.

Nobody will deny that there is a role to be filled by such a fund as Sunfed. But the fact has to be faced that it comes relatively low on the list of priorities of members of the United Nations. It still comes lower down the list, for instance, than the demand for money and resources to be devoted to defence expenditure; and it takes second place to the commitments which bind many countries to use any surplus savings for existing national and international aid programmes. The significance of last week's events is that they show Sunfed's priority to be slowly rising.

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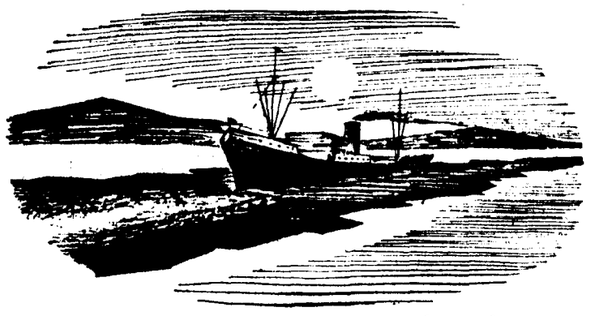

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Books & Publications

Lessons of the Reichswehr

STRESEMANN AND THE REARMAMENT OF GERMANY.
By Hans W. Gatzke.
Johns Hopkins Press (London: *Geoffrey Cumberlege*). 132 pages 24s. $3.00.

THERE is much more than academic interest in the subject of Germany's secret rearmament under General von Seeckt in the post-Versailles years. The relationship between the maker of the Reichswehr, the Russians and the Foreign Minister, Stresemann, are all topical today despite the changed conditions. This little book is a plum picked from the 350 volumes of Stresemann's papers, which are now in the National Archives in Washington. It is by an associate professor of history at Johns Hopkins University, but it is rather more (or less, a fellow historian might object) than a bald collation of facts. It seems designed to destroy the myth of Stresemann. It shows that the German Foreign Minister knew all about the successful efforts made by the Germans to evade military controls, and that he was much more of a nationalist than is commonly believed. The author makes clear that the disputes between the army and the foreign office were not due to any basic divergence of views on the necessity of German rearmament. On the contrary, Stresemann wanted a strong army as "the main factor in a successful foreign policy." What he objected to was the predominant position which Seeckt achieved for himself and the Reichswehr. Stresemann would have preferred universal military service to an élite army.

On the other hand, the documents indicate that Stresemann did not have any hand in the dismissal of Seeckt after the meeting with Briand at Thoiry in 1926, which seemed to herald a new dawn in Franco-German relations. On the contrary, he seems to have stressed the harmlessness of Germany's new militarism; and, in particular, the activities of the *Stahlhelm* organisation. Throughout Stresemann worked for the removal of controls. He does not appear to have taken any part when the Socialist leaders presented the Reichswehr minister, Gessler, with a list of infringements of the allied disarmament regulations. Gessler himself added to the list, revealing that Germany had built some 300 aircraft a year in Russian factories, of which Russia itself kept 100, and that the Soviets were also supplying forbidden ammunition. When the Control Commission was withdrawn at the beginning of 1927 and the *League* of Nations assumed responsibility for disarmament, the Allies issued a final report stating that "Germany had never disarmed, had never had any intention of disarming and for seven years had done everything in its power to deceive and 'counter-control' the Commission." Nevertheless Stresemann received the Nobel Prize with Briand and Chamberlain. As the author says, "the spirit of Locarno was in full flower."

The story of the sinister working alliance between the Reichswehr, the extreme right-wing militarists, and the young Bolshevik state is dealt with in a special section of this book, drawing on material supplied by various published German works. It recalls how the Socialist leader, Scheidemann, "blew the gaff" to cries of "traitor" in the Reichstag in December, 1926. One of the most interesting points is Stresemann's reaction to these uncomfortable revelations. In Königsberg, he declared that "our western policy rests upon and proceeds from our eastern policy." This is a very significant remark. Stresemann gave warning against overestimating Russia because Germany must not, like Prussia in 1813, "put everything on one Russian card." "Russian armies were too weak to be offensive, and a Russian army that entered the Reich would at best try to Bolshevise Germany." The only alternative was for Germany to "file off the fetters of Versailles." This passage is of current importance in view of the fact that some present German politicians are searching for a way of securing German reunification by manœuvring between West and East, and have studied Stresemann's record for tips. They have noted with admiration that the Weimar foreign minister secured in the Locarno Treaty a guarantee of Germany's western frontier without granting the western powers the right of marching through Germany eastwards in the event of war. Germany had a treaty with both the West and the Soviet Union—a masterpiece in the eyes of some Germans today.

There are some other parallels with the present inherent in this book. But on balance—and while Dr Adenauer lives—Western Germany today is more unlike than like Stresemann's, just as Dr Adenauer himself is not a second German National People's Party foreign minister. The main lessons are that the West have acted wisely in trying to harness Germany's inevitable rearmament into a western organisation; and that the greatest danger to the world would be an unholy co-operation between a new Seeckt, Prussian nationalists, neo-Nazis and Soviet marshals.

Close Up of the Thirties

MY POLITICAL LIFE: *Volume III, The Unforgiving Years* 1929-40.
By L. S. Amery.
Hutchinson. 464 pages. 30s.

MR AMERY's splendid contribution to the history of his times proceeds on its way, and there is one volume yet to come. The years covered by the present volume have been surveyed again and again by actors in the tragedy and by spectators at varying distances from the centre of events. Mr Amery may be classed as a close-up spectator, for he was out of office all the time but in personal contact with the leading actors. His view of the slump crisis of 1931 would satisfy many Opposition critics; for him the MacDonald-Baldwin combine was "an essentially dishonest coalition . . . begotten of a false alarm." On the foreign policy problems of the thirties the general impression he leaves is of the desperate complexity of the successive issues. The crude judgment, propagated by left-wingers and endorsed in the preface of Sir Winston Churchill's "The *Gathering Storm*," that there were plain alternative courses, right and wrong, and that Baldwin and Chamberlain always took the wrong one, gets no support here.

On the biographical side the interesting general question, of which the author is well aware, might be stated as follows. Judged by any reasonable test Mr Amery had a better brain than any other politician of his day, and, in addition, enormous industry, intense patriotism, and an unblemished and agreeable character. Why, then, did he not fill a bigger place in history? The Clydesider Buchanan offered him an explanation: "The reason why ye haven't a greater reputation is, first, that ye're sma' and, second, that ye aren't a Douglas Fairbanks. . . ." Mr Amery himself, after listening to Lady Violet Bonham-Carter, recorded in his diary, "With such gifts of eloquence I might have been Prime Minister long ago." No doubt public personality counts for a lot; witness Baldwin and Churchill. But there was not much Fairbanks in Neville Chamberlain or Attlee. In what respect did Mr Amery fall short of these non-magnetic but successful careerists? The answer would seem to be that Chamberlain and Attlee always kept their eye on the ball, whereas Mr Amery's eye was apt to swivel over to 1903. Like Mrs Gummidge (whom otherwise he does not resemble) he was continually "thinking of the old 'un"—Joseph Chamberlain. He was, in fact, a rather unadaptable man.

However, he made the most important speech in the most important and enthralling House of Commons debate of the present century. That secures him his place in history, and it marks, of course, the climax of the present volume.

The Later Middle Ages

SIX MEDIEVAL MEN AND WOMEN.
By H. S. Bennett.
Cambridge University Press. 186 pages. 15s.

THE LATER PLANTAGENETS.
By V. H. H. Green.
Arnold. 438 pages. 20s.

THE fourteenth and fifteenth centuries in English history can no longer be called neglected; but for most students they still lack significant form, and the tradition of beginning the serious study of English history with the Tudors draws strength from the incoherence which lies immediately beyond them. These two books both do something to enlarge the area of light, though no two books could be more unlike in their way of doing so. Mr Bennett has taken six characters in the period from 1390 to 1484, and he gives brief and scholarly sketches of them in the compass of some hundred and seventy pages. None of the characters, with the exception of Humphrey Duke of Gloucester, was of first-rate importance in the public affairs of the period, but they have left more material for intimate biography than would be easy to find for any similar group at any earlier period. Of all the medieval centuries the fifteenth is *par excellence* the century of personal revelation, and Mr. Bennett easily and modestly and without strain makes the reader feel at home with his subjects. Possibly he is even too mild and suave in his manner, and we miss something of the blind intemperance and folly of Duke Humphrey, the crotchety self-pity of the Privy Seal clerk Thomas Hoccleve, and the lunatic side of Margery Kempe. We have the impression that the author intends the reader to enjoy himself, and that he passes rather too lightly over difficulties and anything that might be thought a mere technicality. Much the best of these sketches, and the one that gives the reader the greatest sense of solidity, is the essay on Margaret Paston, a subject which Mr Bennett long ago made his own and now illuminates afresh. The most disappointing and the least substantial, considering the amount of evidence, is that of Duke Humphrey—an illustration perhaps of how the interest of the whole period increases the further we get away from public events.

Mr Bennett's essays should help to introduce to the fifteenth century many who have no more than a casual interest in history. Mr Green on the other hand writes for the sixth form boy, the undergraduate and, with some hesitation, for the general reader—"if general reader there be." It is in fact unlikely that many who are not in some measure professionally committed to the study of history, if only as aspirants for university scholarships, will get much profit from his outline. Yet, for the student it has considerable merits. It is a sober, thoughtful and well-balanced account of the period from 1307 to 1485. Mr Green makes painstaking use of the recent literature on the period; he gives fourteen genealogical tables which are essential to the understanding of the politics of the time, and a number of maps and charts which usefully illustrate the text. As a compendium of up-to-date information and reliable judgments the book may confidently be recommended to undergraduates. When so much is given at such a reasonable price it may seem ungrateful to complain that it is all not very interesting, but then that is not perhaps what it is intended to be.

Too Broad a Canvas

ECONOMIC FLUCTUATIONS.
By Maurice W. Lee.
USA: *Richard D. Irwin.* 651 pages. $6.00.

THE scope of this book is extremely broad; it embraces not only a history of American experience of business cycles and a review of the theoretical literature on cycles up to recent times but also lengthy sections on national product accounting, economic stabilisation, forecasting and international repercussions. It is not therefore surprising that the price of such comprehensiveness is that the treatment lacks intensity. The author would have done better to delimit his inquiry to, say, a testing of theories against the historical evidence outlined. Such an analysis within a smaller compass would have been invaluable and interesting. As it is, the reader will have difficulty in sustaining interest until the end.

The author intends his book for use in an advanced university course on economic fluctuations. For this purpose good marks can be awarded for the opening section on seasonal fluctuations and trends, where he emphasises the dangers inherent in the uncritical use of purely mechanical statistical methods on economic data; the explicit statement of these dangers is welcome.

The theoretical sections are weakest, and this criticism is borne out most strikingly by the discussion of recent theory. Here Metzler's inventory model and the theories of Harrod and Hicks are the only contributions discussed. There is not a word about the erratic shocks thesis of Frisch or about Kalecki's, Kaldor's or Goodwin's important work on cycles. This is the more astonishing when one finds an extended discussion of the recent testing of the consumption function with the use of evidence published as recently as 1954. Moreover, the treatment of the work of Harrod and Hicks is far too superficial and in some instances wrong. Admittedly Professor Hicks was not too clear on what he meant by autonomous investment, but it seems very doubtful whether the term was meant to cover replacement investment as Professor Lee suggests on page 411. Nor is it true that Professor Hicks assumes this investment to be proportional to output; to capacity output, yes, but that is something different. The real significance of Harrod's model is never conveyed; nor are the really pertinent criticisms of the Hicks theory delineated.

Neither these sections nor the account of employment theory can be recommended. Chapter 17 in particular, the early part of which is meant to clear up the Savings-Investment controversy, should not be read by anyone who does not understand the points at issue, since Professor Lee's treatment is most confusing, if not confused.

The merits of the book lie in its historical chapters, including those on United States fiscal and monetary experience (which are brought right up to the fifties) and in an interesting section on the difficulties of price control.

Human Nature in Business

MAN, MOTIVES AND MONEY.
By Albert Lauterbach.
Cornell University Press (London: Geoffrey Cumberlege). 380 pages. 40s.

BEHAVIOUR IN A SELLING GROUP.
By George F. F. Lombard.
Harvard Business School (Bailey Bros. and Swinfen). 374 pages. 32s.

ECONOMIC Man, even if one conscientiously remembers at every turn that he is a mere abstract construction, a convenient "as if," is an unsatisfactory fellow. His unsatisfactoriness arises not, as certain impetuous moralists have supposed, from the fact that an actual walking and breathing specimen of the type would be humanly odious, but from the divergence of his logically consistent behaviour from that—perhaps no less logically consistent—of real people in real situations. Hence the growing number of studies which attempt to establish uniformities of economic behaviour in terms not of Economic Man's drive for self-betterment, but of the characteristic reactions of recognisable personality types or group cultures.

Such studies can be large or small-scale affairs. Professor Lauterbach's "Man, Motives and Money"—subtitled "Psychological Frontiers of Economics"—is a wide-ranging reconnaissance; Professor Lombard's "Behaviour in a Selling Group" is a microscopic study of, as it were, a drop of economic pond-water. The former discusses such matters as the motivation of business activity—what personality traits, what social forces, propel this man into entrepreneurship rather than paid employment, favour this or that attitude to industrial relations, to Government, to risk-taking, to competition or collaboration with others?—the psychology of reformers, rebels, stand-patters and totalitarians, or the role of personal security or insecurity in determining economic behaviour. It is enormously stimulating, full of good sense and acute observation, and abominably written. The latter is an account of six months' field work, by observers on the spot, on the behaviour of twenty salesgirls in the children's wear department of a large American store; behaviour studied not predominantly, nor indeed more than incidentally, from the economic standpoint, but decidedly relevant to economics. It is true that the main economic conclusion—the relative powerlessness of individual incentives in face of group norms—is not new; and the close focus of the study prevents the author from asking himself, as a reader fresh from the perusal of "Man, Motives and Money" is eager to ask, how the economic "behaviour" of the store's policy-forming executives came to fit as happily as it evidently did with that of lower-rank superintendents and sales staff. Nevertheless, this detailed, carefully articulated picture of the social relationships, personal aspirations and anxieties, conventions and values of twenty women in a well-defined working society is a contribution to economic as well as to sociological understanding.

Taken together, these two very different works fall into place as part of a single and growing challenge to the economists' interpretation of economic events. This challenge is a thoroughly healthy and necessary thing. It does not, however, call for self-abasement and cries of *mea culpa* from economists—unless indeed from those know-alls, of more than one school, who have brought economics into undeserved disrepute. Wherever social motives, ethical imperatives, and personal psychological needs have more than one line of behaviour open—and unequivocal compulsions are, after all, rare among normal people outside primitive societies—market pressures decide the choice of alternatives, and economic analysis and policy come into their own. There is no need for the economist either to retire to the flying trapezes of his ivory gymnasium nor to apply, in sackcloth and ashes, for a job as assistant bird-watcher in a department store.

Pakistani Culture

CRESCENT AND GREEN: *A Miscellany of Writings on Pakistan.*
Cassell. 180 pages. 10s.

THIS little book, which is very pleasingly produced and illustrated, contains sixteen essays dealing with various aspects of the cultural heritage and life of Pakistan. With most of them the general reader will not be familiar, and all who are interested in the country and anxious to understand the Pakistani way of life and traditions will find this a valuable collection. Archæology, art, literature and philosophy are the main topics; the subject of politics alone is absent—mercifully, for it is one that absorbs too much of the mental energies of the Pakistanis and those who normally write about them.

Essays by Sir Mortimer Wheeler and Professor Gordon Childe show what a rich field of work still awaits the archæologist in Pakistan. There is an illuminating article on Muslim painting by the editor of the *Pakistan Quarterly,* followed by one on contemporary art in Pakistan by Mr Jalaluddin Ahmad in which the author's enthusiasm has, one feels, slightly clouded his critical faculty. Mr A. S. Bokhari, an Assistant Secretary-General of the United Nations, writes on "The Urdu writer of our times" and leaves the reader with the impression that Pakistan must be fortunate indeed if it harbours many authors who can write in their native tongue with the distinction and felicity of Mr Bokhari's style in English.

It is noticeable, and not surprising, that the three philosophical essays all centre on Iqbal. It is not often that the world produces a great poet who is also a great thinker, or a philosopher who has the gift of song. Iqbal died before Pakistan came into being, but Pakistan has every right to claim him as its own. He it was who had the vision to foresee that a homeland for the Muslims of India was becoming a necessity; if it was Jinnah who created the new country, it was Iqbal who inspired the creation.

From the Bench

JOTTINGS OF A JP
By Alfred Salt.
Christopher Johnson. 155 pages. 10s. 6d.

THIS could have been a very good book. We hear too little from magistrates who do not claim to be experts, and when we do hear we often find them dull. Unfortunately the title accurately describes this book, which consists of a series of undeveloped thoughts, mere heading for a book that might have been written. This is a pity, for Mr Salt served for nearly fifteen years as a lay magistrate, and his book could have helped to show whether the present system ought to be continued or modified or replaced. As a volume of reminiscences, the value of the book is still further diminished by passages such as:

> I said: "Now Sir Isadore, is it not a fact that no official help is given to this kind of reform? If you agree, cannot something be done?" I cannot say if my words had any effect, but Sir Isadore was most courteous and interested, and I am sure that, if it had been in his power, something would have been done immediately. Unfortunately, he died very shortly after our interview and I would like to pay tribute to a very great man.

Mr. Salt skims rapidly over such subjects as the defects of corrective training, the treatment of prisoners who are not certifiable but are mentally ill, work in prisons, the influence of "reformers" in the Magistrates' Association, publicity for juvenile offenders and the value of discipline for the young. There is widespread awareness of the importance of all these subjects, but few suggestions are made. In every case, just as the reader is preparing for Mr Salt to make a considered and original proposal, the chapter finishes with words such as: "The Justices respect the Probation Officers. It is known that they work very hard and frequently obtain excellent results."

Shoal of Leviathans

THE TWENTIETH-CENTURY CAPITALIST REVOLUTION.
By Adolf A. Berle.
Macmillan. 166 pages. 8s. 6d.

OVER the last twenty years a good deal of thought and writing have been devoted to the proposition that the institutions of modern big business are as much political as economic entities and should be treated as such by law, convention and opinion. Mr Berle, with his collaborator Mr Mears, was himself one of the earliest proponents of this view in "The Modern Corporation and Private Property," which, like Mr Thurman Arnold's "Folklore of Capitalism" and Mr Peter Drucker's "End of Economic Man," appeared in the middle 1930s. In Britain, one may cite Mr Spedan Lewis and Mr George Goyder among those who, primarily concerned with the internal constitutional arrangements of business, have worked towards a similar conclusion. At the same time the professional economist's more esoteric work on imperfect or monopolistic competition has itself disclosed political implications—which a tendency to use for party advantage has done very little to clarify.

One might perhaps have expected from Mr Berle the second thoughts, or the judicious summing up, which his long concern with the subject and ripened political experience qualify him

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to provide. He has preferred, in "The Twentieth-Century Capitalist Revolution," to go back to the beginning and to write, with all the vivid enthusiasm of a man with something entirely new to say, a brief, untechnical, brilliantly economical essay in persuasion for the lay reader. The internal revolution of capitalism is, he maintains, as fundamental as the Marxist revolution itself, though vastly less painful and more fruitful in material welfare. It has transformed the relationship between property and power, the nature of competition, the nexus between supplier and customer, employer and employed—and it has gone unnoticed by the public, the press, the teaching body, and the politicians, all of whom still oppose to the obsolete arguments of Marx the even more obsolete arguments of early nineteenth-century *laisser faire*. (The English reader may find this exaggerated. The American more probably will not.) What is needed is, first, recognition that the corporation is a new political entity, a power-wielding organism urgently raising the immemorial political questions of freedom, order and justice; next, the development, in a form suitable to that new entity, of those checks, balances, written and unwritten limitations, which political power has always required. Mr Berle suggests by analogy (the Curia Regis, Magna Carta), but does not specify what these checks should be; his present aim, evidently, is to wake his readers up—especially such readers as are themselves business executives. In the right climate of opinion, he seems confident, the right machinery will, little by little and precedent by precedent, be evolved.

Few economists would go all the way with Mr Berle in his estimate of the degree to which capitalism has been revolutionised (as distinct from civilised) in the last half-century; though he does well to point out how nominal is the independence of much small business under the shadow of their giant suppliers, customers, or price-leaders. Fewer would accept as they stand his views on the future of international trade, which he sees as inevitably and permanently cartellised—an opinion having an obvious bearing on his central thesis of the political nature of the corporation. Some of his incidental historical analogies are shaky; can one really trust the historical sense of a writer who describes Cosimo de Medici, in his role of patron to refugee Byzantine scholars, as "laying one of the foundation piers"—in the mid-fifteenth century!—of the Italian Renaissance? Or has he merely chosen his words unfortunately? But as an eye-opener, a stimulus to fresh thought, a forceful plea for attention to neglected matters and unrecognised changes, his book can be warmly recommended. Not least among its practical virtues—note to those readers who respond to recommendations with a mere squirm of the conscience—is the fact that it can be read virtually at a sitting.

Letters to the Editor

Monetary Weakness in Australia

SIR—The article in your banking survey of June 25th stressing the need for strict credit control in Australia drew attention to "deficiencies" in the technical fabric of monetary control in Australia, including a reluctance on the part of the trading banks to submit to tighter liquidity conventions. You did not emphasise that Australia, as a young and rapidly developing country, has credit requirements very different from those of an older established economy. The article does not refer to the check to business activity which would result from sharp credit variations, and the difficulties such variations would bring in a rapidly expanding economy.

The criticism in the article fails to comprehend the inevitably long-term nature of much bank credit in a new economy. This feature makes it particularly difficult for the Australian banking system to restrict credit severely without running a risk of seriously damaging the pattern of expansion.

The issue seems to rest between frequent movements of the special accounts with the Central Bank combined with a fairly rigid liquidity ratio, or less frequent movements in the special accounts and a greater measure of elasticity in liquidity. The latter seems preferable.

It is true that at present Australia's export industries have fallen behind in the race for national development. This is something admittedly to which Australia must direct her attention more vigorously. The largest single factor contributing to our balance of payment problem is our heavy adverse balance with the United Kingdom. The United Kingdom can only maintain and increase its exports to Australia by taking more Australian exports.—Yours faithfully,

D. H. SARGOOD,
President

Melbourne Chamber of Commerce

Tightening Up

SIR—In your issue of July 30th you say: "If houses, new and old, were let at honest rents, the only remaining problem would be what to do with all the empty houses." (July 30th, p. 368). So demand can be removed by raising prices and you would feel happy about it? If the consumer prefers cigarettes to houses let him have them. Could not we say the same about education, for instance? Yet education is recognised as too important to be left to the individual's notion of priorities. Is housing less important?

You can show the economic cost of housing quite clearly but no national budget can include a debit item for homes broken and all the other social evils which result from a failure to meet that economic cost. The housing demand is real enough in human terms, you cannot deny that, and surely the real problem for economists is to help us find a way to satisfy that demand.—Yours faithfully, JAMES TINN

Consett, Co. Durham

Lancashire's Problem

SIR—In your note of July 30th, which quotes from my report on a visit to the East, you state that "the real problem" of Lancashire is the decline of exports. This is indeed a serious matter, but it would be wrong to regard retained imports as of minor importance. The figures show that there would be a major and increasing problem owing to retained imports even with no fall in exports. This position is due mainly to the low price of raw cotton made available to Indian mills through government action and to the cheap labour costs in the Hongkong mills.

Yarns and cloth come in free of duty from India and Hongkong because they are members of the Commonwealth. In asking for a reasonable degree of protection, we do not ask for special treatment. Britain is the only major cotton manufacturing country in the world which lets in cotton goods duty free; a number of other British industries, textile and otherwise, enjoy considerable protection against both Commonwealth and foreign countries.

As regards the claim that we should be able to compete with Hongkong, we are in touch with the most efficient firms in England; some of them can rival American mills as regards productivity, but I do not know one which would claim to be able to bridge the cost gap due to cheap Hongkong labour. Your information may well come from a non-manufacturing informant who is confusing prices with costs. Hongkong sells in the UK at the highest price it can obtain; its costs would allow a further price reduction even if Lancashire reduced both its costs and prices.

We must narrow the gap between Eastern costs and ours, but I would reaffirm that an efficient Lancashire mill cannot compete with an efficient Hongkong mill, unless Lancashire salaries and wages are reduced to correspond with a rice standard of living.—Yours faithfully, C. HENNIKER-HEATON

Director.

Federation of Master Cotton Spinners' Associations, Ltd., Manchester, 2.

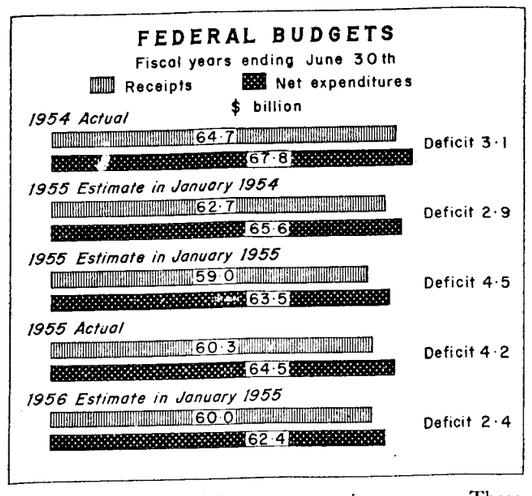
American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Balance in Sight

Washington, D.C.

THE second full fiscal year under the Eisenhower Administration, and the first in which that Administration did all the preparatory work on the Budget, ended on June 30th with a deficit of $4.2 billion. This was some $1.3 billion more than had been estimated when the 1955 Budget was first presented in January, 1954. However, this fact, presumably disconcerting to Mr Humphrey, the Secretary of the Treasury, and other orthodox Republicans, caused scarcely a ripple of comment. Few of the newspaper accounts of the final figures even mentioned it, following the example of Mr Humphrey in his official press release. Instead nearly everyone concentrated, as he did, on the point that the final figure for the deficit was about $300 million lower than had been estimated midway through the fiscal year, in January, 1955.



Nonetheless, the very existence of a deficit remains a genuinely painful nightmare to Mr Humphrey and the Administration. The complicated calculations under the American system in connection with the social security insurance funds mean that there must be a deficit of about $3 billion in the so-called Budget before there can be any deficit at all in the true economic sense. In an economy of the fantastic proportions of this one, with output running at an annual rate of $380 billion, a swing of a billion dollars or so one way or the other in Washington can scarcely be cataclysmic. But in spite of all this the Administration has made a balanced Budget almost a point of honour.

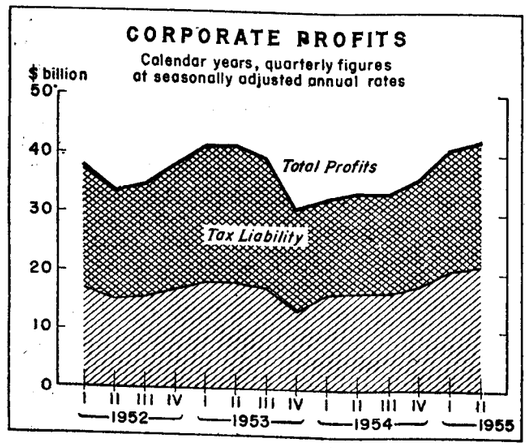
This is why so much interest is being taken, in some of the more expert fiscal circles, in a few straws which have been generally overlooked among the final 1955 figures. For it now appears that several of the very factors that made the budgetary performances last year less than desirable from the Administration's point of view will work in the opposite direction in the current 1956 fiscal year. Indeed, there is an excellent chance that the Budget in the year which ends next June will at last be balanced: if so the final figures announcing this joyous news will be published less than four months before the presidential election. Should this devout dream come true, the Administration can count on glowing headlines on the front pages of the newspapers, in contrast to the rather perfunctory, inside-page handling of the end of the 1955 fiscal year. Meanwhile next January the President will have presented a new Budget for the 1957 year, presumably forecasting a balance and containing the added tit-bit of a tax cut. All in all, in so far as fiscal matters can influence elections, the Republicans now seem able to look forward to fair weather ahead.

The encouraging prospect emerges mainly from the intimate connection between the outcome of the Budget and the performance of the national economy. In a word, the results for 1955 were worse than had originally been expected because the economy slumped slightly; those for 1956 are already certain to be better than expected because of the quite unanticipated vigour of the economic recovery. These developments affect mainly the receipts side of the Budget, because many of the items of expenditure which are most directly affected by the state of the economy, notably unemployment benefits, are outside the Budget. Nevertheless the receipts side alone is—and often has been—enough to upset the best-laid calculations of the budget-makers.

When the original estimates for the year just ended were made nineteen months ago the recession had barely begun. Receipts from corporation taxes were put at $20.3 billion. In the end, as profits in the calendar year 1954 showed a sharp decline, this income totalled only $18.3 billion. Although the upturn which began late in 1954 came too late to improve corporate receipts much, a foretaste of the happier days ahead did show up in the final figures for fiscal 1955 in the area of personal taxes.

Because of the upward sweep of incomes in the first six months of this year, these receipts ran nearly $1 billion ahead of the estimates made as recently as January, 1955; it was chiefly this windfall which brought the final deficit slightly below the January estimate, even though spending for purposes of defence and farm price supports ran ahead of expectations.

The President's January figures for the fiscal year which has just begun foresaw a deficit of $2.4 billion. This figure for receipts, however, was based on an estimate of $298.5 billion for personal incomes during the twelve months beginning on July 1st. But in May, before the 1956 fiscal year had even opened, personal incomes had surpassed this estimate and were running at an annual rate of $300 billion. The January estimate for corporation profits for the 1955 calendar year, which will determine corporate tax receipts in fiscal 1956, was $38.5 billion; yet in the first and second quarters profits were running at the amazing rates, respectively, of $40.9 billion and $42.5 billion a year—with all indications pointing to further improvement. Thus it is already inevitable that receipts will be several billion dollars higher than was thought in January.



At bottom the improved outlook for the Budget reveals not so much that the Republicans are ardent budget-balancers as that they are Keynesians in spite of themselves. The American Budget through recession and recovery has shown itself to be a brilliant star among the new array of "automatic stabilisers." Come slump and the deficit automatically widens; come boom and the Budget automatically acts as a brake. If in fact the Budget for the present fiscal year turns out to be balanced, or to show only a negligible deficit, this will mean a considerable surplus in the economic sense. Total cash receipts from the public will exceed total cash payments to the public by some $3 billion. This, together with the restraints on credit being applied by the central bank, should help to prevent the boom from speeding on into inflation.

None of this would happen, ironically enough, but for the high level and progressive nature of the tax structure, traditionally opposed by the Republicans. A system of heavy taxes levied almost entirely on personal incomes and corporate profits is by definition a system highly sensitive to economic changes, and one conducive to stability. If the President achieves his cherished balance in the Budget by next June 30th, as seems probable, he must thank the tax system he inherited from his Democratic predecessors as well as any efforts he has made himself to keep the economy strong and to reduce government spending.

Congress Goes Home

CONGRESS has ended its session in as noisy argument and undignified haste as usual, but it is unusual for members to escape only two days after the legal date of adjournment and for the Senate to have finished its business before the House. Both are achievements to the credit of the competent and experienced leaders of the Democratic majority. To their credit also are the two outstanding qualities of the session that has just ended: moderation and co-operation have characterised the relationships both between the two parties and between the legislature and the executive. Thanks for the latter is perhaps due as much to the President as to the Congress, but it explains why this year has seen a constructive truce between Capitol Hill and the White House, instead of the "cold war" which the Republican Mr Eisenhower predicted would develop should a Democratic majority be returned last November. The general atmosphere of good fellowship, in contrast to the bitter partisanship of recent Congresses, may have made this session seem uninspiring to journalists, but the record of Bills passed is as good as, if not better than, that of any recent year.

The final calculation on Appropriations Bills is typical: the President was given $52.2 billion to spend in the coming year—another $10 billion was already in hand; this was only $1.8 billion less than he had asked. Congress did not try as hard as usual to cut down on expenditures, largely because the President had trimmed his requests so carefully before submitting them. On foreign affairs and defence policy Congress was also most amenable. There are, however, two important pieces of unfinished business in this connection—dealing with customs simplification and immigration—and a number more in the domestic field. But since the Eighty-fourth Congress has still another year to serve, these Bills can be taken up once more next January.

Two measures which the President is sure to urge again concern federal aid for school building and for highway construction. In both cases the argument is not about the need for aid but about how it should be provided. On the other hand, a Bill on aid for housing, for which the President also made a special last minute appeal, did get through Congress; in fact, it was mainly this that delayed the end of the session. The compromise between the contradictory House and Senate versions of this legislation is far from satisfactory to anyone, but it does at least allow the public housing programme to go on for twelve months. Surprisingly another Bill, which interested the Democratic leaders more than it did the President, did not come to a vote in the Senate; producers of natural gas will be under the control of the Federal Power Commission for another year. But at least Congress did not forget those who are being left behind in Washington; one of the last legislative actions permitted the authorities in the District of Columbia to take over the capital's strike-bound bus and tram system.

Standard of Ethics

PRESIDENT EISENHOWER'S Administration, which came to power under the flag of clean government and crusading morality, has been saved much embarrassment by the reluctant resignation of Mr Harold Talbott, Secretary of the Air Force. The Democrats, on the other hand, may be regretting both the swift end of the "Talbott affair" and the undeniable fact that the case involved no crime against the law, but only against good taste and the standards of public service.

When he joined the Administration in 1953, Mr Talbott was allowed to retain a "special partnership" in Paul B. Mulligan and Company, a firm of consultants on questions of clerical and managerial efficiency. But this was on the understanding that Mr Talbott would never use his official position, in any manner, to secure business for his firm. Some weeks ago, however, the Permanent Investigating Subcommittee of the Senate suggested that Mr Talbott had been soliciting contracts for Mulligan and Company and using his high office to influence potential customers. Several Republican Senators angrily declared that the whole affair was just another example of the Democratic attempt to "smear" an Administration which relied heavily on the services of big businessmen, and Mr Talbott declared under oath that he had never used his position as Secretary "to pressure a living soul to give the Mulligan Company any business."

It emerged, however, that Mr Talbott's partnership had earned him $132,000 during his term as Secretary, that a personal phone call from him had helped Mulligan and Company to obtain a contract with the Union Oil Company of California—which has handled nearly $86 million worth of defence contracts—and that at least one major firm, the Radio Corporation of America, had serious doubts about the propriety of Mr Talbott's conduct in urging it to do business with Mulligan, and had refused to sign a contract.

On returning from Geneva, President Eisenhower declared that two questions were involved:

> Was a proper standard of ethics violated? . . . Was an office used improperly or was a man in an office merely trying to use his own personal influence completely divorced from his office?

Neither Mr Talbott's somewhat confused testimony before the committee nor his offer to resign from Mulligan and Company and thus settle the matter showed much awareness of the real issue or much feeling for the proprieties of government. Everyone except some of his Democratic pursuers was, therefore, relieved when he tendered his resignation and announced that he was off to "earn a little dough."

Mutual Security in 1956

Congress has finally agreed to appropriate funds for the foreign aid programme in the fiscal year which began on July 1st, chiefly as follows:—

	$ thousands
For **military assistance**	705,000
For **direct forces support** (military equipment and supplies)	317,200
For **defence support** (to enable friendly countries to bear the burden of armaments):	
Europe (chiefly Spain & Jugoslavia)	85,500
Near East (including Greece) & Africa	113,700
Asia	800,000
For **development assistance**:	
American Republics	38,800
Near East and Africa	73,000
Asia (chiefly India)	51,000
For **special presidential funds**:	
To be used where advisable	100,000
For Asian economic development	100,000
For **technical assistance**:	
US programme	127,000
UN programme	24,000
For **UN relief and works agency**	58,400
For **administrative and other expenses**	38,375

The final total, of just over $2·7 billion, is not as far below the President's original request for nearly $3·3 billion as appears at first sight, since permission has been given to use various unexpended funds from previous years which would otherwise have been lost. The chief of these is an extra $302,000,000 for military assistance, originally intended for use in the Korean war, which Congress was shocked to find the foreign aid authorities had apparently overlooked.

Warning for Consumers

New York

LIKE Mr Butler American government authorities are worried at the increasing extent to which consumers are buying houses and other durable goods on credit. But in the United States only warning flags have been waved against the growing volume of private debt. This week's rise in the rediscount rate charged by Federal Reserve banks came shortly after the federal agencies responsible for guaranteeing housing loans had lowered the maximum period over which mortgages must be repaid from thirty to twenty-five years, and had increased the down payment required. Recently nearly half of the loans to ex-servicemen for buying houses have involved no down payments at all, and a similar proportion have been of more than twenty-five years duration. A few days earlier the federal banking authorities had informed the 6,700 banks under their supervision that in future bank examiners would examine instalment credit and other consumer loans which until now they have ignored. There has been a substantial loosening of terms for such borrowing since the beginning of the year, particularly where loans for the purchase of cars are concerned. Automobile credit accounts for nearly half the instalment debt outstanding, and most of the record-breaking increase in June—$765 million in the month—was due to the rise in this type of credit.

It is obvious from both these moves that what concerns government officials is not so much the quantity of consumer debt today as its quality. Although the amount of debt outstanding has increased proportionately more than

have incomes in the last few years, there are sound reasons for expecting the average burden of consumer debt to rise as incomes and standards of living rise, and as durable goods account for a larger share of total consumer expenditures. But the monetary authorities are anxious to avoid the inflationary effects of credit extended on over-loose terms and to discourage unsound loans which could accentuate the severity of a recession. On the other hand, too severe controls might themselves precipitate that recession.

If the reactions of the building industry are any guide, the stiffer terms for mortgages are likely to be effective in the housing field. But whether the "moral suasion" of extending bank examinations to cover instalment debt and other consumer loans will suffice has yet to be seen. The criteria to be applied to this debt by the bank examiners have not yet been made clear. Nor has there been any indication what measures, if any, will be taken to ensure the elimination from bank portfolios of consumer loans which are deemed unsound. The banks, moreover, do only 42 per cent of the instalment credit business and the sales finance companies, who do most of the rest, will be affected only indirectly, through the terms of their own short-term borrowing from the banks. The hope is, presumably, that all lenders, both banks and sales finance companies, can be persuaded to tighten their terms voluntarily, in order to avoid forcing the government once again to adopt the unpopular direct controls on instalment borrowing.

Cotton Pressures

LIKE a stag's antlers, the dilemma of American farm policy puts out new branches every year and the Secretary of Agriculture becomes ever more painfully impaled on its horns. Cotton is providing the latest extension. When the crop year ended last Sunday, the government still held a surplus stock of about 8 million bales. Some of this may soon be absorbed, for the 1955 crop should provide less than total requirements during the coming year, if yields are not again exceptionally high, as they were last season. The first official estimate is due next week. In any case lower output will only have been achieved by sharp and unpopular restrictions on acreage; 20 per cent less land was harvested last year than in 1953 and this year only 17 million acres have been planted to cotton, the smallest amount since 1909. This situation is little affected by the set-aside of another 2 million bales for the special reserve, since supplies in this stockpile must be allowed for when controls on plantings are fixed. The reserve stock, which now amounts to 2,940,000 bales, does not, however, enter into price support calculations; this year cotton prices will be supported at an average rate of 31.70 cents a pound, slightly higher than last year's 31.58 cents, but this is only a small sop for cotton farmers.

It is against this background, and against a steady fall in the American share of the world cotton market, that the southern Democrats who are now in charge of the congressional agricultural committees are searching for ways of getting rid of the burdensome surplus of cotton. Senator Eastland is asking Congress—and the Senate has agreed—to authorise the government to sell its holdings on the domestic market at going prices; at present it is required to ask 105 per cent of the support rate plus carrying charges, a price which is usually above current levels. Senator Thurmond is proposing that the Department of Agriculture should be directed to sell the surplus on the world market at competitive prices and that quotas should be imposed on imports of cotton textiles.

The latter provision would counter the danger that imported materials made of American cotton sold abroad at low prices might undercut the products of domestic manufacturers; they would have to pay more for their cotton since American prices are above the world level. Mr Thurmond's Bill is another sign of the increasing protectionism that is developing in the South as it becomes industrialised. The double-headed character of the Bill is an effort to win the approval of cotton manufacturers, for the first time, as well as of cotton farmers, for a move which, to foreign observers at least, looks very like an attempt to dump America's surplus cotton.

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Not all the congressional representatives of cotton states are behind these Bills, for they fear their depreciating effect on cotton prices. However, a deputation, led by Senator George of Georgia, whom the Administration certainly does not want to offend, has sought the President's support for some "more positive" policy for cotton exports and this is now being considered at Cabinet level. This at least removes some of the pressure from the Secretary of Agriculture, Mr Benson, who for months had been promising to make a statement on export policy before August 1st. In the end the announcement was postponed once more, because the State Department feared its "bad international repercussions."

This suggests that Mr Benson was prepared to yield to the pricking of the congressional horn of his dilemma, to the extent of introducing some form of export subsidy for cotton to enable it to compete abroad. The State Department's fears of the reaction of other cotton-producing countries to such a scheme have probably been reinforced by the Treasury's fears of what its cost would do to the budget balance. Indeed, it seems that the whole Cabinet may oppose Mr Benson on this question of subsidies—and the members of Congress whom he is trying to hold off will not be back on the floor until January. Meanwhile, a definite announcement one way or the other is needed if world cotton markets are not to remain paralysed and if foreign manufacturers are not to go on delaying their purchases of cotton in the hope of lower prices.

Reaching for the Moon

THE dramatic announcement that the United States was planning to launch into outer space the first man-made satellite has excited the imagination of scientists, the art of science fiction writers, the ingenuity of international lawyers and the instincts of investors on the New York stock market. That the latter should have bought atomic stocks utterly unconnected with the satellite project, and

neglected those of certain chemical and engineering firms which may actually be involved, merely demonstrates the bewildering novelty of "operation space-ship."

Intended as a contribution to the study of the globe which will occupy scientists of many nations during the International Geophysical Year, 1957-58, the satellite will be driven by a multi-stage rocket through the troposphere and the stratosphere into the ionosphere, anywhere between 200 and 300 miles above sea level. There it will be given an orbital propulsion sufficient to ensure a speed of some 18,000 miles an hour. After several days, or perhaps even weeks, the "bird," as American scientists are calling it, will gradually lose speed as a result of air resistance and will fall at tremendous velocity into the heavier atmosphere, where it will disintegrate like a meteorite. The announcement of this spectacular plan suggests that American rocket experts have solved not only the problem of launching a rocket at tremendous speeds and altitudes from a parent rocket, such as the one that attained a height of 250 miles in 1949, but have worked out a way to release and propel an object "sideways" from a carrier which will itself be travelling at some 13,000 miles an hour.

The White House announcement emphasises the entirely peaceful purpose of this experiment and invites all nations to co-operate and share in the scientific discoveries that may be made about the ionosphere, the structure of the solar corona, cosmic rays and weather prediction. Despite the objection of certain Senators who feel that such knowledge might help a potential enemy, launching a football-sized satellite into space is of necessity an international affair. For the "bird" will undoubtedly be violating all conceivable frontiers and who knows but that Chile and Peru may claim 300 miles of territorial air even as they claim 200 miles of territorial waters? And what if, by some mischance, the first satellite should fall before reaching its orbit and kill some chickens in Khazakistan or a cow in Jersey? It is far better that everyone should co-operate from the start and begin polishing their opera-glasses for that day two years hence when man will have put a new moon in his sky.

Security and the Courts

IN a split ruling, the United States Court of Appeals has upheld President Eisenhower's executive order of May, 1953, permitting summary dismissal of government employees for reasons of security. In his dissent, however, Judge Edgerton declared that the President's order was "unauthorised and invalid" because it afforded employees less protection than had been intended by Congress. It is likely that the case involved will go to the Supreme Court, where the entire security programme may be subjected to judicial scrutiny. Exactly how this programme has been operating has just been disclosed to a Senate committee by the chairman of the Civil Service Commission. Since May, 1953, some 2,300,000 government employees have been "screened"; of these, 3,432 have been discharged and 5,447 have resigned. This represents about 10 per cent of discharges from all causes and just over 1 per cent of total resignations.

That the courts are taking an ever-closer look at the government's definitions of security and subversion, and that even the investigating powers of congressional committees are being questioned by the judiciary, is suggested by a number of recent cases. Last week, Mr Corliss Lamont won a long legal fight; he had been indicted for contempt of Congress because he refused to answer questions about his political beliefs put to him in 1953 by Senator McCarthy and his committee. Federal Judge Edward Weinfield dismissed this indictment on the dramatic ground that it failed to cite "any allegation or fact" from which the authority of Senator McCarthy's committee to conduct an inquiry of this nature could be derived. In yet another case which has aroused wide attention the government was defeated in its attempt to deport Mr Harry Bridges, the Australian-born labour leader on the west coast, on the ground that he had been a Communist when he acquired American citizenship. Federal Judge Louis Goodman ruled that this allegation had not been demonstrated "by clear evidence."

But in spite of the general change in the political atmosphere in the United States, the issue of subversion is still an important one. Two weeks ago the loyalty board set up to scrutinise Americans employed in international organisations stated that it was "convinced" that Mr William Taylor, an official of the International Monetary Fund, "has engaged in espionage and subversive activity against the United States." It was quickly pointed out that the board had no authority whatever to go beyond a simple recommendation on Mr Taylor's suitability for employment and that it had usurped judicial function without either confronting Mr Taylor with his accusers, or letting him state his case. But whether the IMF, which depends so heavily on American support, will have the courage to disregard the board's unsolicited allegation remains to be seen.

Cultural Exports

FROM A SPECIAL CORRESPONDENT

In the four quarters of the globe, who reads an American book? Or goes to an American play? Or looks at an American picture or statue? What does the world yet owe to American physicians or surgeons? What new substances have their chemists discovered?

THESE questions, asked by Sydney Smith 135 years ago, are being somewhat belatedly answered this year in the theatres, art galleries and trade fairs, and by the Negro cast of *Porgy and Bess*, in every quarter of the globe. In spite of their traditional feeling that art and politics do not mix and that culture is something apart from everyday affairs, Americans are becoming aware that they should be known abroad by their art and that "the American way of life" is an exportable commodity.

Owing to the characteristic American aversion for government participation in any form of private enterprise, the arts have never been nationally subsidised in the United States and industry has steered clear of government assistance in the development of foreign trade. But last year, at the President's request, Congress appropriated a $5

million Emergency Fund for the sponsorship of cultural and commercial exhibits around the world. President Eisenhower, believing that both artists and businessmen should help represent their country effectively overseas, has led the support for the current programme. An additional goad admittedly has been the Russian success in portraying the Soviet Union as devoted to cultural pursuits and peaceful trade while branding the United States as materialistic, barbarian and warlike. The fear that America might be losing by default what is frequently referred to as the "cultural war" has rallied many behind the President's programme, but the idea that it is purely a weapon in the cold war does not do it justice, and also unfortunately jeopardises some of its effectiveness abroad.

In recent years, American culture (in the broadest sense of the term) has spread over the globe through an increasing number of channels, but the process has been haphazard and often superficial. Servicemen have established beachheads for Coca Cola, American dancing, cigarettes and slang. Last year some 900,000 Americans, led by the American housewife, travelled beyond their continental shores, no doubt consolidating "OK" and "Hi!" as an international language. The inexhaustible Mr Billy Graham was dubbed by a French newspaper "an apostle made in the USA." Snack bars, roadside advertising, multi-coloured automobiles, refrigerators, jazz and movies have contributed to the picture but have failed to supply a central theme—a gap too easily filled by Russian propaganda.

One of the most important and least publicised channels for the dissemination of American ideas has been the exchange of students and teachers. It is conservatively estimated that 5,000 American students and 1,047 teachers have spent the past year at universities abroad and approximately 30,000 foreigners have come to the United States. Most of these have been sponsored through private sources, and universities, but a total of 5,820 exchanges, one-third American and two-thirds foreign, involving seventy-five countries, were financed under the Fulbright Act of 1946 and the Smith-Mundt Act of 1948.

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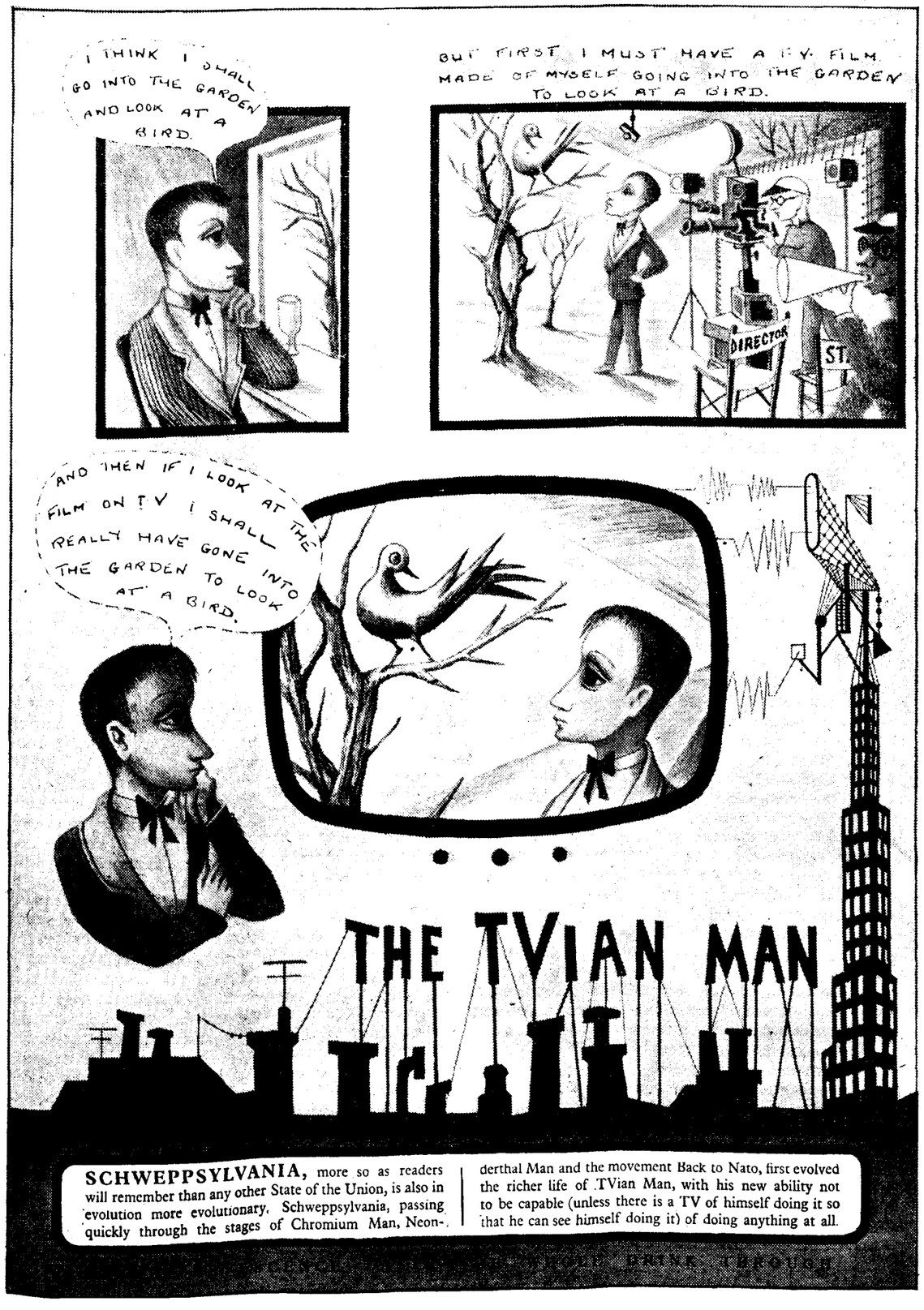
Commercial operations are often an unwitting means of spreading national culture, but in the case of the National Cash Register Company, nothing has been left to chance. Since 1941, this firm has pioneered in introducing to Europe one of the most ubiquitous features of the American scene—the supermarket; the company's international sales are now over 40 per cent of its total business. Individual undertakings have frequently carried American products and "the American idea" abroad, but before this year the United States has not officially participated in trade fairs; the Russians have exhibited in 122 in the past five years. This year, with $2¼ million from the President's Emergency Fund, joint government-industry displays were planned in twenty-eight fairs, and fifteen have already taken place.

The central exhibits, designed to demonstrate that American production is dedicated to peace and the improvement of standards of living, have illustrated such themes as "Main Street USA," or "Industry in the Service of Man"; they have featured a typical factory, school, farm or house, complete with models of the inhabitants and a portrayal of their daily life and recreations. Demonstrations of atomic energy and television have roused excited interest, but the star of all the shows is the super-film, *Cinerama*. First presented at the Damascus Fair last summer, in competition with an impressive Soviet pavilion, *Cinerama* was mobbed and reportedly attracted up to 2,000 standees and tree-sitters nightly. When it was next shown at the Bangkok Fair, the Russians cancelled grandiose plans for participation, claiming that the film was an inferior imitation of a 15-year-old Soviet invention. No doubt attracted by the pleasing combination of culture and profit, business undertakings have enthusiastically supported the trade fair programme and have contributed extensively.

In the past, the difficulties of financing theatrical and orchestral tours have severely limited the number of American performances seen abroad, although some private foundations, civic groups and professional societies have underwritten cultural exhibits in other countries. The leading organisation for the promotion of artistic performances, both at home and abroad, has been the American National Theatre and Academy (ANTA), a privately supported, non-profit-making body under congressional charter. In 1951 and 1953, it arranged productions of *Oklahoma* and *Medea* at the Berlin Festival and, in 1952, put *Porgy and Bess* on the road in Europe. Now ANTA has been selected as the agency through which the State Department will operate the cultural programme provided for by $2¼ million of the Emergency Fund. Orchestras and theatrical groups performing abroad are expected to be self-sustaining as much as possible, but their inevitable deficits are met in this way, and they are thus enabled to go into areas where American art has been unknown. The latest post-Geneva suggestion is that they should penetrate both the Soviet Union and Communist China.

Reactions to American cultural efforts around the world have differed widely but have never been indifferent. The Orchestral Symphony of the Air, exhibitions of paintings and recitals by the Negro Jubilee Singers have been cheered in Asia, where the language barrier is greatest. The Salute to France this spring produced universal interest but vociferously mixed opinions, ranging from horror that a frying pan should be exhibited as applied art to delight in an undulating toy called "Slinky," Paris understandably preferred the exhibition of French paintings from American collections to the show of modern American abstract art. The Germans particularly enjoyed a play spoofing American occupation forces. The main triumphs, however, have been scored by the Negro opera, *Porgy and Bess*, which seems to have both a characteristically American and a universal appeal; the Negro performers have done more than any amount of propaganda to dispel exaggerated ideas of race prejudice in the United States.

The United States Information Agency promotes and co-ordinates the programmes and interprets America abroad through its cultural officers and its various arms, such as information centres, press and motion picture services, and the radio Voice of America. The Administration, however, considers all these efforts only a beginning. President Eisenhower has proposed a National Advisory Commission on the Arts which could lead to an enlarged attempt to foster understanding of America in other countries. Many artists, on the other hand, fear government domination. But the success of the programme so far and the current enthusiasm for it should, as they used to say in the more intellectual circles of Chicago in the eighteen-nineties, "make culture hum."

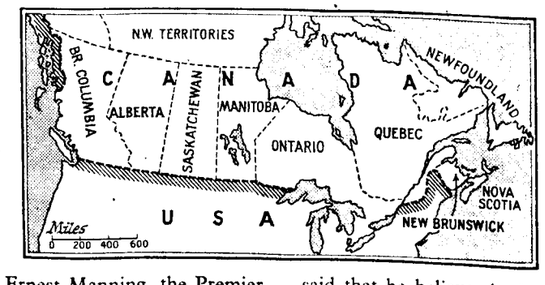


The World Overseas

Social Credit Looks East

FROM OUR CORRESPONDENT IN OTTAWA

CANADIANS are paying attention to the curious political phenomenon called Social Credit. The original Social Credit party, which captured the Alberta provincial government in 1935, has recently been through the most difficult election in its 20 years of uninterrupted power. Although it was returned with a comfortable majority, the opposition (predominantly Liberal) made significant gains after a campaign which concentrated on accusations about the government's financial dealings. Many people are wondering whether the atmosphere of suspicion that has been generated in Alberta will destroy Social Credit's chances of spreading to other provinces ; and yet this is the very time when Social Credit's junior branch, in the province of British Columbia, is proclaiming its intention of sweeping to Ottawa to gain federal power.



Social Credit is a baffling subject. If the political party which rules Alberta and British Columbia and has 14 members in the Canadian House of Commons owes any debt to the odd fiscal theories of Major Douglas, the traces of it are now very faint. Mr Ernest Manning, the Premier of Alberta, has never repudiated Major Douglas and his theories, but Major Douglas repudiated the government of Alberta some time before his death. The government of British Columbia is dominated by men who adopted the Social Credit label either just before or just after the party emerged as the largest in the British Columbia legislature in 1952. Their course in office has been in no way inconsistent with the Conservatism which they previously professed.

All this makes it difficult to say what Social Credit stands for. The most obvious feature of its electoral appeal is a kind of evangelistic fervour. According to a Manitoba politician who watched the Social Credit campaign in that province's last election: "the Social Credit canvassers would go up to a voter and say: 'Don't you believe there is room for God in politics ?' The voter would say 'yes.' The canvasser replied promptly: 'There you are, you see. That's what Social Credit believes. You've been a Social Creditor all along and you didn't know it.'"

Mr W. A. C. Bennett, the Prime Minister of British Columbia, and Mr Manning of Alberta are getting at the same thing when Mr. Bennett says Social Credit's main appeal is "good clean government," and Mr Manning says it is "the Social Credit philosophy." The first verse of "Oh, God, our help in ages past" opens all Social Credit meetings. In his final election speeches in the recent Alberta election, Mr Manning took some time to denounce the "muck-raking," "smear tactics," and "gutter politics" of his opponents, but on the positive side all he had to urge was that people should remember how terrible things had been before 1935, when his predecessor as premier and bible-preacher, William Aberhart, first led Social Credit to power. Since the pre-Social Credit era was the depth of the depression in Alberta, the comparison cannot help being favourable for Mr Manning's party.

Mr Manning is a lay Baptist who still preaches at Calgary's Prophetic Bible Institute, and recordings of his broadcasts are carried on a number of commercial radio stations. His sincerity is rarely questioned ; he has said that he believes he has been called to do two distinct jobs—one as "a Christian politician," and another as a "Christian layman." The appeal of righteousness appears from past Canadian experience to operate with full effect when it is supported by one or both of two circumstances. The first is the existence of a political vacuum. This has existed in the only two cases where Social Credit has gained power—in Alberta in 1935 and in British Columbia in 1952. In Alberta there was a strong feeling of discontent with the unsuccessful farmers' government, which suffered both from the depression and allegations of scandal. In British Columbia there was an almost equally strong movement of opinion against the provincial Liberals and Conservatives, who for years had been allies in an unhappy coalition.

Social Credit is effective as a protest movement, but it is also popular as a bulwark against socialism. Its only rival as a protest movement has been the Commonwealth Co-operative Federation (CCF), a socialist party based on an attempt to reconcile farmers and labour. Wherever the CCF appears as the only alternative to two unpopular older parties, as was the case in British Columbia, Social Credit is able to win the support of businessmen.

In trying to plan a national drive eastwards from the Rockies, the Social Credit leaders appear to be relying heavily on all these three factors—righteousness, desire for change and opposition to socialism. In Saskatchewan, where the CCF has been in power since 1944, the only apparent alternative is the old Liberal party. But internal dissensions weaken the Liberals' chances in Saskatchewan, and if the tide turned against the CCF government (of which there is no sign yet) Social Credit would certainly try to take advantage of it. In Manitoba, where the Liberals are in power, Social Credit is respected for its showing in the last provincial election, when it collected a surprisingly large number of votes without winning any seats. Since then, however, the Conservatives have shown some signs of recovering popular favour.

Although there are still a few Conservative members in the western legislatures, nowhere west of Manitoba is the Conservative party a major factor in the political scene. Some Social Credit leaders believe that there is a political vacuum at Ottawa into which they might step. If Canadian voters eventually decide to change their sempiternal Liberal government, the argument goes, there is no really nationwide alternative for them to turn to.

The weakness of the case is that, if there are few Conservatives in the west, there is no Social Credit in the east. An organising drive is to be launched in Ontario this autumn, but it will be carefully aimed at the federal seats and not at the provincial government, where the Conservatives are very comfortably entrenched. As yet there is nothing to show that the peculiar appeal of Social Credit will "take" in the east. Socialism is even less of a threat than it was a few years ago. Neither the federal Liberals nor the provincial Conservatives have yet previously jeopardised their position by their record in office.

Social Credit by itself appears to most observers still to offer a fairly remote challenge, though it is now a party to reckon with. But if it were possible to combine the federal Progressive Conservative party, whose main strength is in Ontario and the Maritimes, with the Social Credit hold on Alberta and British Columbia, and with the purely provincial *Union Nationale* party of Mr Duplessis in Quebec then the alliance would make a formidable challenge to the Liberals. Outside observers sometimes claim to detect a basic similarity of interest between these three contrasting groups ; the trouble is that no one of the three is prepared to admit that it has anything in common with the other two.

What Kind of Atlantic Assembly ?

BY an extraordinary piece of bad luck the first meeting of parliamentarians of the Nato countries was held in Paris while all eyes were focused on Geneva. One of the arguments that has been used by those who have urged most strongly the creation of some kind of parliamentary assembly for the Atlantic alliance has been that such meetings would stimulate public interest in Nato. But competition with the "summit" was hardly a fair test, and, in the circumstances, the lack of public interest did not apparently have an unduly dampening effect on the delegates.

One hundred and ninety parliamentarians representing all the fifteen Nato countries attended the conference. The American delegation was weakened by the absence of senators who found affairs in Washington at the end of a Congressional session too pressing to abandon, but more representative groups attended from most other parliaments, although, as too often in meetings of this kind, the "already converted" tended to predominate. The delegates unanimously agreed that similar meetings should be held each year and that a "Continuing Committee" of fifteen, assisted by a small part-time secretariat, should prepare for the next meeting. The president, and prime mover, of the conference, Senator Wishart Robertson, of Canada, will head this interim group. Thus, although the new "assembly" has as yet no name, no budget, and more modest staff arrangements than many of the delegates wanted, an evolutionary process has begun. The question now is not whether there will be a parliamentary body for the North Atlantic Treaty countries, but what kind of an organisation it will be.

Out of deference to the views of a number of Nato countries the assembly, if that is what it will be called, has no organisational link with Nato. This created no particular problem at the initial session this year when a week was easily and profitably filled with problems of procedure and organisation as well as with briefings by Lord Ismay, General Gruenther and representatives of OEEC and other European organisations. But if a parliamentary body is to perform a useful function year in and year out, it will need more than this to fill its plate. And as soon as the discussion branches out to substantive matters, questions which have for the moment been side-stepped will immediately arise. Will the assembly have the right to ask Nato for reports ? If it has recommendations to make to whom should they be addressed ? In short, what precisely is to be its relationship to governments on the one hand and to Nato as an organisation on the other ?

The "Continuing Committee" which will meet this autumn will presumably try to find answers to these questions. Before then, the Nato governments will have to reach agreement on what they want or they may be landed with an unworkable arrangement by default. The last time the question of an assembly was discussed by the Nato Council

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it was clear that there was no real meeting of minds among the members, and the question was left in limbo. But the parliamentarians have now demonstrated that with or without official encouragement they are determined to go ahead. They will not now be killed off by neglect; but it is difficult to see how they can flourish for long in a vacuum.

Problems of Japan's Defence—II

FROM OUR TOKYO CORRESPONDENT

THE tragic predicament of Japan's fledgling postwar munitions industry is that it was restored only by American defence orders and has been maintained since only by the same means. Because these orders are now dwindling, the industry's future has become obscure and uncertain. This fundamental Japanese dependence upon foreign spending is galling alike to nationalist-minded leaders, who want a resurgent arms industry, and to Socialists, who are opposed to rearmament but want jobs for workers.

The demand for ammunition is a simple illustration. If the present aim of an army of only 180,000 men, a navy of 120,000 tons and an air force of 1,300 planes is achieved, the annual amount of ammunition supplies required will be less than two-fifths of the *existing* production capacity. Moreover, plants producing mortars and bazookas are operating at from 10 to 20 per cent of their potential capacity. Firms contracting for the repair of American aircraft and military vehicles are perforce laying off workers. The only concerns interested in Japanese defence production which have any confidence in the future are Shin-Mitsubishi and Kawasaki—because they will assemble jet planes and trainer planes and are thus guaranteed American parts and supplies.

Civilian or Military Control

Some substantial form of government subsidy for the rearmament industry thus seems to be inevitable. This raises the question of the government's share in the control, operation and management of munitions production. The air is thick with plans and blueprints for separate government operation, combined government and private operation, and disguised government and/or private operation, and also with recommendations for subsidies ranging from outright financial aid and gifts of modern equipment (presumably supplied by the United States) to reduced taxes and provision of low-interest and long-term loans (based on economic conditions presumably sustained by American aid).

The reaction in Washington to Japan's provisional decision on these complex and controversial matters will presumably be influenced, if not governed, by two factors. One is the continued weakening of a nucleus of technically skilled munitions workers ready to swing into emergency, stepped-up arms production when necessary, and the other is the possible advent of a Japanese Socialist government ready to break the COCOM embargo on "strategic" exports to Communist China in return for assured orders. Peacetime industries cannot re-tool at a moment's notice for munitions production. To what extent, then, can the United States afford—or not afford—to invest in the sustenance and modernisation of a Japanese munitions industry which needs substantial and assured aid in addition to its own national requirements and orders?

Meanwhile, the struggle for political, civilian or military ascendancy in the control of Japan's new—and still illegal—armed forces continues, and the outcome has been made even more uncertain by the failure of the government to get its bill setting up a national defence council through the upper house before the Diet adjourned last week-end. The government has now decided that a council of cabinet ministers is to deal with defence matters, but if in the end the control of Japan's armed forces should pass into the hands of the military experts it will be a fine irony that such a final negation of the initial American policy in postwar Japan would be to the advantage of present American policy there; for the Japanese professional soldiers will strive to build up an army, navy and air force at least double the size of the contemplated Japanese defence forces, and will seek, for nationalist reasons, to make these forces as self-supporting as possible. The risk that such a fighting force—which is fiercely opposed by the Communists and Socialist fellow-travellers—would switch to the side of the Communists is rightly regarded by the Americans as remote. The Japanese professional soldiers' cold self-interest logically brings them either within the framework of the West or into a Japanese zone in which they recognise that the Americans certainly will not, while the Communists conceivably might, attack them.

Again ironically, most of the principles, examples and reforms which General MacArthur initiated in Japan are opposed now to American and British interests—not because those principles, examples and reforms were, or are, intrinsically wrong, but because they were designed to create and uphold a set of ideals which existed only for the duration of the unreal and emotional "victory-and-conversion" crusade. Japan's defence, today and tomorrow, depends basically upon the patriotic will of the Japanese people to defend themselves. That will is now lacking. Once it is regained, the formidable political, industrial and economic difficulties and inhibitions which now exist will vanish.

(Concluded)

New Zealand Tackles Inflation

FROM OUR WELLINGTON CORRESPONDENT

IN his first budget speech, two weeks ago, the New Zealand Minister of Finance, Mr J. T. Watts, took a safe and conservative line. With an announced surplus last year of over £9 million, and an actual surplus of more like £20 million, he was under considerable pressure to relieve taxation. He gave way to the extent of £9,800,000, mainly in income tax concessions, but he refused any relief in company taxation on the grounds that inflationary pressures had increased during the past year (which is undeniable), and he indicated that restrictions on bank credit and other measures to check spending would continue. He went further and announced hire purchase restrictions designed to limit spending on consumer goods. In the case of car purchases, these impose a minimum deposit of 50 per cent and a maximum term of 18 months for repayment of the balance; on all other goods the minimum deposit is to be 15 per cent and the spread of payments not more than two years. Hire purchase firms are already protesting and claiming that the restrictions will chiefly affect young married couples.

But there is a strong case for making use of the budget to check inflation. Last year imports increased in value by £57 million and a good deal of this increase came after the government had lifted exchange restrictions. There are over 27,000 registered job vacancies, and this is, in fact, by no means the total. Mr Watts's argument was that a combined labour and housing shortage made it unwise to remove the curb on private expansion and spending. To emphasise the point, he budgeted for a surplus of £2,200,000 and indicated that later this year the government will go on the internal loan market for an unspecified amount. He admitted that it had been under strong pressure to increase interest rates again but said firmly that it did not intend to do so. The most important concession was a 20 per cent rebate in income tax payments with a top level of £75; the removal of a long list of items from sales tax represented another concession worth about £600,000 in a full year.

Estimates introduced at the same time as the budget provided for an expenditure from the consolidated fund during the current financial year of £188,255,000, approximately £10 million more than was spent last year. Estimated expenditure, under seperate accounts, on public works, railways, land settlement and other similar projects totalled £114,388,000, nearly £12 million more than was spent under this heading last year. Capital expenditure during the current year is estimated at nearly £74 million. This includes a government contribution of £3 million to the Tasman paper and pulp scheme, £6.5 million for school buildings and £10 million for State housing. The tables attached to the budget show that New Zealand is now spending 35 per cent of its revenue on social services and social security, compared with 7 per cent on defence and 18 per cent on capital development.

The budget and the accompanying economic survey show that the government intends to try to check inflation. Whether, in doing this, it will also restrict development in a young country, will continue to be a matter for argument. There is a strong feeling in some quarters that the growing restraints imposed upon capital expansion, together with the high level of company taxation, are knocking the resilience and enterprise out of New Zealand industry. Mr Watts, however, evidently thinks differently.

Royalist Rebels in China?

BY A CORRESPONDENT

A NEW note has recently been heard among the frequent reports of unrest and disorder in China. Peking radio announced not long ago the discovery of a plot hatched by "reactionary religious sects" in the north, and the execution of its ringleaders; and more lately it has been reported that sixteen members of a religious sect have been arrested in Hunan province after the failure of two attempted revolts in March and April. Arrests and executions on charges of conspiracy against the state are common features of life in the People's Republic, but the remarkable thing in both these cases was the allegation that the plotters had aimed at restoring the monarchy in China. In the second instance the sect was said to have been headed by "a self-styled emperor."

This is so out of keeping with anything that has been reported from that country for the last three decades that at first sight it is natural to suspect that the Peking propagandists or the police authorities have invented this detail in order to emphasise the ultra-reactionary character of the subversive elements with which the People's Government still has to cope. It is, nevertheless, possible that the crime is not an imaginary one, but that nostalgic yearnings for the days when there was a Son of Heaven on the imperial throne do still linger on in the vast expanses of the Chinese countryside.

The old Chinese empire in its last days was effete, corrupt and entirely unable to stand up to the conditions of the modern world. In spite of this, it maintained a general unity and order while interfering as little as possible with the daily lives of its subjects. The transition to a republic not only meant the introduction of concepts and procedures totally incomprehensible to the Chinese peasant, but was soon followed by a disruption of the state and forty years of suffering and frustration. With such an experience, it would not be altogether surprising if some Chinese of the older generation were now to look back to the last days of the monarchy as the only period in their lives when peace and order had been combined with some measure of freedom from official compulsions.

Hopes Turned to Ashes

For the town-dweller, and especially for the intelligentsia, the entry of China into the modern age is no doubt a great gain, but for the peasant who has derived no appreciable benefit from the economic changes of the last forty years, and now finds the hopes aroused by the Communists also turned to ashes, hope for the future may easily take the form of expectation of the rule of a benevolent emperor who will, like Chairman Mao, assure unity and order, but will also, unlike Chairman Mao, allow the cultivator to enjoy the fruits of his labour except for what traditional custom endorses as a fair tax.

This does not necessarily imply any sentiment of attachment to the last dynasty—a dynasty which was in any case set up in China by foreign (Manchu) conquest and was not, like the Ming dynasty which it replaced, a purely Chinese product. Chinese monarchism has always been an adherence to an institution rather than to a particular reigning house, because its theory has been that the divine appointment—the so-called Mandate of Heaven—rests on a dynasty only for as long as its virtue is sufficient and is transferred elsewhere when the dynasty is decadent.

It is possible, however, that many Chinese—who have never yet known democracy or effective parliamentary government—still feel a craving for the ideal good emperor of Chinese tradition, the benevolent autocrat at the apex of society who gives his subjects the blessings of unity and order, but does not govern them too much. For a time it seemed that Mao Tse-tung—himself sprung from the peasantry—might be the answer to the popular hope. He was duly built up as an emperor-like figure, with his position formally established by that remarkable concentration of powers in the head of the state whereby the constitution of the Chinese People's Republic differs so sharply from that of the Soviet Union. But unfortunately, Chairman Mao is a Marxist-Leninist and his creed requires him somehow or other, perhaps slowly but at any rate surely, to collectivise the Chinese peasants and to enclose them with

a network of authority and coercion such as they have never known before. So perhaps Chairman Mao has not received the Mandate of Heaven after all; perhaps the destined saviour-ruler is still waiting in the wings. It is not in human power to decide these matters, but secret religious rites can prepare the way for a better day. Thus it is that so many rebellions have started in that strange marginal world of the Chinese secret societies. The Communists are merely showing a proper sense of alarm if they now forget awhile about the agents of Chiang Kai-shek and turn their attention to the followers of that monarch who is the more dangerous because nobody yet knows who he is.

After Israel's Elections

FROM A CORRESPONDENT IN TEL AVIV

THE gains won by the extreme nationalist *Heruth* in last week's elections in Israel came as a surprise and shock to many who had anticipated only small changes in the distribution of seats. Only a few careful observers who had seen Menahem Begin, the leader of the former *Irgun Zvai Leumi*, attract enthusiastic crowds wherever he appeared, had predicted a swing in favour of *Heruth*. Menahem Begin made full use of his considerable powers as an orator, combining reminiscences of the glorious days when he was a leader of the underground movement against the British with barbed attacks against the General Zionists and Mapai, Mr Ben-Gurion's party.

But the gains of *Heruth*, at the expense of the General Zionists and the Mapai, cannot be attributed to the oratorical gifts of one man. There was a significant change in public opinion which caused the General Zionists to lose votes both to *Heruth* and to the small liberal Progressive party. As champions of private enterprise they tripled their representation in Parliament four years ago because they fought vigorously against rationing, controls and red tape. They lost seven seats in last week's elections because they had been unable to prevent the growing influence of the government and the Labour Federation, the *Histadruth*. Rationing and controls, it is true, have been abolished to a certain extent but more and more people have become dependent either on the government or on the *Histadruth* for jobs and promotion. The small shopkeeper finds himself in competition with the ubiquitous co-operative store which often monopolises trade in workers' suburbs and, of course, in agricultural settlements, while doctors, lawyers, engineers and high government officials fight a bitter battle with the authorities over their inadequate salaries.

There also took place what one of the Hebrew papers called a "revolt against the Mapai-regime." Mr Ben-Gurion's party suffered its first reverse in years even though it had concentrated all its power and influence on winning the election; Mapai will probably have eight fewer seats in the new Parliament than in the last. It lost some votes to the Progressives and many to its rival on the left, the section of Mapam which left the party some months ago and formed the *Achduth Avoda*. This party attracted young people who in contrast to the professional classes believe in "activism" and in a pronounced socialist policy and who are impressed by its leaders who made a name for themselves during the fighting with the Arabs. As *Achduth Avoda's* socialist creed is not tainted—as is that of Mapam—by a suspicion that it follows the Russian line, the party proved a serious rival to Mapai.

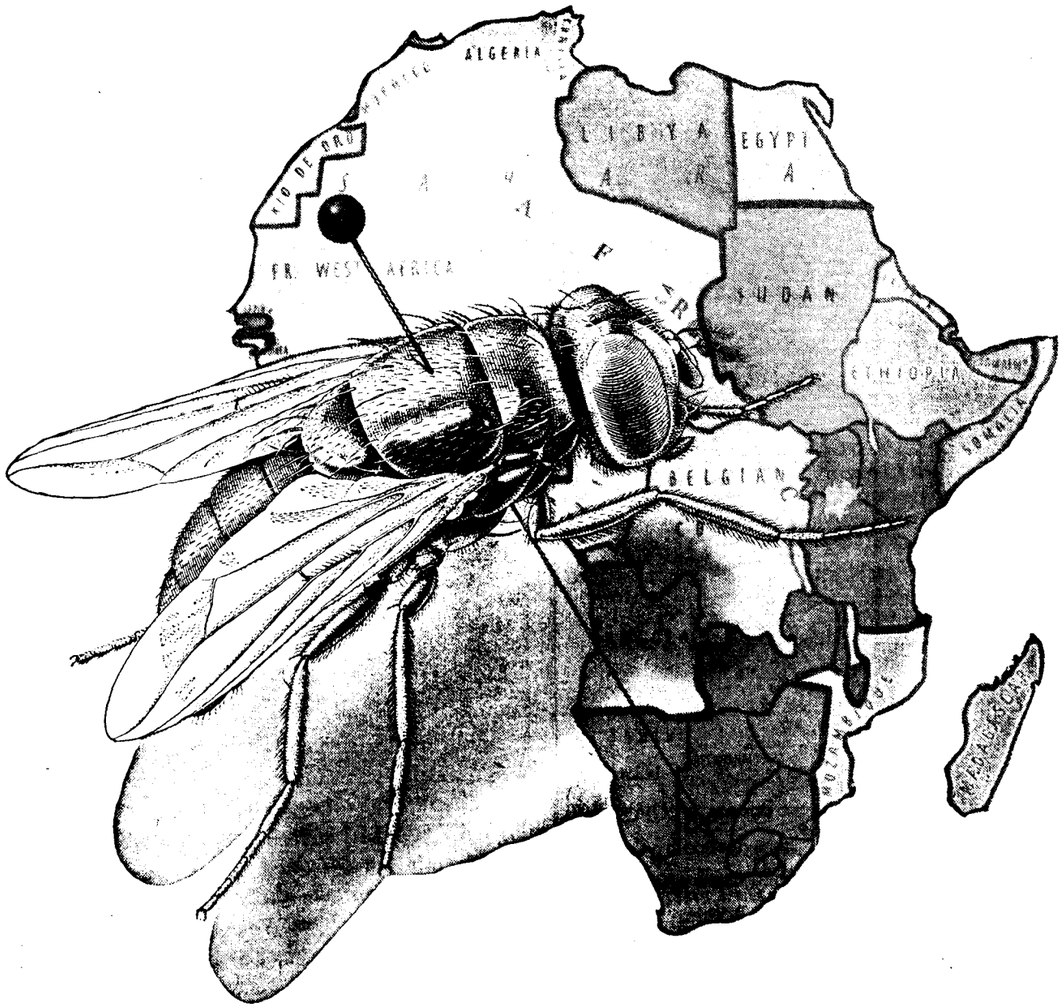
Mr Ben-Gurion led the campaign with the slogan that he should be granted a "stable majority." He has long argued that the present electoral system which continually facilitates further fragmentation and disunion is one of the greatest weaknesses in the development of the new state. A strong position in the third Knesset would have given him a chance to substitute the British electoral system for proportional representation. He has declared several times that he would return to the helm only if assured of having his own way. Now Mapai has been weakened and the opposition of *Heruth* promises to be much more vehement than was that of the General Zionists it remains to be seen whether he will, nevertheless, choose to become prime minister again or will allow Mr Sharett to carry on.

Whoever undertakes to form a government will not find it an easy task. The socialist parties, Mapai, Achduth and Mapam together command 58 seats of the 120 in the Knesset. They could form a majority by including in the cabinet the Labour wings of the religious bloc which generally go along with Mapai. But between Mapai and Mapam there is a wide gulf, both in foreign policy (Mapam stands for neutralism) and in domestic policy (Mapam advocates a planned economy). A government without Mapai is, however, impracticable since it is still the largest party in parliament and the small parties cannot find a common platform. If it feels obliged to join forces with the Labour wings of the religious bloc and with *Achduth Avoda* there is certain to be long and hard bargaining over a joint platform.

Hard Bargaining Ahead

The religious bloc is likely to take an even more uncompromising stand than in the past since the backing of new immigrants from Oriental countries and North Africa has increased its strength in the new Knesset. The reform of the religious laws which govern personal status in Israel and the introduction of civil marriage for those who wish it will probably have to be shelved for the time being. This is likely to make it difficult for the Progressives to join the coalition since they pledged themselves to these reforms during the election campaign. There remains the possibility of a "broad coalition" which would include the General Zionists and the Progressives as well as part of the religious bloc and *Achduth Avoda*. Here again the bargaining is likely to be hard and protracted. According to the law, the present government will remain in office until a new cabinet has been formed and no time-limit is set to the period of cabinet making.

The election results show that activist slogans are popular in Israel today. It is doubtful, however, whether they alone would have brought victory to *Heruth*. Almost every party used activist slogans in its propaganda and even the General Zionists who often opposed activist plans when in the cabinet did not come out openly against a policy of "adventure." But activist slogans did not save either them or Mapai from decline since in a competition in nationalist phrases it is always the extremists who come out on top. But the one thing that neither Mr Ben-Gurion nor Mr Sharett will agree to is any alliance with the extreme right-wing and expansionist *Heruth*.



The case of *Lucilia cuprina* . . .

Ever since man first herded sheep, blowfly 'strike' has been one of the deadliest menaces to the health of the flock. Blowflies deposit their eggs on the fleece and within a few hours maggots are eating into the flesh. Unless quick action is taken a valuable animal may meet an unpleasant death.

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Camera Weather

MORE than ten million people in Britain own cameras, and most of them take a camera on holiday, even if they never take another snapshot during the rest of the year. These summer weeks, therefore, offer the peak business in selling films to amateurs, developing and printing them, a sizeable section of the turnover of the British photographic industry; probably 70 per cent of this trade is done from June to September. Since the war personal expenditure on cameras, films, and having them processed has risen to about £20 million a year, according to private estimates, which in real terms is about three times as much as was spent in 1938; so the industry has renewed hopes that at last it may be about to tap the vast snapshot market that its prophets have been predicting for several decades. But it has not yet been able to persuade the British amateur to take photographs all the year round, as promotion and perhaps a more suitable climate have induced the American amateur to do. The British industry is doing all that its laboratories can suggest to popularise winter flash photography, aided by such innovations as new cheap flash bulbs produced by Philips and by General Electric; but the British amateur photographer is still a fair weather animal.

The amateur, however, is not the only or even the main customer of the British photographic business. Even at retail prices, the figure of personal spending quoted above amounts to perhaps only two-fifths of the total turnover that the industry receives. The cinema business, commercial photography and printing, X-ray film, and the photo-copying of business records also take large shares of its output, and these other markets do not suffer from seasonal ups and downs. Any estimate of turnover depends upon drawing a line to define the industry. Sensitised materials and processing chemicals must clearly be included, along with personal cameras and accessories; should cinematograph cameras, projectors and X-ray equipment? If enlargers are part of it, what about magic lanterns? Several firms straddle the camera and optical industries; few cater solely for the amateur, and the photographer draws his supplies from many trades; the skeins are not easily disentangled.

★

The two central pillars of the industry, however, are the manufacturers and processors of sensitised film and the camera makers, although the second contributes only a small part to the industry's total turnover which has been estimated at £50 million or more a year. Both the big and the small brothers, since the war, have received a considerable amount of encouragement from the Government to expand, in one case to replace a dollar import and in the other to supplant a German export. Both have tried to do so—with varying success.

Production of photographic films is shared principally by Kodak and Ilford. The Bexford plant, built at the suggestion of the Board of Trade and owned jointly by Ilford and BX Plastics, supplies Ilford with almost all the film base it requires for home and overseas film sales. This may be about a third of the total requirements of film base, by weight, in this country for home sales and export. Film base comprises about a third of the cost of film and this new plant is the only one operating in the sterling area. Kodak, importing film base from the United States, sells more roll film here than Ilford, but produces probably about the same quantity as Ilford may export rather more. In cinematograph film Kodak certainly lead; the cinema industry, indeed, may be its largest single customer. And in X-ray film the two companies appear to be roughly equal. Imports of roll film and X-ray film amount to less than ten per cent of total sales

here, but in cinematograph film the proportion is rather higher. There is one mill in Britain—out of four in the world—making the base for photographic sensitised paper. There are many sensitisers but only two plants coating the base with baryta. One is owned by Kodak for its own use, and Ilford have a half share in the other with Wiggins Teape. Both firms also make a wide range of photographic equipment and sundries, or purchase it from specialist sub-contractors. This is not a very profitable line ; both treat it as a worthy and useful service for their customers and hope to break even on it.

For nearly thirty years attempts have been made, partly for strategic reasons, to foster the production of higher grade precision cameras in Britain. After the war, with much of the pre-eminent German industry disorganised and part of it cut off behind the Iron Curtain, these efforts were redoubled. They have been an almost complete failure. Why is this ? In part, the failure marks the immense prestige that German cameras enjoy. For a while after the war British-designed cameras and British-made copies of former German models had some success, but this soon evaporated when Leicas and other high-grade German cameras began to trickle through official and unofficial channels. The import of foreign cameras worth more than £5 10s. each is still restricted to a tiny quota of £62,000 a year ; while an import tariff of 50 per cent, and purchase tax of 50 per cent on landed price plus duty, makes the price here four times the cost from the German factory. But even at this inflated price Britain cannot produce a comparable camera that the average enthusiast will buy. It appears that Britain simply cannot make the shutter mechanisms and perhaps also the lens of the quality, in the quantity, and at the price that the market in higher grade cameras requires.

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The failure is essentially in achieving the required precision at these prices. There are some excellent British cine-cameras, and in more specialist fields, aerial photographic equipment for example, British models are also able to hold their own. The quality of the lenses produced by some makers, such as Taylor Hobson, is admirably high, but they have had no real experience of producing the cheaper lenses required for the precision miniatures. Certainly no British manufacturer has been able to make a shutter mechanism to compete with the German firms, Deckel and Gauthier.

The photographic industry is well fitted to tackle competition in the cheaper range of cameras and in sensitised materials. There are about six makers of box cameras, including Kodak, the largest manufacturer by far. Kodak has, in fact, been able to ship several hundred thousand "Brownie" box cameras to its parent company's own market in the United States. Several firms have tried their hands at making higher grade and more expensive models, including 35 mm cameras, and the 35 mm reflex camera produced by Wray Optical is perhaps the most successful. It certainly has the most original design, though not as advanced as the latest German models. But in general British firms have found production in this range not worth their while, and several lines have been dropped altogether. Whether the British camera enthusiast should continue to be penalised in order to build up an industry that shows hardly any sign of viability is doubtful ; certainly the quota on the better foreign cameras, if not the heavy duty, should be considered an expendable counter when next the European countries come to liberalisation of trade.

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Probably £6 million a year of amateur spending on photography is paid out for services—developing, printing and enlarging. Few amateurs appear to undertake their own processing. Sample surveys suggest that about 10 per cent of the users of roll film and perhaps half the users of 35 mm film tackle the job themselves. The rest is handled by about 600 "D.P. and E. houses" (developing, printing and enlarging). Thirty of these are owned by Kodak ; they are mainly large ones and handle perhaps up to a sixth of the total turnover. For the chemist who stocks rolls of film and a few cheap cameras in the spring and summer, the one-third commission he receives from D.P. and E. houses for acting as little more than a pillar-box is a useful windfall. But the specialist photographic dealer naturally takes this processing work far more seriously. There are several hundred of these dealers (against well over 10,000 chemists and other shops that handle film) and photography is both their hobby and their profession. Processing helps to build up a dealer's connexions as well as his own experience, and it enables him, moreover, to carry the substantial working capital that is tied up in stocks of cameras and equipment. Second-hand sales of top-grade cameras—which suffer little wear and tear provided the lens and the shutter remain undamaged and sell at a premium because of the restriction placed upon imports of new models—are another major item for the main specialist dealers, and some of them have a large mail order business in both new and used equipment.

Colour photography, which is now possible for nearly everyone with a camera except perhaps owners of box models, is expected to lead to a much wider interest in photography ; though progress may be hampered by the small number of 35 mm cameras available. It is more expensive and may require a little more skill. It may also, at least to begin with, hinder the "do-it-yourself" movement that several firms are trying to encourage. Johnsons, the main suppliers of photographic chemicals, market a wide range of kits for the amateur to do his own processing. Paper and plant for colour printing is slowly becoming available. But except for Ferraniacolor, sold in this country by Neville Brown, all colour shots are at present processed by the manufacturers or by specialist dealers.

To achieve this progress, however, the industry

would like to see some reduction in the 50 per cent purchase tax its customers must pay for cameras and some relaxation of the protection afforded to the feeble attempts to make higher quality cameras in Britain. It may be more successful with the second hope. Most firms market a wide range of photographic goods and as camera sales rise—whether of foreign or British make—so do their own sales. Who makes the cameras is less important to them than how many customers there are to use the film.

Marine Insurance Margins

LAST year will long be remembered at Lloyd's for two events: the Wilcox affair and the devastating American hurricanes. Lloyd's emerged from the insolvency of the syndicate of which Wilcox was the underwriter and from the subsequent proceedings with undiminished prestige, and its reputation for seeing that liabilities are paid to the last penny untarnished. The North American hurricanes may have wiped out the whole of the £10 million of profit that underwriters might otherwise have expected from their 1954 non-marine business. The marine results and the sharp distinction they reveal between the attitude to marine insurance of the insurance companies, on the one hand, and of Lloyd's underwriters on the other hand, may also attract public interest.

Lloyd's results for 1954 have just been announced. They appear regrettably but understandably later than the figures of the companies, but with 171 syndicates (comprising 3,436 "names") doing marine and aviation insurance and 97 syndicates (3,484 "names") doing "other assurance business"—largely fire and accident—some delay may be excused. Accounting practice also differs radically from that of the companies—though not so radically in the marine insurance accounting. Each year's account is kept open for three years and at the end of that time outstanding liabilities are charged to claims or covered by debiting to claims a reinsurance premium that is then credited to an open account. Premiums are shown net, commission being paid only to Lloyd's brokers who carry out much of the routine work that the companies do in their offices. The claims figures include the direct cost of settlement. The latest Lloyd's accounts therefore show the final outcome only of the 1952 account together with preliminary figures of the 1953 and 1954 accounts, whereas the companies have already closed their fire and accident accounts for 1954, after making their customary provisions for unexpired risks. Lloyd's underwriters handle more than a quarter of the total non-life premium income of all British insurers. Their premium income for 1954 was £227.3 million, while Mr J. W. J. Levien, speaking for the British Insurance Association, has estimated that the combined fire, accident and marine premium income of the insurance companies for the same year was £580.7 million.

For the companies, insurance chairmen have one after

LLOYD'S PREMIUMS AND CLAIMS*

	Marine and Transit			Aviation			Other Assurance Business			Motor (within the U.K.)		
	Premiums	Claims		Premiums	Claims		Premiums	Claims		Premiums	Claims	
	£mn.	£mn.	Per cent of premiums	£mn.	£mn.	Per cent of premiums	£mn.	£mn.	Per cent of premiums	£mn.	£mn.	Per cent of premiums
1948 Account.	61·5	50·9	82·8	6·2	6·1	98·4	54·4	47·2	86·8	4·0	2·7	67·5
1949 Account.	73·7	59·8	81·1	8·2	6·5	79·3	77·5	67·5	87·1	5·6	3·1	67·4
1950 Account.	76·0	63·9	84·2	8·2	6·1	72·6	89·1	86·3	96·9	5·0	4·2	83·3
1951 Account.	88·2	77·4	87·8	7·6	7·3	95·9	94·1	84·1	89·3	5·8	4·7	82·6
1952 Account:												
Year 1.....	68·0	17·9	26·4	4·2	1·8	43·1	68·8	17·1	24·9	5·9	1·0	17·2
Year 2.....	26·2	24·0	44·5	4·4	2·8	53·9	38·7	32·0	45·7	0·6	2·7	57·2
Year 3.....	1·0	43·8	...	−0·2	2·3	...	0·2	45·9	...	−0·1	1·4	...
	95·2	85·7	90·0	8·4	6·9	82·0	107·7	95·0	88·3	6·4	5·1	80·2
1953 Account:												
Year 1.....	64·6	16·7	25·9	4·9	2·1	42·7	71·6	20·3	28·4	6·2	1·1	18·5
Year 2.....	29·3	22·2	...	3·9	2·8	...	44·4	33·1	...	0·7	2·7	...
	93·9	38·9	41·5	8·8	4·9	55·6	116·0	53·4	46·1	6·9	3·8	55·1
1954 Account:												
Year 1.....	61·1	16·2	26·5	6·0	1·6	26·2	74·3	30·2	40·7	6·7	1·3	19·5

* Foreign business has been converted into sterling at approximately prevailing rates of exchange.

another this year repeated earlier warnings about the state of the marine insurance market. It is no real paradox that they have done so in spite of the fact that their companies' transfers to profit and loss account from marine account were mostly larger—sometimes materially larger—than in 1953. But these transfers reflected the results of earlier years, whereas the chairmen were speaking about marine accounts that were still running. Their warning implies that the capacity of the marine insurance market is appreciably larger than the volume of business that it attracts, and that it has become difficult to extract a reasonable profit from cargo insurance at the level to which competition has reduced premium rates; it has also forced underwriters to throw in without extra charge cover against risks unconnected with marine insurance. Since October 1953, when underwriters abandoned the 10 per cent surcharge in face of the blunt refusal of the Norwegian ship owners to pay it, the Joint Hull Understanding that sustains rates in the marine market has been visibly weakening and the companies have been worried about the market.

Lloyd's figures suggest a much greater eagerness to do business at these keen rates than the companies are showing. Expansion since 1950 of the fire, accident and marine premium income as a whole of Lloyd's and of the companies has been at almost the same rate: each has risen by nearly 40 per cent. But the marine and aviation premium income of Lloyd's underwriters last year was nearly 27 per cent higher than in 1950, while for the companies it was only 7 per cent higher. The peak year for marine and aviation insurance business was 1952, when the figure for Lloyd's reached £103.6 million compared with a premium income of £73.0 million for the companies. Last year Lloyd's received marine and aviation premiums of £101.1 million, while the income of the companies was about £64 million.

The figures so far do not show that Lloyd's underwriters have been hurt by their greater willingness to accept marine insurance business at keen rates. In none of the five years for which complete figures are available have Lloyd's underwriters failed to make less than 10 per cent net from their marine and aviation business (although the relatively small aviation account probably ran into the red in 1948 and again in 1951).

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Lloyd's trading profit as a whole from the 1952 account was £21.7 million of which £10.2 million was from marine transit and aviation insurance. This compares with £18.5 million (£9.6 million from marine insurance), from the 1951 account. These profits include interest on the deposits that "names" are required to maintain.

Comparison of Lloyd's results with the average results of the insurance companies on a roughly similar basis suggests that, notwithstanding the fine rates that they quote, Lloyd's underwriters made a higher rate of profit than the companies from non-marine insurance (excluding life) for 1948, 1951 and 1952. For 1949—a bumper year for insurers—both Lloyd's and the companies earned about the same rate of profit. Only for 1950 did Lloyd's show a lower rate—it was a much lower rate—of profit from its non-marine business than that made by the companies; Lloyd's non-marine credit balance was only £1.1 million compared with £8.9 million in 1949 and again in 1951.

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When the full story is unfolded Lloyd's results for 1954 will be found to be a good deal worse than for the previous year, but it will be the non-marine account that does the damage. It will be surprising if the non-marine figures are as good even as those of 1950, another year in which heavy claims resulting from North American windstorms bit deep into the premium income. Last year's three-hurricane havoc is estimated to have led to insurance claims totalling $300 million, a sum far in excess of any previous insured windstorm losses. Lloyd's accept considerable "excess of loss" reinsurance from America. This type of business involves occasional heavy payments when the reinsurer is called upon to meet the whole of any claim on the original insurer above an agreed amount; substantial sums will have been paid by underwriters both directly and under excess of loss reinsurances last year in settlement of American windstorm claims. In the first year of the 1954 "other assurance business" account—which includes windstorm insurance—claims absorbed 40.7 per cent of premiums. By way of comparison, claims in the first year of the 1950 account were 37.4 per cent, but by the time that account was closed claims had absorbed 96.9 per cent of premiums. Lloyd's underwriters have been affected more than the companies and will be lucky if the whole premium income of the 1954 account is not paid out in claims.

Apart from the "other assurance business" affected by those windstorms, claims have been running normally. Underwriters can thus look forward to making about £20 million from their 1953 account. But the final balance when the 1954 account is closed is unlikely to be much more than half that amount. Such are the risks that insurance men face in their business. For them, at any rate, "taking one year with another" has a real meaning.

Business Notes

A Warning Heeded

INVESTMENT markets have lost their boyish exuberance. The Chancellor's unorthodox credit squeeze and the painful gold and dollar figures that revealed how necessary a tighter money policy is must share responsibility for a fall in prices that has been widespread and sharp. The *Financial Times* industrial index reached 208.7 on Wednesday, compared with its recent peak of 223.9 on July 21—a fall of nearly 7 per cent in a fortnight. Declines were sharp among the market leaders that have been recent favourites and significantly some of the commodity share groups joined in the fall; rubber shares in mid-week were declining at the very moment when raw rubber was reaching a new peak. Exceptionally, Hadfields ordinary shares quickly established a premium of about a shilling while steel shares generally were falling. The fall reflects the first fruits of the banks' invitation to their customers to reduce overdrafts. If that squeeze should restrain a speculative mood that turns out to have been more widespread than was known, it can do nothing but good.

But the sense of danger and of need for a corrective turns out to have been felt far outside the field of the industrial share market. The gilt-edged market, which had been steady and rising slightly up to the week end because the Bank rate had been left alone and the Bank of England might be suspected of wanting a good gilt-edged market for refunding operations in the autumn, turned downward as the gold and dollar statement approached and fell further when the figures were actually known, though it steadied on Thursday. The Agricultural Mortgage Corporation accepted the dearer money policy by raising its charge for new loans to farmers from 4½ per cent to 5½ per cent—a sharper proportionate rise than the building societies are likely to make on house mortgages. No fewer than three central banking systems have this week used the interest rate to check inflation in the orthodox way—a salutary reminder for the Chancellor of the shot he left in his locker. Three American federal reserve banks—Chicago, Boston and Atlanta—have raised their re-discount rates from 1¾ per cent to 2 per cent while in Cleveland the rate goes up to 2¼ per cent. The Belgian re-discount rate has been raised from 2¾ per cent to 3 per cent, and in Germany the Bank Deutscher Länder has raised its rate from 3 per cent to 3½ per cent.

The dangers have thus been rubbed in well and City opinion is not ignoring them. It is likely that Lord Bruce's speech at the Finance Corporation for Industry's meeting last week has also contributed to the greater caution that is now being felt about Britain's economic outlook—not that Lord Bruce has anything in common with those who believe in orthodox methods. He criticised the Chancellor for relying too much on monetary policy and doing too little to rouse the people to the dangers that confront them. But he did focus attention on the balance of payments problem and the increasingly serious competition in the export field. Today investors seem prepared to listen to such warnings. The industrial market at least may therefore remain subdued, but the willingness of the institutions gradually to invest a larger proportion of their resources in equities may limit the extent of the fall.

Advances on the Turn

MR BUTLER should be pleased with the latest statement of the clearing banks, for it suggests that, four months after the increase in Bank rate to 4½ per cent, the exceptionally rapid expansion of advances had been checked. The total of advances at July 20th appears to be £53 million below the level shown at June 30th but the figures exaggerate the true reduction that took place, since they are always swollen at the half-year end by the inclusion by some banks of items in their internal clearing. Advances have in fact fallen in every July period since 1947; in 1954 they fell by £14 million, and in 1953 by £33 million. The substantially larger scale of this year's reduction is only in part attributable to the reduction of the Gas Council's overdrafts by the £9.8 million of application money for its £100 million stock issue in the middle of last month; it does appear that the credit squeeze is at last affecting the banks, and their customers too.

LONDON CLEARING BANKS

	July 20, 1955		Change on Month	Change on Year
	£ million		£ million	£ million
Deposits	6,406·4		−104·1	− 59·8
"Net" deposits* ..	6,159·1		− 13·6	− 84·9
	£ million	%†		
Liquid assets	**2,008·3**	**31·3**	**+ 46·1**	**−138·4**
Cash	535·3	*8·4*	+ 9·3	+ 1·4
Call money	458·2	*7·1*	+ 18·2	+ 30·3
Treasury bills	910·3	*14·2*	+ 20·1	−180·8
Other bills	104·5	*1·6*	− 1·5	+ 10·6
Investments plus advances	**4,232·7**	**66·0**	**− 52·6**	**+ 58·6**
Investments	2,097·8	*32·7*	− 1·2	−252·8
Advances	2,134·8	*33·3*	− 51·5	+311·4

* After deducting items in course of collection.
† Ratio of assets to published deposits.

The strain on the banks' liquidity has naturally been eased in consequence; and this relief has been reinforced by an increase of £46 million in holdings of liquid assets. This appears to reflect the Exchequer's need to finance a deficit running appreciably above its level of twelve months earlier. It also reflects the fact that the "departments" took the bulk of the Gas loan, so pumping money into the banking system. For the first time this year the banks in July needed to make no appreciable reduction in their investment portfolios. Net deposits fell by less than £14 million, and the average liquidity ratio rose from 30.1 per cent to 31.3 per cent. Two of the big banks still show ratios below 30 per cent, though both have improved on their position at the half-year end. The ratio of the Midland is up only from 29.1 per cent to 29.6 per cent despite a reduction in its advances by no less than £17 million; the Westminster raised its ratio from 28.1 to 29.1 per cent. In coming months the banks' liquidity will tend to increase further thanks to further repayments of gas advances from money that has to be supplied to the "departments."

The Banks Go Square Bashing—

To judge from the scurryings in their central committees and several head offices, the banks are responding to Mr Butler's "request" for a reduction in advances with an alacrity that would have rejoiced the hearts of his Socialist predecessors. Their more specific but generally less peremptory "request" never commanded so extraordinary a parade of heel-clicking. The effort to achieve a common front has evidently triumphed over some devious tendencies noticeable at the outset. Although no guidance has been given by the authorities—either about the extent of the "significant" reduction for which the Chancellor asked or about the manner in which it should be brought about—the banks have agreed among themselves both upon the broad lines of their approach and upon the extent and speed of the reduction at which they will aim. As reported here last week, it is to be in the region of 10 per cent of outstanding advances—if possible above rather than below this target—by the year-end, without taking account of the reduction that funding operations by the nationalised public utilities are expected to bring about.

The cut will not, of course, apply equally to all borrowers; this being so, some bankers are believed to have hoped to secure agreement upon a rough schedule of differential percentages to be applied to different major categories of borrowers. Happily, these suggestions for concerting the programme in detail were not acceptable, though it is understood that, following the precedent set some time ago, there will be a broadly uniform formula for the cutting of the credit lines for hire-purchase finance companies. These are likely to be reduced by appreciably more than 10 per cent by the year-end.

The banks have all along been sensitive to the possibility that if one bank turns down a proposition, it may simply be presenting business to its rival across the road. The fact that competition between banks is a very real force at this point, and especially when a credit squeeze makes money tight, is a vital safeguard for the public against unfair treatment—and it has also always been the banks' own strongest argument against proposals for nationalisation. Now, under this extraordinary exercise in regimentation from within, this kind of competition is to be ruled out. If a borrower cannot get the facilities he desires from his own bank, he will not ordinarily be able to do better by shifting his account. That at least, seems to be the intention of the new arrangement: it is much to be hoped that it will not be too meticulously observed. It is highly desirable that each individual banker should remain the sole judge of what business is reasonable and satisfactory for him to do, and on what terms, in the particular circumstances. The bankers, however, have been so touchy on this point of "unfair" competition that they actually aimed to synchronise the despatch of explanatory circulars from head offices to branches.

—but the Sergeant Stays Away

The most notable feature of the detailed arrangements is that the cutting will not wait upon the time when the limits would normally come up for review in any case. The banks have agreed to comb the whole of their advances, so that many customers are likely to be confronted with requests to try to accelerate their repayments. It is to be expected that the pressure will generally be stronger upon loans now due for renewal than upon those that would not otherwise have come up for review for some time, and stronger still upon new propositions. In the absence of any official guidance upon priorities—apart from the few hints given in Parliament—the banks have looked back to the last specific "requests," and will give special favour to projects that may help exports or reduce imports (though a highly important consideration here is the speed with which these results might be expected to flow for any given outlay).

The whole exercise, in short, has all the trappings of a barrack-square parade. It could scarcely have been more highly organised if the Chancellor had issued his order-of-the-day by way of a directive (never yet employed) under Dr Dalton's Bank of England nationalisation statute, and then had posted his own drill-sergeant in Threadneedle Street. Yet Mr Butler has professed for three years that he will do better than his Socialist predecessors and develop a free and flexible system of credit regulation. This, indeed, he has done; and there was every sign that the flexible system was just beginning to shift the emphasis of its squeeze where the "request" wants it to go, as the latest advances figures show. Moreover, the Economic Secretary reaffirmed for the second time, just before Parliament rose, that all the orthodox pressures will continue. What folly it was to stoop to "requests"—and what greater folly for the bankers to line themselves up on the parade-ground where no drill-sergeant has appeared.

What Price Mortgages?

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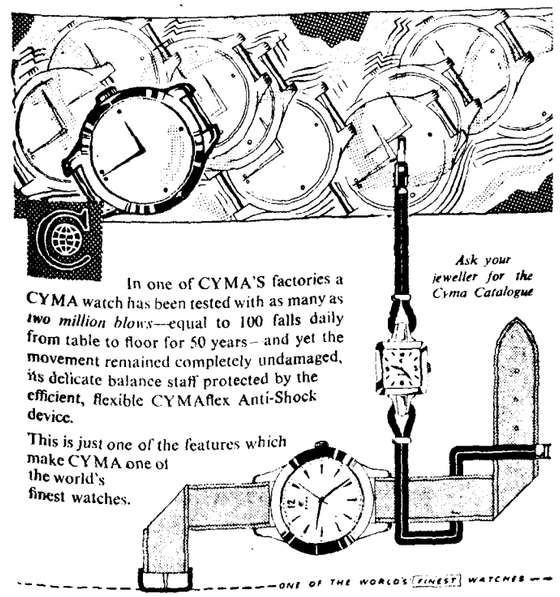

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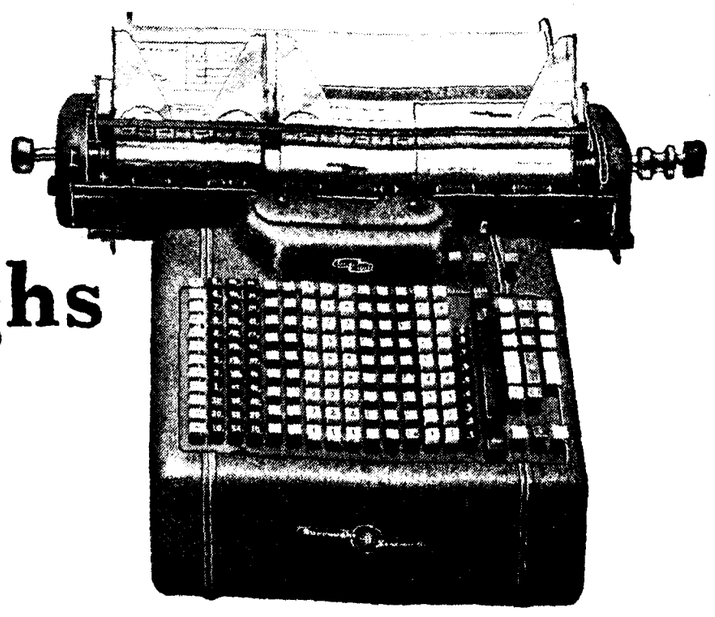

Burroughs

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mortgages, but the best friend of the societies could not call it a decisive reaction. The 3 per cent rate for shares is being widely adopted; the Abbey National and the Temperance Permanent are among the big societies that have already done so. The Co-operative and the Woolwich Equitable will consider their policy next week, but it is hardly to be supposed that they can reach a different decision. What will the new charge to borrowers be? About that there is far less unanimity. The societies hate the idea of charging existing borrowers *more than 5 per cent*, but many of them doubt whether they can find a 3 per cent net rate for shareholders out of a 5 per cent charge to borrowers unless they are prepared to see reserve ratios shrink. The Abbey National and the Temperance Permanent are still considering their mortgage charges. One of the few straws in the wind comes from the Leek and Morlands Society. It is to charge existing borrowers 5 per cent and new mortgagors 5¼ per cent.

Some other societies may seek a solution along the same lines, but that hangs in part on another unanswered question. What will the Halifax Building Society do? The society's board met last Wednesday, but no announcement is expected before next week. The society has strong reasons for reticence. Its half-yearly statement, known to be exceptionally strong, is also due next week. It has, moreover, the special problem of a substantial number of 4 per cent mortgages on which notice of an increase to 4½ per cent on October 1st has been served and therefore is not yet effective.

For another reason the societies are most reluctant to raise their charge to borrowers above 5 per cent. The local authorities, relending money drawn from the Public Works Loans Board at ¼ per cent more than they pay the Government for it, are doing an increasing business at a charge of 4½ per cent that cannot be revised during the life of the mortgage. Brighton Corporation, for example, with the approval of the Ministry of Housing, is lending for periods up to 40 years and for amounts up to 90 per cent of valuation on those terms. It is doing so under section 4 of the Housing Act of 1949; under the Small Dwellings Acts mortgages over 30 years are not allowed. Such examples of easy lending policy not only provide the societies that have been over generous in their lending policies with a ready-made defence. They also threaten the whole movement with a form of competition that may now become serious. While the societies had less money in hand than they could lend, local authority competition seemed of little moment. If a 3 per cent rate to shareholders serves its purpose of stopping withdrawals and bringing money in, competition on mortgage terms will become important.

The Lodges and the Italians

IF the Yorkshire miners' lodges refuse to work beside Italians in the pits it may hardly be worth bringing any to Britain, and even if the lodges agree it will be hard to know what their word is worth. For it is in Yorkshire, and in certain areas of the West Midlands, that men are most needed, and it was in Yorkshire three years ago that some miners went back on their word and refused to work with the Italians their lodge had agreed to accept. It is understandable that the National Coal Board should be handling very gingerly its proposals that the miners should think again about Italians, and that leaders of the National Union of Mineworkers should be talking delicately and noncommittally around the question.

There are about 10,000 foreign workers in British coal mines today, but the great majority of them are Poles or European volunteers who stayed after the war or arrived in about 1948 and 1949. About 850 are Italians who were brought over later, many of them under the 1951 scheme to bring in about 5,000. That scheme was supported by the Government and the NUM executive, and accepted by many lodges; but it foundered upon local opposition when the Italians actually arrived. About a thousand of the 2,000-odd who came could not be found jobs in coalmining; they were compensated, and found jobs elsewhere or sent home. Italians were accepted in the West Midlands and to some extent in the South-Western Division, though attitudes vary from pit to pit. In its "deficiency areas" the Coal Board is now about 12,000-15,000 men short of the labour force it needs, and its publicity campaign has not done much more than slow the drain of manpower. Some Yorkshire officials have already seized the opportunity to complain that Italians would be brought in to prevent them securing the wage increases that would attract men back to the industry. But it would be unwise to put down the miners' real reluctance to accept foreigners simply to any such crudely economic calculations. The Yorkshire miners and in particular their officials, who have done the industry and the state some notable disservice already this year, now have it in their power to do some more.

The Gold Loss

THE gold and dollar reserves of the sterling area fell by $136 million last month, and a further $35 million has shortly to be paid over to the European Payments Union in settlement of the July deficit of £25 million. This is a sorry performance indeed. In only one month since February, 1952, has the drain on the reserves been larger—and that was in December last, when the balance was burdened by the heavy end-year instalments on the North American loans. The market had indeed been prepared for the worst by Mr Butler last week; and sterling fell no further when the figures were released on Wednesday. But the Chancellor's words have not been sufficient to sustain sterling. The recovery in the spot rate on the dollar from under $2.78½ to $2.79¼ in the two days following his statement last week was not sustained this week and the rate has slipped back to under $2.78⅞ A still more disturbing portent is that the discount on forward sterling remains at the uncomfortably wide margin of around 1¾ cents against the three months dollar. Sterling, moreover, is only now entering its phase of seasonal strain. Market observers noted cynically that it was from the United States, Belgium and Germany that the week's news of higher interest rates came.

There can be no doubt that the predominant part of the gold loss last month was the result of bear speculation against sterling and not of a major deterioration in the

current payments balance. The Exchange account was forced to pour tens of millions of dollars into the official market to hold the rate above the lower parity of $2.78; and a further major strain was added by the familiar bugbear of the commercial leads and lags. Britain is being reminded of the havoc that can be wrought when merchants lose confidence, advance every possible sterling commitment, and hold back their purchases of sterling. An end to this process and a reversal of it will come—but only when confidence is restored.

A YEAR OF GOLD DRAIN
$ million

	Gold payments (–) or receipts (+)		US Aid	Reserves	
	Month's balance	E.P.U. settlements*		Change in month	Total
1954					
June	+ 14	+ 15	+ 3	+ 32	3,017
July	+ 76	+ 4	+ 15	– 4†	3,013
August	– 5	+ 11	+ 11	– 95‡	2,918
September	– 14	– 12	+ 9	– 17	2,901
October	+ 10	+ 8	+ 17	+ 35	2,936
November	– 32	+ 7	+ 14	– 11	2,925
December	+ 15	+ 3	+ 8	–163§	2,762
1955					
January	– 2	– 10	+ 13	+ 1	2,763
February	–103	+ 6	+ 15	– 82	2,681
March	– 30	+ 3	+ 21	– 14‖	2,667
April	– 11	+ 13	+ 17	+ 19	2,686
May	– 49	+ 31	+ 18	Nil	2,686
June	– 28	+ 12	+ 10	– 6‖	2,680
July	–130	– 10	+ 4	–136	2,544

* EPU settlements depend on balance with Union in previous month. † After payments totalling $99 million to EPU creditors in initial settlement of part of UK's overdraft with Union. ‡ After payment of $112 million to IMF for "repurchase" of sterling. § After payments totalling $189 million on United States and Canadian loans. ‖ After paying $8 million in quarterly instalment on Canadian wartime loan.

The balance on direct dollar account came out at a deficit of $130 million in July, since $10 million was paid out to EPU to cover the June deficit and $4 million was received in American aid. A glance back shows that Britain has now suffered a full year of gold drain. The reserves are now more than $450 million below the proud standard of $3,000 million, surpassed for a brief two months in the summer of last year.

EPU Before and After

After many months of controversial discussion, first by technical experts and then by finance ministers, agreement has been reached on the future of the European payments arrangements. The agreement, which was signed by the member countries of the Organisation for European Economic Co-operation this week, comprises two sections. The first lays down the new form that the European Payments Union is to take from now until June 30, 1956. The second, the European Monetary Agreement, provides for the arrangements that would supersede EPU should convertibility be restored before that date. It was the stand taken by the United Kingdom representatives on this issue that generated the damaging rumours about a coming fall in the sterling rate to which Mr Butler took exception last week. The terms of the agreement show how slender a basis it is for bear speculation against sterling. They provide for margins round the exchange parity of a maximum of only 3 per cent. That would permit a spread in the sterling-dollar rate of up to $2.71½-$2.88½. Any such widening of the existing margin of $2.78-$2.82 would be designed simply to give the Exchange Account greater scope in its market operations.

These however are arrangements for the uncertain future. The immediate effect of the agreement is on the terms of settlement of inter-European payments from this month until next June. Net surpluses and deficits cleared through EPU are to be settled three-quarters in gold or dollars and only one quarter in credit. The ratio hitherto has been fifty-fifty. This hardening of EPU is a natural preparation for full convertibility, as it narrows the differing impact on the reserves of net deficits or surpluses incurred with European monetary areas as compared with those incurred with the dollar area. The total amount of credit available to each country is, however, being maintained, and quotas have been increased to make this possible.

Settlements after C-Day

The European Payments Union will be terminated when countries whose quotas represent at least 50 per cent of the total notify OEEC that their currencies have become convertible and that they wish to invoke the European Monetary Agreement. The combination of the United Kingdom, Germany and the Benelux countries, the most likely team for the first plunge into convertibility, would satisfy this requirement. The credit arrangements for inter-European payments would then be totally changed. Facilities would cease to be automatic. Such balances as came through the clearing (which would continue to be administered by the Bank for International Settlements) would be settled fully in gold or dollars.

The system seems designed to encourage settlement through normal market channels—a point for which the British representatives pressed so hard. Where a currency is subject to fluctuation, the central bank will make known periodically and in advance the rates at which it will sell through the clearing and the rates at which it is willing to buy. Settlements through the clearing would always take place at the rate least favourable to the holder of the currency. Sterling balances held by Italy, for example, would be convertible into dollars at the Bank of England's buying rate for sterling (the lower rate), whilst advances granted to Italy in the month preceding settlement would be convertible into dollars at the Bank's selling rate. The margin between these stated buying and selling rates would not necessarily be as large as the permitted margin for fluctuation in the market rate itself; countries using the settlements mechanism would, therefore, be afforded some protection from the more extreme fluctuations within the market limits. But at most times they could secure better terms in the market.

The new mechanism would be far more frugal with its credits than is EPU. The projected European Fund would grant short-term credits (generally for periods of not more than two years) to member countries experiencing "temporary" difficulties in their balance of payments. The capital of the fund will consist of $270 million transferred from the capital of EPU, and up to a further $330 million from the contributions of member countries. These are to be called only as they are needed. The total contribution of the United Kingdom has been fixed at $64 million.

Record HP Sales

The number of hire purchase contracts recorded by HP Information in July was, as expected, a record. Contracts numbered 87,842, exceeding by 6,456 the previous month's record. The number of new cars sold on hire purchase exceeded 9,000 for the first time. These July totals naturally contain none of the effects of the newest controls. July happens also to be a normal seasonal peak. A decline in subsequent months is therefore due on both grounds.

NUMBER OF CONTRACTS

	July, 1954	June, 1955	July, 1955
Cars	30,264	44,069	47,088
Commercial vehicles	5,215	7,165	7,342
Motor Cycles and side cars	18,738	26,641	29,880
Tractors	768	779	815
Farm equipment	761	844	828
Caravans	1,482	1,547	1,533

Source: HP Information

Consequences of Coal

It is not taking long for the increase in the cost of coal to work itself through the first layer of industrial prices. Steel prices were raised a fortnight ago, cement prices last week. These two industries were indeed slightly ahead of some of the secondary fuel industries. So far seven of the area gas boards have increased their prices, and the Welsh board has stated its intention to do so; the East Midland and the North Thames boards are not likely to delay their increases long. The South Western board has said it hopes not to increase its prices—having made a fairly large increase in June—and as the Southern Board made increases of up to 3½d. a therm in June, it may not need to follow the coal rise immediately. Only two of the eleven area electricity boards had raised their prices by the middle of this week, the South Eastern and the North Western, but all the others, except possibly the Eastern board, will eventually increase their prices. The Eastern board, which increased its tariffs from April onwards, did anticipate the increase in coal prices to some extent.

This week the price of coke—the only fuel of which the price is specifically controlled by the Minister of Fuel and Power—was increased by about 20 per cent. In most areas this is broadly in line with the rise in coal prices, but in London and the South coke prices have been raised much more than in proportion. This has been explained by the gas industry spokesmen as allowing the price of coke in the South, which they argue has been held lower than costs would justify for some years, to rise towards what consumers will pay—hence taking some of the weight of extra coal costs off gas prices. Householders who have been induced during those years to invest (with no Government grant) in new fires and stoves to burn coke must now pay the penalty of being smokeless.

TV Sales Before Butler

Few radio and television retailers are yet ready to generalise about the effect of the latest hire purchase restrictions upon their sales, although there are reports of a switch towards rental arrangements and credit sales. Under credit sale arrangements title passes to the purchaser on payment of the first instalment, and the full payment is spread over no more than about nine months. It is not yet clear whether the hire purchase restrictions as to deposits affect these transactions, although they were supposed to. But statistics published this week proclaim what a prosperous half-year the trade has to look back on, whether or not Mr Butler may now have slightly queered its pitch. Home sales of television sets were 51 per cent higher than in January-June, 1954, of radiograms 56 per cent higher, and of radio sets 26 per cent higher. More than half of the television sets sold in June were on hire purchase, and 40 per cent of the radio sets.

The industry's output has kept pace with this expansion of home sales, but its exports have not. In the half-year, 776,000 television sets were produced (53 per cent over output in the first half of 1954), and 1,109,431 radio sets and radiograms (28 per cent up). About 476,000 television sets and 657,000 radio sets and radiograms were sold at home; but a large proportion of the difference between output and home sales went to build up the industry's stocks against the heavy seasonal sales in the autumn. About 160,000 radio sets, worth about £1.4 million, are shown on the trade returns as being exported in the first six months of this year, 15,000 radiograms worth £283,000, and 1,292 television sets worth £54,000; the total exports of the electronics industry which include all forms of transmitting and radar equipment as well as large consignments of components, rose only slightly in value for the half-year from £12,996,000 to £13,501,000.

The home trade is hopeful that credit restriction will continue to be outweighed as an influence upon demand by the attractions of competitive television; and it is gaining some extra radio sales from the BBC's new VHF transmission sound service. Of the 4.7 million television sets now in existence—the BBC puts the "adult TV public" at 12.7 million—about a million are equipped to receive an alternative service, and by the time the first London transmissions of commercial television start in September perhaps 200,000 of the older sets in its area will have been converted to receive a second programme.

Sulphuric Acid in Excess

THE conversion and construction of sulphuric acid plants that was begun in this country under the pressure of the raw sulphur famine during the early part of the Korean war is now almost completed. It aimed at reducing this country's dependence upon dollar supplies of raw sulphur by a fourfold increase in the capacity of plants using home supplies of anhydrite, a threefold increase in plant using pyrites, which are imported from Spain and Cyprus, and a one-third increase in plant using spent oxide, which is derived from town gas. All these new plants are now capable, or soon will be, of running at full capacity. But the disappearance of the world sulphur shortage, and the new plants built since 1951, have increased sulphuric acid production capacity by far more than the normal growth in consumption can yet match.

Counting in the sulphur burning plants, which were working at about three-quarters of their capacity last year and about two-thirds this year, total acid making capacity in Britain will amount to 2.7 million tons (100 per cent acid) by the end of this year, a jump of nearly half since 1951. The British Sulphur Corporation estimates that output will reach 2.18 million tons this year and 2.26 million tons next year, which means not far short of half a million tons excess capacity during the two years. A certain margin of capacity is necessary to allow flexibility in plant operation and maintenance, and to enable producers to take advantage of changes in material supplies and in orders. Before 1950 most acid plants were based upon one raw material and the 1951 programme also aimed at adding pyrites roasting or spent oxide burning furnaces to existing sulphur burning plants to give producers more choice between alternative materials. But the prospective surplus capacity is far more than is needed for this purpose.

If the present growth in industrial activity keeps up all plants may have no difficulty in finding customers in a few years' time, and producers are already privately thinking of another round of plant construction to raise output further by the end of this decade. But for the present the surplus will be worrying, especially if the remaining restrictions upon the use of raw sulphur for acid are lifted this winter as seems likely. Since 1953, licences for sulphur imports have been granted only to the extent needed to maintain the balance between acid requirements and acid supplies coming from plants using other materials. As a result acid obtained from sulphur burning plants contributed only 36 per cent of total acid supplies last year, against 57 per cent in 1950.

PRODUCTION COSTS
(£ a ton : 100 per cent acid)

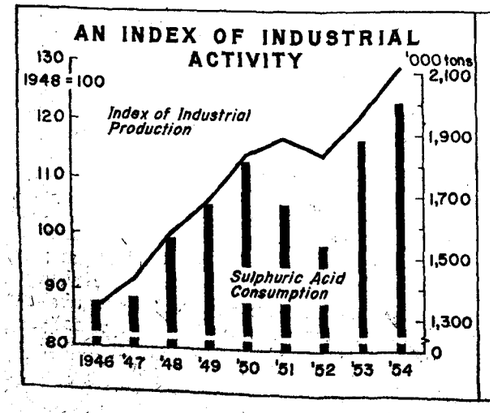
	Anhydrite contact	Raw sulphur contact	Pyrites contact
Raw materials ..	2·2	5·2	4·7
Conversion cost (fuel, etc.) ..	4·1	1·0	2·2
Overheads, interest & depreciation	3·9	1·2	2·5
	10·2	7·4	9·4
Less credits ..	*2·1*	*0·3*	*0·3*
Net Cost	**8·1**	**7·1**	**9·1**
Size of plant ('000 tons a year) ..	60·70	60·70	60·70
Capital cost (£ a ton a year) ..	34	9·5	19·5

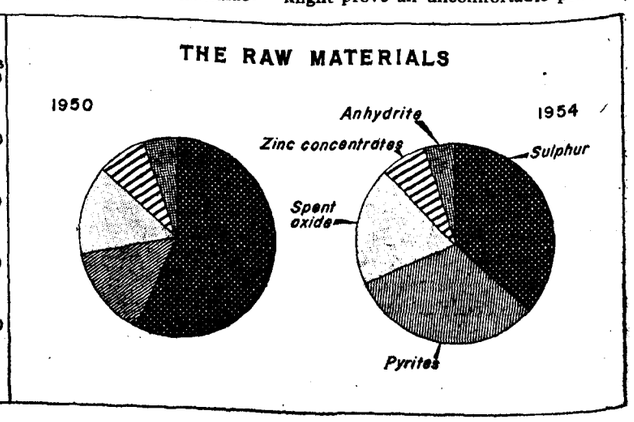
With the new pyrites and anhydrite capacity coming in the proportion is likely to be about 27 per cent this year; it could go down to 23 per cent next year. But if restrictions on total sulphur imports are removed there would be a small swing in the other direction—for it is cheaper to make acid from sulphur than from pyrites or anhydrite.

Acid prices have already risen slightly because of the higher cost of manufacture from these other materials. Delivered prices of acid depend heavily upon the distance it has to be transported from the place of manufacture; the costs of acid from anhydrite also largely depend upon the value received for the cement clinker by-product which is produced almost ton for ton with acid, but the table gives a general comparison of works costs for the three methods. These estimates are based upon end-1953 prices; subsequently changes may have moved against anhydrite. Capital costs are very much heavier at anhydrite plants, and, although these are offset by lower running costs and by the value of the by-product, construction costs for all the new plants built in the last year or two have moved upwards.

There are now three such anhydrite plants. ICI has expanded the plant it built at Billingham in 1929 from a capacity of 100,000 tons (100 per cent acid) a year to 175,000 tons; the consortium of acid users in the United Sulphuric Acid Corporation have now completed their plant at Widnes, which has a capacity of 150,000 tons; and, thirdly, there is the Solway Chemical plant at Whitehaven which is now running up to a capacity of 100,000 tons a year. All these plants are sited in the northern half of the country, where the largest deposits of anhydrite are located, but this means that their marketing areas overlap and all of them are contributing heavily to supplies for the first time this year.

Both ICI and USAC members operate plants based upon other acid-making materials and can use all or nearly all their anhydrite acid themselves. Solway Chemicals expects to sell about half its output to its parent company, Marchon Products, and to offer the rest to industrial firms within a 150 mile radius. It claims that its prices will be fully competitive provided it can work its plant at full capacity. For a year or two, that might prove an uncomfortable proviso.





Planning for Construction

When a responsible construction company is invited to tender for a job, it knows that its tender must be competitive in cost, speed and quality. The very first consideration is to plan the work so as to achieve the result required

How are the various detailed operations to be phased? How much labour must be available at each stage? By what dates must materials be delivered? What are the requirements in plant and transport? What provision must be made for the accommodation and comfort of the men employed? These and many such questions are thrashed out *at the start;* and, whenever occasion demands, they are frankly and fully discussed with the architect or consulting engineer and the building owner.

John Laing and Son Limited have applied these principles to many important works successfully carried out in Britain and overseas. Their tender has not always been the lowest: but the Company's name guarantees that proper fore-thought has been given and that adequate resources are available so whatever the job, and wherever it may be, it will be completed efficiently and on time.

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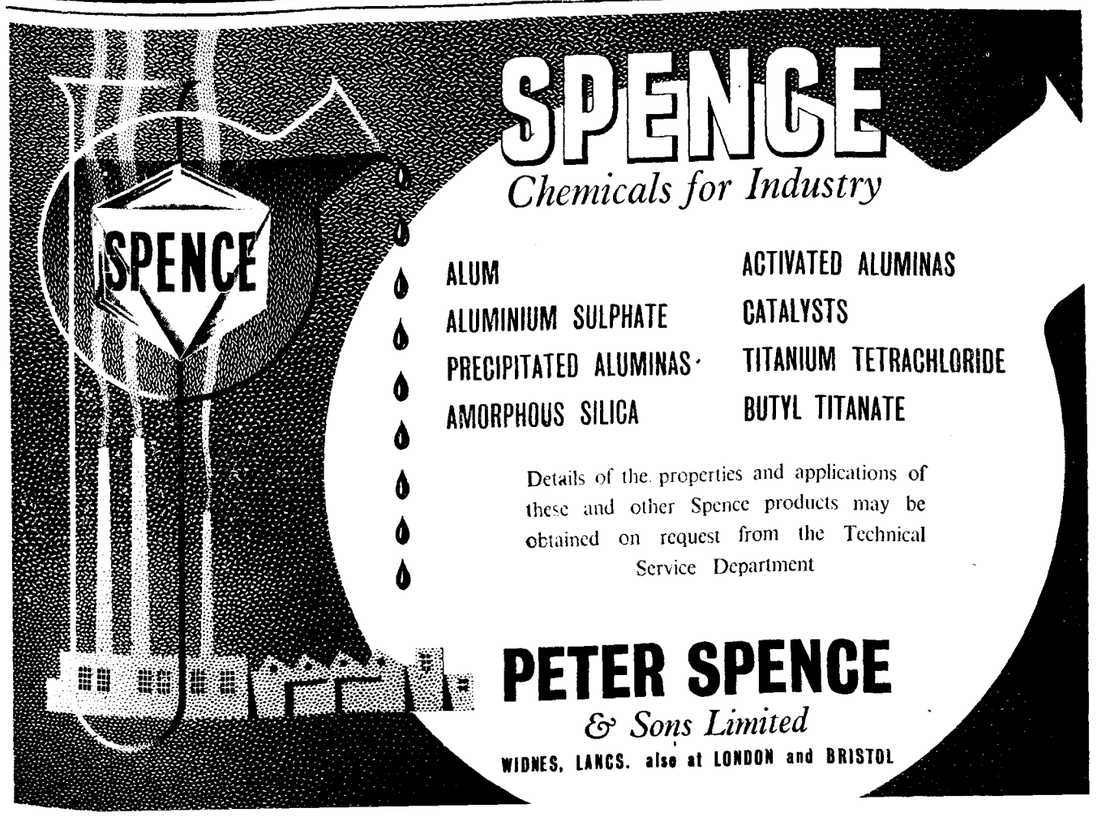


Pakistan Tea and Jute

NOT a ripple disturbed the market in Pakistan tea shares when the Pakistan rupee was devalued to 1s. 6d. last weekend. Yet the consequences for the tea companies must be substantial. At the former rate of 2s. 2d. the Pakistan rupee was grossly overvalued. Many tea companies with adequate profits in Pakistan have not been allowed to remit dividends that they could declare; the Deundi company is an example. Others have paid dividends by permission of their bankers in Britain. Some of the companies show substantial holdings of sterling, but these represent the proceeds of tea sales in London and are accountable to the Pakistan exchange control; they are equivalent to cash in transit.

Devaluation may affect the Pakistan tea companies in three ways. Current assets in the balance sheets will depreciate by approximately one-third, but against this the companies hope for a compensating tax rebate. On the other hand there should be an immediate substantial gain in rupee income from the tea sold on international markets. Part of that gain is offset by the fact that transfers, including transfers for dividends when they are granted, will cost more rupees for a given amount of sterling. The companies will face that with equanimity and merely hope that Pakistan's overseas income will prosper enough to make transfers easier to obtain. It is at the moment uncertain how far Pakistan will be able to relax its most stringent exchange control. A mission is to go out and ascertain the government's intentions.

Devaluation should make little difference to Pakistan's exports of raw jute and cotton. As the only exporter of raw jute Pakistan can normally charge what the market will bear. The new crop, although damaged by the recent floods, should be large, and prices are resting on the official (sterling) minima. If Pakistan can maintain those minima, the benefit of devaluation will accrue to sellers, but the government will probably be tempted to skim off some part of that gain by raising the export duty. The Indian government has apparently assumed that Pakistan's export prices will fall, for it promptly withdrew the export duty on jute goods. Pakistan's cotton, on the other hand, must compete in world markets. As its prices were not much out of line, the seller will reap most of the benefit of devaluation. A decision on the export duty may be postponed until the American policy on cotton prices is settled.

ICI Titanium for America?

IT will be interesting to see whether the United States Government gives Imperial Chemical Industries and the Columbia-Southern Chemical Company of Pittsburgh the contract to supply 5,000 short tons of titanium a year for five years for which the companies applied jointly this week. Last year the government had to stockpile about 2,250 short tons out of the 5,250 short tons of titanium produced in the United States—and incidentally it paid for most of the remainder, being the ultimate buyer of the military planes into which the titanium was put. Consumption of the metal has lagged far behind the goals set so confidently for production two years ago; and a Senate sub-committee has recommended that plans for expanding output beyond the 22,500 tons a year contracted for by 1957 should be shelved in favour of promoting research and methods of use.

The American Government, therefore, is not short of titanium, in the stockpile or in prospect. But it is short of new ideas about manufacture and fabrication, and ICI's sodium reduction process, now in quantity production here, is in a field not fully investigated by any American producer. The British application also offers some techniques of melting, scrap recovery, alloying, testing and fabrication that may not be used in America. There, certainly, the quality of much of the pure and alloyed metal supplied in recent months has been low or extremely variable.

The Columbia-Southern company, a subsidiary of the Pittsburgh Plate Glass Company, is a major producer of titanium tetrachloride, the raw material used both in the ICI process and the normal Kroll process of reduction with magnesium. If the companies secure the government contract they will set up a plant using the ICI process to produce "granular titanium" (the ICI equivalent of "sponge" from the Kroll reduction process) at Natrium, West Virginia, at a capital cost estimated to be about $10 million. The application suggests, at the least, that experience of full-scale production has strengthened ICI's confidence that it can produce titanium, with American capital and labour costs, at a price fully competitive with metal made by the Kroll process—now $3.95 for sponge and about four times that for milled products. But unless the hopes of everybody in the titanium industry are to be dashed, such prices are likely to fall a good deal in the next few years.

"Fixed-price" Copper Goes Up

ON Tuesday the Selection Trust group made the first change in copper prices since it introduced its fixed-price policy early in May. The price of electrolytic wirebars was raised by £45, from £280 to £325 a ton, and will remain at that level for at least thirty days. A change was unavoidable, if not overdue. The open market price, which was £305 a ton when the fixed price was introduced, has since risen to about £360 a ton. The consumers of Selection Trust copper have every reason to be satisfied with the new policy so far; their one regret must be that the Anglo American group has refused to follow suit. Consumers have enjoyed nearly three months of price stability, and were under no illusion that the fixed price could ignore the trend of the open market.

For the Selection Trust companies it was unfortunate that the introduction of the fixed price was followed by a growing shortage of copper in the United States, and a growing disparity between the open market and fixed prices. Shareholders may feel sore about the loss of profits, the employees are sore because their bonus has suffered, and the question of the basis of royalty payments to the Chartered Company—which had to be discussed even if the group had not changed its policy, is still unsettled. When the group changed its policy it took the view that copper was already too high. That view now turns out to have been wrong and the error serves to emphasise that, inadequate though the market may be, there is no other yardstick of price. But the policy was not to make any permanent price concession, but simply to introduce short-term stability at a price that might be below or above the market at any time.

Spending on the Beaches

WHILST the rise in the total volume of money, including bank deposits, has been smaller in the past few months than is normal at this season, the increase in that quarter of the total that is represented by note circulation has been unusually large. The net outflow of notes from the Bank of England for holiday spending reached £75 million in the five weeks to Wednesday last, bringing the active circulation to £1,861 million. That efflux was nearly £6 million larger (about 8½ per cent) than in the corresponding period of 1954. Moreover, the increase has been running much above last year's levels right through the spring and early summer. It has reached £134 million since the post-Easter low point touched in late April, against an increase of £104 million in 1954.

The extra demand for notes experienced in May and early June appeared to be largely attributable to the rail disputes; the very threat of transport difficulties encouraged the banks to stock up their tills, whilst the strike itself at the end of May naturally increased the actual demand for notes by the public. In the past two months the banks do appear to have continued to keep rather more of their cash in their tills (rather than as balances at the Bank of England). But it seems certain that more notes have been reaching the public, too. Fine weather encourages forms of expenditure that are financed by cash rather than by cheque; but the expansion in the note issue has been large enough to suggest that it reflects also some inflation of spending as a whole.

SHORTER NOTE

The World Bank has this week made its second public issue of bonds in the Netherlands, for an amount of 40 million florins ($10½ million). An issue for an equivalent amount was made in July of last year. The new bonds bear interest at 3½ per cent, and were issued at par; they will be repaid by 1975. The issue comprises the fourteenth made by the World Bank in a non-dollar currency. The Bank has also this week announced two major loans. Guatemala is to receive $18.2 million to help finance a road construction project; the loan is for 15 years and bears interest at 4⅝ per cent. The other loan is to Pakistan, to finance port improvement at Karachi. It is being made in various currencies to a total of $14.8 million, repayable over 25 years at 4¾ per cent.

Company Notes

JOHN BROWN. The latest profit before tax shows a rise of over a fifth above the previous figure which was itself the product of a satisfactory year. In advance of Lord Aberconway's full review next month, this is encouraging news from a group which, despite its greatly widened activities, is still deeply engaged in the shipbuilding trade where profits can be erratic. Shareholders will hardly be surprised, since the industry has been working through a long order book. What they will wish to learn from their chairman, in view of many recent reports that British shipyards are losing business to their German competitors because of their refusal to quote firm prices, is how the order book now stands.

	Years to Mar. 31, 1954	1955
Consolidated earnings :—	£	£
Group profit after charges	1,835,025	2,226,218
Taxation	1,121,352	1,299,988
Net profit	*650,357*	*858,130*
Ordinary dividends	323,084	376,933
Ordinary dividend (per cent, tax free)	5*	5⅝
Retained profits, *less* adjustments	271,098	423,201

* Equivalent, on present capital.
£1 ordinary units at 37s. 6d. yield, £5 8s. per cent gross.

The distribution for 1954-55 is 5 5/6 per cent or 1s. 2d. per unit tax free, compared with the equivalent of 5 per cent tax free on the ordinary capital as increased by last December's 50 per cent scrip issue. The preference dividends are only slightly increased by the capital reorganisation, and the new scale will not further affect equity earnings when it has been operative a full year. Those earnings amount to 10¾ per cent tax free, allowing for Profits Tax on a full distribution (but subject to any revision necessitated by the final accounts). They thus provide a better cover than in 1953-54, when tax-free earnings were 8 per cent on the present capital.

Securities received as compensation when steel was nationalised showed a marked fall in the 1954 balance sheet. Evidently the group has been absorbing those resources in the normal expansion of its business.

★

WILLIAM CORY. Coal may be nationalised, and coal exports trade may be dwindling; Wm. Cory, whose roots have been deep in the coal trade, is still prospering. The carriage and sale of oil is of growing importance, Cory ships trade to Bordeaux and Gdynia and not merely round the coast, and the coal export department has become the American import department. Strikes which have slowed down traffic, and increasingly competitive conditions, have not prevented the group from maintaining its profits in the year ended March 31st.

The parent company's trading profit is £1,760,338 against £1,717,326, though the consolidated figure showed a slight fall owing to the sale of overseas subsidiaries. The net amount earned for the equity is £694,159 against £608,836.

	Years to Mar. 31, 1954	1955
Consolidated earnings :—	£	£
Trading profit	2,042,630	2,010,506
Total profit	2,394,177	2,382,577
Depreciation *less* Investment Allowances	325,027	303,024
Taxation	1,257,596	1,196,464
Net profit	*640,320*	*727,209*
Ordinary and Employees dividends	486,765	590,019
Ordinary dividend (per cent)	15	17½
Retained profits, *less* adjustments	122,071	104,140
Consolidated balance sheet :		
Fixed assets, *less* depreciation	2,866,945	2,335,677
Net current assets	13,172,428	14,508,486
Debtors	10,433,246	12,263,359
Liquid assets (gross)	11,966,769	13,481,962
Reserves	9,345,902	10,513,745
Ordinary and Employees' stock	5,900,188	5,900,188

Members have seen more than one change in the company's dividend policy. The margin of retained earnings was not large, on paper, until consolidated accounts were published, when for five years dividends amounted on the average to barely half of earnings. Since the 100 per cent scrip issue of June, 1953, distribution policy has become noticeably more generous, and the dividend, now raised from 15 to 17½ per cent, is backed by earnings of less than 20 per cent, allowing for Profits Tax on a full distribution.

The group is rich in liquid funds, and

immediate commitments for capital expenditure are barely £1,600,000. Last March, moreover, the market value of securities exceeded the book value by some £881,000, while income from marketable investments provided over 10 per cent of the year's group profits. But most of the 1954-55 increase in cash would be accounted for by the sale of fixed assets outside the United Kingdom, which stood at a written-down value of £725,662 in 1954, and contributed to the profit of £1,194,134 on realisations added to Capital Reserves. At 70s. the yield is 5 per cent.

★

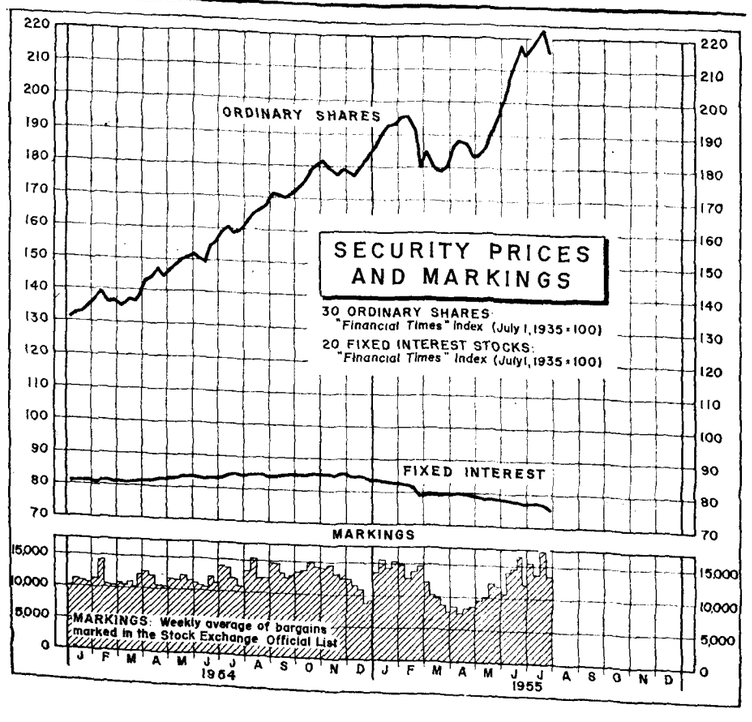
CONSOLIDATED TIN SMELTERS. With its tin smelters in Liverpool, Penang and Australia, this company is much more than the key company in the empire of the Patino family. It is one of a small group of concerns through whose works the world's output of tin ore must pass. That does not make the smelters monopolists. Shareholders will enjoy the rejoinder to Senator Stuart Symington's allegations of "price gouging" and of the existence of a "tin cartel" that their chairman, Mr Clifford Waite, recently issued and circulates together with Senator Symington's reply. They will note too that Mr Waite's annual speech is optimistic about the future trend of world tin consumption despite the great economies that electrolytic coating of tin plate has brought about. That leaves Mr Waite disturbed about the risk that production of tin in Malaya will fall in the absence of further prospecting, although output last year was at a peak.

With a profit before tax of £1,092,600 for the year ended March 31st, compared with £1,347,482, and a net figure after tax of £489,581 compared with £599,865, the company has maintained its 15 per cent distribution. The fall in profits reflects a small decline of 1.4 per cent in the throughput of the smelters.

★

JAMES NELSON. After the stream of complaints from the textile trades, it is no surprise that James Nelson, who manufacture mainly rayon cloth, barely maintained total profits, at £272,455, in the year ended last March. A reduction in costs due to increased turnover and the operation of more looms was offset by lower profit margins, cut—sometimes almost to vanishing point—by intense competition. At the same time there was less demand for certain of the dearer two-fold shirting cloths. But it is disappointing that a year which was not really abnormal produced profits of little more than a quarter of those of the peak year 1950-51.

Depreciation is slightly higher at £75,872, while Profits Tax requires £21,000 against £29,000, and income tax £23,789 against £53,494. Arithmetically, net equity earnings are £98,394, out of which the maintained ordinary dividend of 12½ per cent takes £59,325, whereas there was only a small margin over the 1953-54 distribution if tax credits are excluded. The liquid assets are modest, with cash of £121,643 falling short of the bank overdraft of £281,394 (against £191,697). At a price of 1s. 3d., the 1s. shares yield 10 per cent.



LONDON STOCK EXCHANGE

Next Account begins: August 10th
Next Contango Day: August 10th
Next Settlement Day: August 16th

MARKETS had the appearance of rallying towards the end of last week, but when business was resumed after the Bank Holiday prices started to recede again. The fall in the gold and dollar reserves announced on Wednesday was larger than expected, and the decline in prices gathered impetus. British Funds which had begun to harden, with small buyers about, started on the downward path once more. Early in the week County and Dominion loans were being adjusted downwards on reassessment of their yield basis compared with Funds.

Oil shares which have risen steadily over the past weeks show some of the heaviest losses. At the close last week BP which were 130s. are now 123s. 9d. Burmahs 8¼ now 8⅛. Canadian Eagle Bearer 71s. now 67s. 9d., and Shells 7⅜ now 6 11/16.

The Geneva talks between America and China attracted attention to Chinese Bonds and in a market not too well supplied with stock some sharp rises have taken place. China 4½ per cent 1898 have risen from 21½ to 25.

Kaffirs have been inclined to ease on balance, though there have been a few bright features, notably Union Corporation on rumours of a Bethal area flotation.

The copper market has been stimulated by the RST group's increase in their price of the commodity, RST reaching 47s. 3d. and closing at 46s. 3d., a rise of 3s. 9d. Tin shares have eased. Dealings in Guest Keen ex., the one for scrip issue took place for the first time on Tuesday at their equivalent price of 52s., but have now receded to 48s. 6d. Hadfields ordinary made a good start at 7½d. premium and improved to 1s. 1½d. premium.

Dealings are expected to take place next Tuesday in London and Glasgow in James Scott & Co. (Electrical Engineers) Ltd. The 6½ per cent Preference are being placed at 20s. and 5s. ordinary at 10s. 7½d.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Security Indices Fixed Int.†	Yields 2½% Cons.	Yields Ord.
			%	%
July 27...	217·0	103·90	4·28	4·48
„ 28...	216·7	104·21	4·24	4·49
„ 29...	215·8	104·25	4·21	4·51
Aug. 2...	211·7	104·25	4·21	4·59
„ 3...	208·7	103·99	4·23	4·66
			Total bargains	
1955, High.	223·9 (July 21)	115·97 (Jan. 7)	1955 July 27	12,377
„ Low.	175·7 (Mar. 15)	103·49 (July 26)	„ 28	12,071
			„ 29	11,071
1954, High.	184·0 (Dec. 31)	118·10 (Nov. 18)	Aug. 2	13,723
„ Low.	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 3	11,805

* July 1, 1935 = 100. † 1928 = 100.

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LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Aug. 3 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 27, 1955	Price, Aug. 3 1955	Net Yield, Aug. 3, 1955 § £ s. d.	Gross Yield, Aug. 3, 1955 £ s. d.
100 9/16	96⅞	Funding 2¾% '52-57	97 9/16	97¼	3 0 4	4 5 11 l
100¼	97⅛	War Bonds 2½% '54-56	97 15/32	97 31/32	3 9 9	4 10 9 l
100 1/16	95	War Loan 3% '55-59	95¼	95¼	2 16 8	4 4 11 l
100 15/32	99⅜	Serial Funding 3% 1955	99 11/16	99 23/32	1 13 3	3 19 1
100¼	96⅛	Serial Funding 2½% 1957	96 5/16	96⅛	2 18 1	3 19 8
99 11/32	92⅞	Conv. 2% 1958-59	92½	92 5/32	3 11 5	4 9 7 l
97⅞	90	Exchequer 2% 1960	90⅛	90 1/16	3 11 0	4 8 11
104¼	94¾	Exchequer 3% 1960	95⅛	94⅞	2 19 1	4 4 11
100 11/16	87⅞	Savings Bonds 3% '55-65	88⅛*	88⅛*	3 2 1	4 9 5 l
100⅜	89¼	Funding 2½% '56-61	90	90 1/16	3 9 2	4 13 2 l
97	83 7/16	Funding 3% '59-69	84	84⅛	3 4 4	4 13 6 l
103 7/16	94⅞	Funding 4% '60-90	95⅛	95⅜	3 8 11	5 6 1 c
96⅛	81½	Savings Bonds 3% '60-70	82⅞*	82⅛*	3 3 9	4 12 1 l
102⅜	91	Exchequer 3% '62-63	91⅛	91⅜	2 19 3	4 6 8 l
99 1/16	85¾	Exchequer 2½% '63-64	86⅛	86¼	3 5 11	4 9 9 l
95 3/16	80⅜	Savings Bonds 2½% '64-67	81½	81 3/16	3 7 10	4 12 6 l
94 1/16	79⅛	Savings Bonds 3% '65-75	80⅛*	80⅛*	3 0 6	4 9 7 l
105⅛	94½	Victory 4% '20-76	95⅛*	95⅜*	2 14 11	4 9 8 t
98¼	83¾	Funding 3% '66-68	84¼*	84 5/16	3 4 3	4 12 5 l
103	88⅞	Conv. 3½% 1969	89¼*	89¼*	2 18 11	4 10 5
98⅜	84¾	Treas. 3½% '77-80	85	85½	2 17 5	4 10 9 l
99 5/16	84⅛	Treas. 3½% '79-81	84¼*	84⅜*	2 17 1	4 10 1 l
88¼	74½	Redemption 3% '86-96	75½	75½	2 14 11	4 6 9 l
95 1/16	83⅛	Funding 3¼% 1999-2004	83	83⅜	2 12 3	4 6 4 l
97⅜	87	Consols 4% aft. Feb. '57	88*	88½	2 12 3	4 10 10 f
88 3/16	77	War Ln. 3½% aft. Dec. '52	78¾	78½	2 11 6	4 9 11 f
89 1/16	77½	Conv. 3½% aft. April '61	78⅛	78 13/16	2 11 6	4 10 2 f
78½	67	Treas. 3% aft. April '66	68	68½	2 10 10	4 8 11 f
66⅜	57	Consols 2½%	58½	59¼	2 8 7	4 4 8 f
66¼	56⅞	Treas. 2½% aft. April '75	57⅞	58⅜	2 9 4	4 6 4 f
94 13/16	80¾	Br. Elec. 3% '68-73	81⅜	82 1/16	3 1 11	4 11 7 l
93 13/16	80	Br. Elec. 3% '74-77	80¾	81½	2 19 1	4 9 1 l
109 1/16	96¾	Br. Elec. 4½% '74-79	97⅞	97⅞	2 12 7	4 10 5 l
98 13/16	84½	Br. Elec. 3½% '76-79	85½	85⅜	2 17 1	4 10 6 l
105⅛	94	Br. Gas 4% '69-72	94½*	94¼*	2 14 1	4 9 3 l
102½	89¼	Br. Gas 3½% '69-71	89⅞	88¾*	2 18 2	4 9 10 l
88 7/16	75½	Br. Gas 3% '90-95	76½	76¼	2 14 6	4 5 10 l
94 13/16	80¾	Br. Trans. 3% '68-73	81⅜	82 1/16	3 1 11	4 11 7 l
105 1/16	92⅞	Br. Trans. 4% '72-77	93¼	93¼	2 14 5	4 10 4 l
88 7/16	74½	Br. Trans. 3% '78-88	75¾	76	2 17 3	4 8 1 l

(e) To earliest date. (f) Flat yield. (l) To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11½ years approximately.

Prices, 1954 High	Low	Prices, 1955 Jan 1 to Aug. 3 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, July, 27 1955	Price, Aug. 3, 1955	Yield, Aug. 3, 1955 £ s. d.
97⅞	90⅛	94⅜	83½	Aust. 3½% '65-69	85½	85½	4 13 10 l
101⅞	97¼	101⅜	92¾	Ceylon 4% '73-75	95½	95½	4 7 5 l
106½	98½	103¾	92¾	N. Zealand 4% '76-78	93½	93½	4 9 3 l
79¾	71¾	75⅜	65	L.C.C. 3% aft. 1920	66½	65½*	4 11 7
99¾	95	99	87½	Liverpool 3% '54-64	85½	85½	5 0 6 l
87⅞	80¼	84	69⅞	M.Wtr. 'B' 3% '34-2003	72½	70½*	4 10 3 l
104⅞	100	102¼	97¾	Agric. Mort. 5% '59-89	98½	98½	5 1 8 l
109⅜	71¾	122⅜	91	German 7%	122⅛	121	...
168¾	102	213	149	German 5½%	210	211½	...
171	132⅜	200½	160	Japan 5% 1907	198½	199½	...
198¼	167	244¼	190	Japan 5½% Conv. 1930	243	244¼	...

Prices, 1955 Jan. 1 to Aug. 3 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, July, 27 1955	Price, Aug. 3, 1955	Yield, Aug. 3, 1955 £ s. d.
58/7½	48/9	% 7	b	% 5	a BANKS & DISCOUNT Barclays £1	51/-*	50/6*	4 15 1
76/7½	60/3	15	c	6	a Lloyds 'A' £5, £1 pd.	63/6	61/-	4 18 4
89/3	76/3	18	c	9	a Midland £1, fully pd.	77/-*	77/-*	4 13 6
87/-	75 9	18	c	9	a N. Prov. 'B' £5, £1 pd.	78/-	76/6	4 14 1
96/10½	81/6	8	b	8	a Westmstr 'B' £4, £1½ pd.	84/-	82/6	4 17 0
69/-	49/-	8¾	b	3½	a Alexanders £1	50/6	50/6	4 19 0
58/6	47/6	7	b	5	a Nat. Disc. 'B' £1	50/-*	50/-*	4 16 0
60/-	51/-	12½	c	6½	a Union Disc. £1	52/-*	52/6*	4 15 3
40/1½	32/10½	4	b	4	a Barc. (D.C.O.) £1	37/6	37/6	3 11 1 s
61/9	42/3	7½	a	7½	b Chart. Bk. of India £1	43/-	42/6	7 1 2
21¾	14¾	50	a	110	b INSURANCE Leg. & Gen. £1, 5/- pd.	20½	20	2 0 0
28	20¼	20	†a	45	†b Pearl £1, fully pd.	26	26½	4 5 4
55½	41¼	112½	†c	117½	†c Prudential 'A' £1	53½	53½	3 16 5
141/-	124/-	33	b	10	a BREWERIES, ETC. Bass £1	126/3	127/6	6 14 1
34/9	22/-	10	a	10½	b Distillers 6/8	28/6	27/9	3 19 5 h
49/6	40/3	15	b	8	a Guinness 10/-	46/10½	45/7½	5 0 10
93/9	74/9	7	a	14	b Whitbread 'A' Ord. £1	77/6	76/3	5 9 10

Prices, 1955 Jan. 1 to Aug. 3 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, July, 27 1955	Price, Aug. 3, 1955	Yield, Aug. 3, 1955
		%		%	STEEL & ENGINEERING			£ s. d.
46/6	35/9	17½	c	4	a B.S.A. £1	44/-	44/-	3 19 7 p
13/10½	10/-	3½	a	10⅜	b Cammell Laird 5/-	12/6	13/-	5 7 3
39/3	27/-	...		3	a Colvilles £1	34/6	33/-	5 9 1 o
36/7½	23/-	...		8	c Dorman Long £1	34/6	34/6	4 12 9
54 –	31 2½	5	a	15	b Guest Keen N'fold £1	50/7½	48/-	3 19 0 m
79/9	42/-	12½	c	5	a Stewarts & Lloyds £1	74/6	73/3	3 8 3
47/-	27/6	6⅜	b	4	a Summers (John) £1	42/6	41/6	4 16 5 m
50/-	28/6	6	b	4	a United Steel £1	45/6	45/6	4 7 11
47/10½	35/9	2½	a	6	b Vickers £1	43/-	42/-	4 0 11
					TEXTILES			
30/4½	21/9	6	b	4	a Bradford Dyers £1	22/9	22/6	8 17 9
35/-	26/10½	3	a	7	b Brit. Celanese £1	28/6	27/6	7 5 5
29/6	23/-	2½	a	6½	b Coats (J. & P.) £1	26/-	25/-	7 0 0
55/3	35/-	4	a	6	b Courtaulds £1	50/6	47/3	4 4 8
34/1½	26/6	7½	b	5	a Lancs. Cotton £1	30/3	28/9	8 13 11
36/0¾	28/-	2½	a	10	b Patons & Baldwins £1	32/-*	31/6*	7 18 9
					MOTOR & AIRCRAFT			
22/10½	17/4½	3½	a	6½	b Bristol Aeroplane 10/-	22/6	22/3	4 9 11
15/9½	9/10½	8½	b	4	a British Motor 5/-	14/6	14/-	4 9 4
27/10½	21/3	7½	c	Nil	c De Havilland £1	25/3	24/9	Nil
60/-	37/-	5	a	10	b Ford Motor £1	52/3	50/-	3 0 0 v
70/9	43/1½	7½	b	5	a Hawker Siddeley £1	63/-	61/3	4 1 8
52/9	33/6	25	c	30	c Leyland Motors £1	50/-	48/9	4 2 1 m
133/1½	71/3	5	a	12½	b Rolls Royce £1	125/7½	120/7½	2 18 8
12/3¾	6/10½	12	c	12	c Standard Motor 5/-	11/6	11/-	5 9 1
					SHOPS & STORES			
21/7½	12/6	10	a	17½	b Boots Pure Drug 5/-	20/-	19/9	3 9 8 t
47/6	36/9	7½	a	20	b Debenhams 10/-	42/6	42/-	6 10 11
62/6	43/9	15	a	45	b Gt. Universal 5/-	55/6	49/6	6 1 3
114/-	97/6	5	a	17½	b Lyons (J.) 'A' £1	101/6	101/6	4 8 8
76/-	58/6	15	a	30	b Marks & Spen. 'A' 5/-	72/6	71/-	3 3 4
71/9	55/3	36⅜	b	20	a Woolworth 5/-	63/-	60/3	4 3 0 d
					OIL			
139/-	68/6	5	a	14	b British Petroleum £1	133/1½	121/10½	2 9 3 j
186/10½	100/-	7½	a	13½	b Burmah £1	177/6	165/7½	2 10 9
£62¾	£50¾	6	a	10	b Royal Dutch 100 fl.	£62	£61	2 9 4
158/9	109/9	5	†a	10	†b Shell Reg. £1	146/10½	138/9	3 15 4
44/6	26/9	15	†b	5	†a Trinidad L'holds 5/-	41/6	40/-	4 6 11
					SHIPPING			
37/3	25/10½	5	a	7	b Cunard £1	28/9	28/-	7 2 10 m
61/-	45/-	12	c	12	c Furness Withy £1	55/6	55/6	4 6 6
38/6	27/6	3	a	13	b P. & O. Def. £1	36/3	34/6	4 12 9 n
					MISCELLANEOUS			
97/6	61/3	14	c	2½	a Assoc. Elect. £1	90/-	87/6	3 4 0
135/-	88/9	5	a	15	b Assoc. Port. Cem. £1	130/-	123/9	3 4 7
111/6	67/-	7½	a	15	b Bowater Paper £1	105/-	100/7½	3 7 1 u
56/3	44/1½	2½	a	7½	b B.I.C.C. £1	52/-	51/-	3 18 5
58/3	35/6	4	a	8	b Brit. Aluminium £1	57/-	55/-	4 7 3
61/3	47/10½	15	†c	5	†a Brit. Amer. Tob. 10/-	58/-	57/6	4 10 8
$64½	$51¾	3	b	3	a Canadian Pacific $25	$63	$62	4 8 0
48/9	31/4½	41⅜	b	14 7/16	a Decca Record 4/-	43/1½*	43/1½*	3 9 7 r
33/4½	27/-	4	a	10	b Dunlop Rubber 10/-	30/6	29/6	4 14 11
87/3	54/1½	4	a	8½	b English Elect. £1	82/6	77/6	3 4 6
81/-	51/3	4½	a	9½	b General Elect. £1	75/-	70/-	4 0 0
61/6	38/3	4	a	6	b Imp. Chemical £1	55/7½	53/6	3 14 9
65/10½	57/9	12½	b	8½	a Imp. Tobacco £1	62/-	61/6	6 16 8
$142½	$105½	$2·90	c	$1·75	a Inter. Nickel n.p.v.	$141¾	$142¾	3 12 3
77/-	57/6	7½	a	10	b London Brick £1	73/9	70/-	5 0 0
38/6	26/-	6⅜	a	15⅜	b Monsanto Chemicals 5/-	34/3	31/6	3 11 5
81/3	60/3	3½	a	14½	b Tate & Lyle £1	79/-	78/6	4 2 0 g
109/6	72/6	10	b	10	a Tube Investments £1	100/-	100/-	4 0 0
118/6	95/6	17½	b	5	a Turner & Newall £1	115/-	112/-	4 0 4
100/6	69/3	6	a	9⅜	b Unilever £1	96/10½	93/9	3 6 9
44/1½	34/3	7½	†b	7½	†b United Molasses 10/-	42/3	39/4½	5 12 3 q
49/9	34/-	2½	†a	27½	†b Cons. Tea & Lands £1	42/6	44/3	23 11 7
3/4½	1/10½	10	c	15	c London Asiatic Rbr. 2/-	3/1½	3/-	10 0 0
63/6	38/9	7½	a	20	b United Sua Betong £1	61/1½	58/9	9 7 3
					MINES			
9 3/32	7 11/32	20	a	50	b Anglo-Amer. 10/-	8 15/16	8⅞	3 18 10
143/3	106/10½	80	a	120	b De Beers 5/- Bearer	131/6	126/3	7 18 5
126/3	78/9	...		...	Free State Geduld 5/-	90/-	87/6	Nil
70/9	51/7½	10	b	10	a Randfontein £1	58/3	56/10½	7 0 8
10/3	6/8¼	24	c	28	c London Tin 4/-	9/10½	9/5½	11 16 10
44½	31½	200	b	50	a Rhokana £1	43½	43⅜	5 15 3

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 16·1%. (h) On 16½%. (j) On 15%. (l) To latest date. (m) On 10%. (n) On 8%. (o) On 9%. (p) On 8¾%. (q) Yield basis 22·10% gross. (r) On 37½%. (s) On 6¾%. (t) On 13¾%. (u) Dividend for 15 months. On 18%. (v) On 7½%. (x) On 12½%.

New York Closing Prices

	July 27 $	Aug. 3 $		July 27 $	Aug. 3 $		July 27 $	Aug. 3 $
Balt. & Ohio	51⅛	51⅞	Am. Smelting	53½	52	Inter. Paper	110	107
Can. Pac.	34½	34¾	Am. Viscose	60¾	59	Nat. Distill.	22¾	21⅞
N.Y. Cent.	48⅛	47⅞	Cel. of Am.	24¾	24⅛	Sears Roebuck	97⅞	95¾
Pennsyl.	29⅛	27⅞*	Chrysler	89⅜	90½	Shell	61⅛	59½
Amer. Tel.	186⅞	184⅜	Gen. Elec.	52⅛	50⅜	Std. Oil of N.J.	139⅞	140⅛
Stand. Gas	10	9⅞	Gen. Motors	133⅜	135⅛*	U.S. Steel	54⅜	52¾
United Corp.	6¾	6⅜	Goodyear	57⅞	56⅜	Westinghouse	66⅜	65⅜*
W. Union Tel.	24	24⅜	Inter. Nickel	77¾	79¾	Woolworth	51⅛	50⅞

Statistics

The following list shows the most recent date on which each statistical page appeared.

British		Overseas	
Prices and Wages	This week	Western Europe	
Production and Consumption	July 9th	Production and Trade	This week
Manpower	July 16th	British Commonwealth	July 9th
External Trade	July 30th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	July 16th
Industrial Profits	July 23rd	United States	July 30th
World Trade	July 23rd		

Prices and Wages

	Unit	1952	1953	1954	1954			1955			
		mid-June			July 20	July 27	Aug. 3	July 12	July 19	July 26	Aug. 2
WORLD PRICES											
Commodity Price Indicator: (1)											
All items	1952=100	99	89	99	99	99	99	94	95	95	96
Food	"	99·5	93·2	119·6	121·7	122·9	123·8	92·6	92·8	92·4	94·4
Fibres	"	98·5	87·0	88·7	85·6	85·1	85·0	80·8	80·9	81·1	80·9
Metals	"	100·0	80·0	81·5	82·2	81·1	80·0	96·3	98·0	100·0	99·0
Other items	"	96·3	95·9	93·5	92·6	92·7	93·4	113·5	113·5	113·7	115·2
		Monthly averages			1954			1955			
BRITISH WHOLESALE PRICES		1952	1953	1954	April	May	June	Mar.	April	May	June
Old series:											
All articles	1938=100	323·3	323·5	325·3	325·2	326·3	327·7	330·5	329·5	328·1	331·5
Food and tobacco		292·0	314·6	314·6	317·4	317·4	318·6	310·0	308·1	305·2	312·1
Materials used in:	June 30, 1949=100										
Non-food manufacturing		162·1	145·8	143·5	143·6	145·1	145·2	151·0	149·4	148·9	151·
Mechanical engineering	"	149·9	145·7	150·4	147·5	149·3	150·8	164·3	164·4	162·5	163·
Electrical machinery	"	165·4	155·2	160·5	156·7	159·0	159·9	184·2	182·3	177·8	180·
Building and civil engineering	"	133·6	130·4	131·4	130·7	131·0	131·3	135·2	136·0	136·0	136·6
House building	"	130·6	128·7	130·7	129·8	130·3	130·4	134·4	135·5	135·6	136·5
Commodities:											
Cotton, raw (6)	"	171·9	140·6	155·0	155·6	156·1	155·4	153·9	150·6	150·7	150·6
Wool, raw	"	147·9	171·1	160·8	167·4	173·4	177·5	149·6	148·1	148·9	148·7
Rubber, No. 1 RSS, one month future	"	282·8	199·1	197·9	176·1	185·3	191·9	259·1	261·7	267·5	305·9
Softwood, imported	"	158·0	144·1	145·0	143·3	143·3	143·4	153·9	153·9	153·9	156·2
Copper, ex-warehouse (8)	"	220·7	217·6	213·4	206·1	208·2	205·0	301·6	281·8	265·7	278·4
UK RETAIL PRICES											
Interim index:	June 17, 1947=100										
All items		136	140	143	142	141	142	146	147	147	1
	Jan. 15, 1952=100										
All items		102·6	105·8	107·7	107·0	106·7	107·3	110·2	110·8	110·6	112
Food		105·4	111·3	114·2	112·6	112·1	113·6	118·6	119·9	119·8	124·
	1938=100										
All items		221	228	232	230	230	231	237	238	238	243
Food	"	221	233	239	236	235	238	248	251	251	261
Rent and rates	"	122	129	134	134	134	134	136	137	137	138
Clothing	"	259	253	255	255	255	255	255	255	255	255
Fuel and light	"	197	207	216	218	213	214	223	223	216	21
Household durable goods	"	294	286	284	284	284	284	284	284	285	2
Drink	"	255	256	257	257	257	257	260	260	260	2
Tobacco	"	386	387	387	387	387	387	387	387	387	38
Purchasing power of £ (based on all consumer spending)	1938=100	45	44	43	43	43	43	42	42	42	41
UK TERMS OF TRADE (4)											
Import prices:											
All items	1954=100	113	100	100	99	100	100	104	103	103	103
Food, drink and tobacco	"	100	96	100	99	100	101	103	101	101	101
Basic materials	"	123	102	100	98	99	101	104	104	104	104
Export prices:											
All items	"	105	103	100	100	100	100	101	101	101	102
All manufactures	"	105	103	100	100	100	100	101	101	101	102
Metals	"	105	102	100	100	100	101	101	102	103	104
Engineering products	"	98	100	100	99	99	100	101	102	101	102
Textiles (excluding clothing)	"	110	98	100	101	101	102	101	101	100	101
Terms of trade:											
Ratio of import to export prices	"	108	98	100	99	100	100	103	102	102	10
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	100·0	77·5	86·1	75·8	77·4	77·6	113·7	110·2	122·6	128·0
UK WAGES											
Weekly wage rates:	June 30, 1947=100										
All workers		130	136	142	141	142	142	149	152	152	1
Men	"	129	134	140	140	141	141	147	150	151	1
Women	"	133	140	146	145	146	146	153	154	154	15
Weekly earnings: (5)											
All workers	s. d.	151 11	160 1	171 9	166 6	...	...	...	...	...	...
Men	"	178 6	189 2	204 5	197 8	...	...	...	...	...	...
Women	"	96 4	102 5	108 2	105 3	...	...	...	...	...	...
	Oct., 1938=100										
All workers		285	301	323	313	...	...	...	...	...	...
Men	"	259	274	296	287	...	...	...	...	...	...
Women	"	296	315	333	324	...	...	...	...	...	...

(1) From August 1953, the index has been revised to show a more representative wheat price. (2) Figures up to July, 1953, relate to delivered prices and subsequently to ex-warehouse prices of H.C. electrolytic copper. (3) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (4) Annual figures are based on unit values and are influenced by changes in the composition of trade as well as price movements. (5) Surveys made twice a year: annual figures relate to October survey. (6) Revised series based on Liverpool spot market prices, as from July 1, 1954.

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) (1948 = 100)												
1938	118	82	78	90	193	132	76	101	89	81	67	64
1953	184	114	121	127	251	193	143	161	146	142	111	149
1954	210	124	129	139	282	235	146	176	160	151	115	...
1954, December	222	132	131	151	313	259	150 (3)	186	179	150	125	...
1955, January	198	127	128	149	296	245	141	176	147	152	122	...
" February	228	129	134	153	301	235		174	150	181	125	...
" March	234	128	136	154	309	250		195	173	173	126	...
" April	...	...	133	152	318	240	...	...	...	143	131	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn francs	mn. D. marks	mn. drachmas (4)	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T.
IMPORTS (c. i. f.)												
1938	50	1,922	135	3·84	505	1·2 (5)	3·45	0·94	118	99	174	12·5
1953	1,106	10,094	573	121·52	1,334	592·6 (5)	15·28	124·75	738	543	680	124·3
1954	1,416	10,624	669	126·84	1,611	823·1	14·99	125·05	891	606	766	111·6
1954, December	2,108	11,235	719	131·89	2,036	852·9	15·11	125·67	1,107	685	910	119·1
1955, January	1,693	11,131	677	116·56	1,693	927·6	16·98	129·42	1,054	652	844	100·5
" February	1,644	10,881	686	139·52	1,819	792·0	17·52	129·66	895	674	803	105·1
" March	2,077	12,678	682	139·89	1,996	867·0	20·86	142·12	1,030	730	926	142·9
" April	1,798	...	678	149·44	2,020	887·0	16·98	...	...	605	891	130·7
EXPORTS (f. o. b.)												
1938	30	1,806	128	2·55	468	0·9 (5)	2·02	0·88	87	65	154	12·1
1953	1,099	9,414	508	117·24	1,542	282·1 (5)	9·50	77·50	672	303	638	92·4
1954	1,321	9,597	546	126·03	1,837	376·0	9·59	85·24	765	347	685	78·2
1954, December	1,528	10,684	598	146·66	2,303	728·7	11·38	89·77	803	406	812	124·8
1955, January	1,260	11,009	648	133·82	1,761	489·0	9·68	75·72	790	355	707	73·6
" February	1,290	10,685	528	138·53	1,908	375·0	8·81	83·66	777	385	655	99·6
" March	1,462	12,121	582	136·72	2,221	291·0	10·63	90·15	842	423	684	75·6
" April	1,400	...	620	153·89	2,012	237·0	8·63	...	...	376	662	51·6
BALANCE												
1938	− 20	− 116	− 7	− 1·29	− 37	− 0·3 (5)	− 1·43	− 0·06	− 31	− 34	− 20	− 0·4
1953	− 7	− 680	− 65	− 4·28	+ 208	−310·5 (5)	− 5·78	−47·25	− 66	− 240	− 42	− 31·9
1954	− 95	− 1,027	− 123	− 0·81	+ 226	−447·1	− 5·40	−39·81	− 136	− 259	− 81	− 33·4
1954, December	− 580	− 551	− 121	+14·77	+ 267	−124·2	− 3·73	−35·90	− 304	− 279	− 98	+ 5·7
1955, January	− 433	− 122	− 29	+17·26	+ 68	−438·6	− 6·30	−53·70	− 264	− 297	− 137	− 26·9
" February	− 354	− 196	− 158	− 0·99	+ 89	−417·0	− 8·71	−46·00	− 118	− 289	− 148	− 5·5
" March	− 615	− 557	− 100	− 3·17	+ 225	−576·0	−10·23	−51·97	− 188	− 307	− 342	− 67·3
" April	− 398	...	− 158	+ 4·45	− 8	−650·0	− 8·35	...	...	− 229	− 229	− 79·1
VOLUME OF EXTERNAL TRADE (2) (1948 = 100)												
IMPORTS												
1938	266	93	118	...	249	...	79	88	118	100	94	91
1953	207	116 (6)	169	119	271	...	111	175	158	141	118	217
1954	288	128 (6)	205	129	341	...	108	180	196	161	134	215
1954, December	439	131 (6)	223 (3)	140	430	...	109	178	249	189	151 (3)	213
1955, January	346	136 (6)	205	127	355	...	113	181	227	174	149	170
" February	344	124 (6)		149	386	...	121	178	191	175		...
" March	446	147 (6)		149	412	...	144	199	223	187		...
" April	371	...	...	161	414	...	...	...	...	161	...	...
EXPORTS												
1938	147	110	139	...	530	...	136	119	158	123	111	107
1953	270	145 (6)	206	209	783	...	188	150	292	144	145	182
1954	330	158 (6)	225	243	970	...	192	163	344	166	158	172
1954, December	383	171 (6)	238 (3)	293	1,222	...	231	167	367	195	180 (3)	248
1955, January	315	175 (6)	240	278	927	...	189	146	360	161	149	136
" February	320	162 (6)		279	1,005	...	170	164	359	172		...
" March	361	187 (6)		275	1,157	...	205	172	378	198		...
" April	335	...	...	300	1,061	...	...	...	...	171	...	...

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark and Greece exclude mining; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland which covers general trade with exports seasonally adjusted. Belgium includes Luxemburg. (3) Average of fourth quarter. (4) New drachmas introduced May 1, 1954 (1 new drachma = 1,000 old drachmas). (5) Thousand million drachmas. (6) New series; original base 1953 = 100.

Financial Statistics

EXCHEQUER RETURNS

For the week ended July 30th there was an "above-line" deficit (after allowing for Sinking Funds) of £9,084,000 compared with a surplus of £11,515,000 in the previous week and a surplus of £7,030,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £14,560,000, bringing the total cumulative deficit to £357,066,000 (£273,208,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to July 31, 1954	April 1, 1955 to July 30, 1955	Week ended July 31, 1954	Week ended July 30, 1955
Ord. Revenue					
Income Tax	1877,400	317,770	331,045	22,275	24,586
Sur-tax	136,000	25,200	25,100	900	800
Death Duties	185,000	59,800	62,600	3,700	4,100
Stamps	74,000	22,700	23,800	1,600	1,900
Profits Tax & EPT	180,000	51,800	55,800	8,200	4,600
Excess Profits Levy	25,000	30,000	10,900	2,200	400
Special Contribution and other Inland Revenue	1,000	450	150	...	...
Total Inland Rev.	2478,400	507,720	507,395	38,875	36,386
Customs	1131,700	370,329	373,013	23,000	21,304
Excise	796,050	224,375	220,605	27,865	17,650
Total Customs and Excise	1927,750	594,704	593,618	50,865	38,954
Motor Duties	80,000	11,048	12,949	847	1,035
PO (Net Receipts)		...	...	...	...
Broadcast Licences	25,000	4,700	5,300	850	1,000
Sundry Loans	24,000	5,842	6,160	...	...
Miscellaneous	175,000	36,676	20,025	713	332
Total	**4710,150**	**1160,890**	**1145,447**	**92,150**	**77,707**
Ord. Expenditure					
Debt Interest	600,000	151,517	165,359	1,975	689
Payments to N. Ireland Exchequer	53,000	15,108	17,594	2,051	2,339
Other Cons. Fund	10,000	3,847	4,846	19	14
Supply Services	3862,875	1104,269	1081,383	75,194	83,408
Total	**4525,875**	**1274,741**	**1269,182**	**79,239**	**88,450**
Sinking Funds	36,000	9,713	8,809	90	340
"Above-line" Surplus or Deficit	—	**123,764**	**132,540**	**12,821**	**9,084**
"Below-line" Net Expenditure	149,444	224,526	10,192	14,560	
Total Surplus or Deficit	— **273,208**	— **357,066**	+ **2,529**	— **23,644**	
Net Receipts from:					
Tax Reserve Certificates	156,320	42,946	17,634	8,062	
Savings Certificates	4,900	12,000	100	100	
Defence Bonds	— 8,402	1,097	— 425	— 169	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
July 31	3,270·0	1,485·5	263·1	...	5,018·7
1955					
April 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
" 14	3,270·0	1,760·7	275·8	0·8	5,307·2
" 21	3,270·0	1,768·8	295·7	...	5,334·5
" 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
" 11	3,240·0	1,903·6	282·7	...	5,426·3
" 18	3,230·0	1,948·7	293·7	0·5	5,472·9
" 25	3,220·0	1,974·9	311·5	3·3	5,509·6
" 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
" 16	3,260·0	2,020·0	293·8	...	5,573·7
" 23	3,270·0	2,019·6	286·1	...	5,575·7
" 30	3,280·0	2,049·0	265·8	...	5,594·6

THE MONEY MARKET

DESPITE the continued stringency of credit, the market made no change in its bid at the Treasury bill tender on Friday last; but increases were made in rates for commercial bills. Rates for trade bills were uniformly raised by ¼ per cent—the new levels are shown in the table below—and the rate for some two and three months bank bills was increased to 4 1/16 per cent, though the finest of the bills will still be taken at 4 per cent. The market's Treasury bill rate of £99 0s. 2d. per cent is equivalent to 3⅛ per cent. Last week total applications for the unchanged offer of £240 million were down by £17 million to £344.2 million—the lowest since January—and the market's allotment rose from 55 to 60 per cent.

The market was again "in the Bank" on Thursday before the holiday, albeit for a very small amount. The Bank gave a fair amount of special aid. Round the holiday week-end conditions were more comfortable, though on Tuesday appreciable repayments to the Bank caused a temporary stringency.

The price of silver in the London market has reached new peaks during the week. Cash silver rose by ¼d. to 79½d. an ounce on Tuesday, and the forward quotation jumped correspondingly, to 79d.

The Bank return shows a reflux of notes of £3.1 million. Discounts and advances fell by £11.2 million, reflecting the week's repayments at the Bank. Public deposits rose by £12 million, and bankers' deposits slumped to a nine-year low point of £216.9 million.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4-4 1/16
Banks	2½	3 months	4-4 1/16
Discount houses	2½*	4 months	4 1/16-4⅛
Money Day-to-day	2½-4½	6 months	4½
Short periods	2½-3½	*Fine trade bills:*	
Treas. bills 2 months	3 11/16	3 months	4½-5
3 months	3 11/16	4 months	4½-5½
		6 months	5-5½

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 Aug. 4	1955 July 27	1955 Aug. 3
Issue Department:			
Notes in circulation	1,716·9	1,860·9	1,89[illegible]
Notes in banking dept.	33·4	14·5	17·[illegible]
Govt. debt and securities*	1,746·5	1,871·2	1,871·[illegible]
Other securities	0·7	0·8	0·[illegible]
Gold coin and bullion	0·4	0·4	0·[illegible]
Coin other than gold coin	3·0	3·0	3·[illegible]
Banking Department:			
Deposits:			
Public accounts	15·5	13·6	25·[illegible]
Treasury special account	10·2	2·2	2·[illegible]
Bankers	273·7	240·8	216·[illegible]
Others	67·0	68·8	72·[illegible]
Total	366·2	325·4	316·[illegible]
Securities:			
Government	329·4	290·2	289·[illegible]
Discounts and advances	5·8	21·0	15·[illegible]
Other	13·7	15·7	315·[illegible]
Total	348·9	326·9	19·[illegible]
Banking department reserve	35·7	16·9	%
	%	%	%
"Proportion"	9·7	5·1	6·[illegible]

* Government debt is £11,015,100, capital £14,553,00[illegible]. Fiduciary issue increased to £1.875 million from £1,825 milli[illegible] on July 20th, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate %
1954						
July 30	240·0	414·2	240·0	31	2·80	39
1955						
April 29	220·0	380·3	220·0	77	11·45	39
May 6	230·0	384·8	230·0	78	3·59	
" 13	230·0	382·4	230·0	78	4·69	
" 20	240·0	375·6	240·0	78	4·64	
" 27	250·0	389·9	250·0	78	4·37	
June 3	250·0	370·5	250·0	78	11·80	
" 10	260·0	378·6	260·0	79	7·53	
" 17	260·0	365·6	260·0	79	5·37	
" 24	270·0	380·5	270·0	79	4·53	
July 1	290·0	383·8	290·0	79	4·87	
" 8	280·0	403·8	280·0	79	4·60	
" 15	260·0	383·4	260·0	79	4·88	
" 22	240·0	361·4	240·0	79	4·98	
" 29	240 0	344·2	240 0	79	5 08	

On July 29th tenders for 91 day bills at £99 0s. 2d. s[illegible] about 60 per cent of the sum applied for: higher tender[illegible] allotted in full. The offering yesterday was for a max[illegible] amount of £240 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates Aug. 3	Market Rates: Spot July 28	July 29	July 30	Aug. 2	Aug. [illegible]
United States $	2·78-2·82	2·78 11/16-2·78 13/16	2·78 1/4-2·79	2·78 3/8-2·78 7/8	2·78 11/16-2·79 1/16	2·78 7/8-2·[illegible]
Canadian $	...	2·74 7/16-2·74 11/16	2·74 1/16-2·74 7/16	2·74 1/4-2·74 1/2	2·74 1/16-2·74 7/16	2·74 1/16-2·[illegible]
French Fr.	972·65-987·35	974 1/4-974 1/2	973 1/4-973 1/2	973 1/4-973 1/2	973 1/2-973 3/4	973 1/2-9[illegible]
Swiss Fr.	12·15 1/16-12·33 1/16	12·19 -12·19 1/2	12·17 1/2-12·18	12·17 -12·17 1/2	12·17 1/2-12·17 3/4	12·17 1/2-1[illegible]
Belgian Fr.	138·95 -141·05	139·42 1/2-139·47 1/2	139·22 1/2-139·27 1/2	139·15 -139·20	139·17 1/2-139·22 1/2	139·20-1[illegible]
Dutch Gld.	10·56-10·72	10·64-10·64 1/2	10·62-10·62 1/2	10·61 3/4-10·61 7/8	10·63-10·63 1/2	10·63-1[illegible]
W. Ger. D-Mk.	11·67 1/16-11·84 13/16	11·72 1/2-11·72 3/4	11·70 1/4-11·70 1/2	11·69 3/4-11·69 7/8	11·70 1/2-11·70 3/4	11·71-1[illegible]
Portuguese Esc.	79·90-81·10	79·90-80·05	79·90-80·05	79·90-80·05	79·90-80·05	79·90-8[illegible]
Swedish Kr.	14·37 1/2-14·59 1/2	14·41 1/4-14·41 1/2	14·39 1/2-14·39 3/4	14·38 1/4-14·38 3/4	14·39 1/2-14·39 3/4	14·39 1/2-1[illegible]
Danish Kr.	19·19 1/2-19·48 1/2	19·33 1/2-19·34	19·33 1/2-19·34	19·33 1/2-19·34	19·33 1/2-19·34	19·33 1/2-1[illegible]
Norwegian Kr.	19·85-20·15	20·00 1/2-20·01	20·00 1/2-20·01	20·00 1/2-20·01	19·99 1/2-200·0 1/2	19·99 1/2-2[illegible]
One Month Forward Rates						
United States $		1/16-3/16c. pm	1/4-1/2c. pm	1/4-1/2c. pm	1/4-1/2c. pm	1/4 1/2c. [illegible]
Canadian $		1/16-3/16c. pm	1/16-3/16c. pm	1/16-3/16c. pm	1/16-3/16c. pm	1/4 1/2c. [illegible]
French Fr.		1/8 pm-1/4 dis	1/8 pm-1/4 dis	1/8 pm-1/4 dis	1/8 pm-1/4 dis	1/8 pm-[illegible]
Swiss Fr.		4 1/2-3 1/2c. pm	4-3 1/2c. pm	4-3 1/2c. pm	3 1/2-3 1/2c. pm	3 1/2-2 1/2c.
Belgian Fr.		1/2-1 pm	1/2-1 pm	1/2-1 pm	1/2-1 pm	1/2-1 p[illegible]
Dutch Gld.		4-3 1/2c. pm	4-3 1/2c. pm	4-3 1/2c. pm	4-3 1/2c. pm	4-3 1/2c.
W. Ger. D-Mk.		3 1/2-2 1/2pf. pm	3 1/2-2 1/2pf. pm	3 1/2-2 1/2pf. pm	3-2 1/2pf. pm	2 1/2-2 1/2pf.
Swedish Kr.		10 pm-par	10 pm-par	10 pm-par	10 pm-par	10 pm-[illegible]
Danish Kr.		10 pm-10 dis	par-20 dis	par-20 dis	par-20 dis	par-20 [illegible]
Norwegian Kr.		10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-[illegible]
Gold Price at Fixing						
Price (s. d. per fine oz.)		251/3½	251/3½	—	251/3½	

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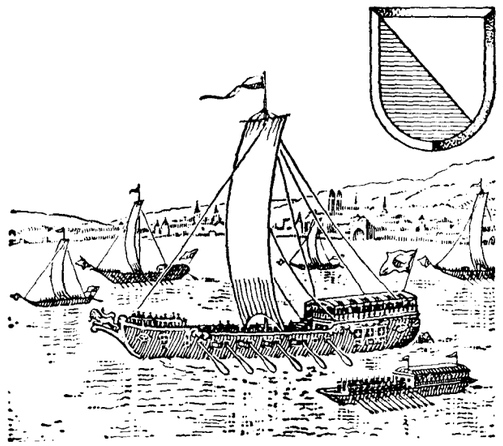

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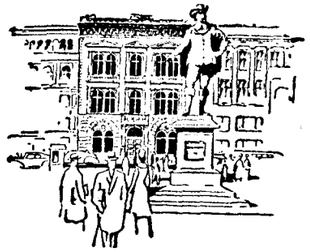

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COMPANY MEETINGS

COLTHROP BOARD AND PAPER MILLS LIMITED

CONTINUED PROSPERITY

MR FRANK W. J. SMITH'S STATEMENT

The thirty-seventh annual general meeting of Colthrop Board and Paper Mills Limited was held on July 28th at the Registered Office of the Company, Thatcham, Berks.

Mr J. R. Henry, OBE (Managing Director), who presided, said: Ladies and gentlemen, before commencing the business of the Meeting I should like to say how sorry we all are that Mr Frank Smith is unable to be with us today. It is the first time, I believe, that he has missed an annual general meeting since the company was formed. I am pleased to say that he is now improving in health.

The Secretary (Mr K. L. Collings) read the notice convening the meeting and Mr D. Rae Smith, of Messrs Deloitte, Plender, Griffiths and Company, the Auditors, read the report of his firm.

The following is the Statement of Mr Frank W. J. Smith (chairman of the company) circulated with the Annual Report and Accounts for the year ended May 31, 1955.

The results for the past twelve months reveal, once more, the continued prosperity of your Company, the profit before taxation amounting to £532,613. Due mainly to the withdrawal of the Excess Profits Levy, the decrease in the standard rate of income tax and the benefit of approximately £22,000 which we have received from the new Investment Allowances, taxation this year is reduced by £71,639 to £267,016. This leaves a net profit of £265,597 to which must be added taxation adjustments relating to previous years of £28,055. After adding the balance of £40,098 brought forward from last year and after deducting the net cost of the interim dividend paid in January of £32,883, there remains a disposable balance of £300,867.

The Directors recommend the payment of a final dividend of 25 per cent on the Ordinary Share Capital, increased by the issue in October last of £105,000 Ordinary Shares to Albert E. Reed and Company Limited, and 25,000 Ordinary Shares to Cropper and Company Limited. The net cost of the final dividend will amount to £85,943 The Directors also propose to transfer the sum of £150,000 to General Reserve and to carry forward £64,924, being the balance of the Profit and Loss Account.

I would like to draw your attention to several changes in the Balance Sheet. The Share Premium Account of £552,500 representing the premium of £4 5s. per share on the additional shares issued as stated above, and the first instalment of £150,000 of the 4½ per cent Unsecured Loan Stock are new items Expenditure on account of extensions in progress is now shown separately, as this item will reach a substantial figure before the new Mill is completed. The cash already received from the issue of additional shares and the Loan Stock is reflected in the increased Bank balances shown in the Accounts.

CONSTRUCTION OF NEW BOARD MILL

As a result of the Agreement entered into with Albert E. Reed and Company Limited, it has been unnecessary for the Company to take up short-term loans, to which I referred last year, as it is considered that the issue of the additional shares together with the £1,500,000 4½ per cent Loan Stock and the Company's own resources, will be sufficient to finance the erection of the new Board Mill. Work has already begun on the construction of this new Mill and it is anticipated that the Mill will be in production early in 1957. A substantial proportion of the additional board produced as a result of this expansion will be taken by our associated companies, Cropper & Company Limited, Containers Limited and the Reed Group.

In addition to the new Board Mill we have undertaken the complete rebuilding of one of the paper machines. This work is progressing satisfactorily and the machine will be in operation again later in the year with considerably increased capacity. We have again been able to increase the tonnage produced on our present machines, and our order books remain full. As long as the country's prosperity remains at the present high level, I look forward to your Company's further progress with confidence.

You will see from the Directors' Report that I have relinquished the office of Managing Director as from the end of the last financial year and that Mr J. R. Henry has been appointed Managing Director in my place.

My thanks are due to my co-Directors for their support and co-operation during the year, and to our loyal and hard-working staff and employees for their efforts which have so greatly contributed to the results now placed before you. The planning of the new Board Mill has entailed a great deal of extra work for our technical departments, and all concerned have carried out their duties most willingly and cheerfully.

MR J. R. HENRY'S REMARKS

Addressing the meeting, the Chairman said: Ladies and gentlemen, the Statement by the Chairman which was circulated with the accounts covers the more important items, and I shall be pleased to answer any questions which you may wish to ask when the resolution adopting the Report and Accounts has been put to the meeting.

The mills continue to be very busy and are indeed working much overtime in endeavouring to meet our customers' requirements. You may have noticed the progress that is being made on the site for the new Mill. There is much to be done before it is in production, but work on this site is going forward according to the arranged programme and we have had an assurance from the makers that the Board Machine will be delivered according to schedule.

I now propose:

"That the Report of the Directors and the Accounts of the Company for the year ended May 31, 1955, be, and they are hereby, approved and adopted; that a Final Dividend of 25 per cent, less Income Tax, be paid to Shareholders registered at the date of this meeting, that £150,000 be transferred to General Reserve, and that £64,924, the balance of the Profit and Loss Account, be carried forward."

Mr Harry F. Smith (Assistant Managing Director) seconded the resolution, and it was carried unanimously.

The retiring directors (Mr Frank W. J. Smith, Mr Harry F. Smith, Mr Philip G. Walker, and Mr J. R. C. Sheldon) were re-elected, and the fee of the Auditors (Messrs Deloitte, Plender, Griffiths & Company) was duly fixed.

At a subsequent Extraordinary General Meeting, resolutions were unanimously passed increasing the share capital of the company to £1,200,000 by the creation of 600,000 additional Ordinary shares of £1 each, and authorising the capitalisation of £597,867 from Capital and Revenue Reserves and the issue to Ordinary shareholders of one new Ordinary share of £1 for each Ordinary share of £1 held on July 13, 1955.

TRIBUTE TO DIRECTORS AND STAFF

Mr F. E. Armstrong, in proposing a cordial vote of thanks to the Chairman, Directors and Staff, said his words were tinged with a certain amount of regret that the chairman of the company, Mr Frank W. J. Smith, was unable to be present. All shareholders were pleased to hear the news that he was recovering and he was sure they would like to send greetings to Mr Smith telling him that they had read his message on the back page of the report and found it inspiring, that they were aware of the great contribution he had made to the efficient state of the company and expressing the fervent hope that he would soon be back in his old customary health and strength again. (Hear, hear.).

He thought it was very fitting that Mr J. R. Henry should occupy the chair in Mr Smith's absence, as he had devoted the whole of his life's work to the Colthrop Board and Paper Mills. Moreover, the mantle of his father fell naturally on his shoulders and he (Mr Armstrong) wished Mr Henry's father could see him directing the operations of that large undertaking, which was now going from strength to strength.

In thanking the chairman and his co-directors for their work in the past year, he said he would like to extend a welcome to the two new directors from the Reed Organisation and express the hope that the wealth of their experience with that illustrious firm would be helpful to the Board. They could not claim to be as large as the Reed Organisation, but shareholders were very proud of the Colthrop Board and Paper Mills business; they were very proud of its position in the trade, and they were very proud of its reputation in the City.

With regard to the staff, they had worked manfully to achieve the present desirable state of affairs and there was no doubt they would continue to work manfully in the future.

Mr W. C. Ramsay seconded the resolution, and it was carried unanimously.

The Chairman, in expressing thanks on behalf of the Board and staff, said that the staff had worked very hard and very willingly. Paper and board making was a continuous process which went on day and night, and it did throw quite a lot of strain on members of the staff, but they never grumbled, and that was where he thought the company was so fortunate.

FERRANTI, LIMITED

FURTHER EXTENSION OF MANUFACTURING CAPACITY

The fiftieth annual general meeting of Ferranti, Limited, was held on July 28th in London, Sir Vincent de Ferranti, MC, MIEE, chairman and managing director, presiding.

The following are extracts from the chairman's statement circulated with the report and accounts for the year to March 31, 1955:

At Edinburgh in October last, we were honoured by HRH The Duke of Edinburgh, who performed the Opening Ceremony of a new laboratory building. The considerable additional space which was made available thereby is fully occupied, and every aspect of research and development has shown an increase. A significant contribution to increased productivity by the development of Computer-Controlled Machine Tools, is taking place, and the advances which we have made, place us in a leading position in this vital and rapidly expanding field.

Export orders for Aircraft Equipment have been maintained at a high level. Further orders for Offshore Procurement have been received, bringing the total up to four million dollars. Production in consequence will increase considerably during the forthcoming year.

The factory at Dundee built up to its planned output last year. New designs are well advanced in our laboratories at Granton, and it is hoped to introduce these into Dundee in the near future.

POWER TRANSFORMERS

While the output of Power Transformers was lower by 20 per cent than last year, the rate of input has now risen sufficiently to allow the output to be restored to its previous level. Orders for Moving Coil Regulators have doubled and Distribution Transformer business continues at a satisfactory level. During the year, eighty-seven major units were delivered, including forty for export; amongst the latter were six 230 kV. transformers for New Zealand, and six for the USA. Several large High-Voltage Testing Equipments are in hand, and a standard range of Distribution Transformers has been introduced, embodying modern developments in grain-oriented steel cores.

The output of Insulation Tubes and Cylinders continues to rise, and the downward trend in selling prices has been reversed. In response to demands for insulation capable of withstanding higher temperatures, a new type of Silicone-Impregnated Glass-Cloth Cylinder is now being produced.

Electricity Meter business has continued steady throughout the year. Further special purpose machinery has been introduced to increase the efficiency of production.

A steady gain in interest in Spheroidal Graphite Cast-Iron is assisting an upward trend in the Sales Input of the Foundry. The demand for Non-Magnetic Cast-Irons remains steady, but shortage of nickel, an essential constituent, has prevented any increase in output. Some castings are now being produced by the Shell-Moulding Process, which shows promise of effecting considerable economies.

The output of Government Products remains steady, and further long term development work has been undertaken in connection with Guided Missiles.

ELECTRONIC DIGITAL COMPUTERS

Additional orders have been received for Electronic Digital Computers. An arrangement has been made with Powers-Samas Accounting Machines, Limited whereby our two research and development teams collaborate in the development of a complete range of Data-Handling Equipment for scientific and commercial use.

Additions to space, and the introduction of automatic processing and handling equipment for the production of Radio and Television Receivers should assist in meeting still further increased demands during the latter part of 1955. Development is being actively pursued on systems of Colour Television, and on Semi-Conductor Devices, and a range of high-quality Silicon Diodes is now being produced.

A considerable expansion in manufacturing facilities for Cathode Ray Tubes was planned during 1954, and will come into operation during the coming year.

Output of Instruments has been increased during the year. Amongst the interesting instruments supplied were special Metering Equipments for the remote indication of power-flow at key points in the National Grid System. Our range of Meter Testing Equipment has been completely modernised; electronic test sets are in use by the London Area Board, and several sets have been supplied to New Zealand. Our Small Instruments have been adapted to meet American specifications, and are now being used in equipment ordered under the American Off-shore Procurement Programme.

Sales of Radiant Electric Fires have more than doubled. This is due to increased demand and to the introduction of a range of lightweight high-quality fires.

The accounts show further extension of the manufacturing capacity of the company and its subsidiaries.

THE ACCOUNTS

Net assets as shown by the Consolidated Balance Sheet, after allowing for deferred liabilities and provisions (£1,505,070), amount to £6,071,454 as compared with £4,881,590 at March 31, 1954. Net current assets of £3,567,111 show an increase of £215,947.

The consolidated profit for the year amounts to £1,193,364 compared with £1,446,649 for the previous nine months. While the two periods are not strictly comparable, there has been a reduction in the rate of profit owing to a reduced volume in our transformer businesses both in the United Kingdom and Canada and lower prices in the latter market. In addition, increased sums of money have been spent on research and development. After provision for tax on all profits earned to date, the net profit is £576,605, compared with £546,863 for the previous nine months.

Profits brought forward at April 1, 1954, were £784,030 and, after transferring to Capital Reserve Account taxation relief on Investment Allowances amounting to £42,000 and providing £62,380 for Preference dividends, £550,000 has been transferred to General Reserve Account. A dividend on the Ordinary stock of 6 per cent (£34,500 after deduction of tax at 8s. 6d.) is recommended, leaving undistributed profits carried forward of £671,755.

The report and accounts were adopted.

WILLIAM HANCOCK AND COMPANY

The sixty-eighth annual general meeting of William Hancock and Company Limited was held on July 28th in Cardiff, Mr Joseph G. Gaskell, TD (Vice-Chairman and Joint Managing Director), presiding in the absence, owing to indisposition, of the Chairman and Managing Director, Colonel J. Gerald Gaskell, CB, TD, DL.

The following is an extract from the Chairman's circulated statement:

The net profits of William Hancock and Company Limited amount to £93,737 and the Consolidated Net Profit to £96,902.

Our total beer sales for the year in question represent a reduction on the previous year of approximately 2 per cent. It is reasonable to suggest that last year's weather was quite sufficient to account for such a reduction, and although there would appear to be no shortage of money, the removal of the restrictions on Hire Purchase undoubtedly caused some money to flow in that direction that might otherwise have reached our licensed houses. It remains to be seen whether the partial re-imposition of such restrictions will prove to be advantageous to our business. I do not think it is necessary to take much notice of Television as a deterrent to trade because once the novelty wears off I do not think people as a whole make regular use of Television.

When I first came into the trade the taxation on Beer was 7s. 9d. a standard barrel and it has now reached the appalling figure of £16 1s. a standard barrel. This particular form of taxation must surely need some consideration at an early date.

The report was adopted.

SIMMS MOTOR UNITS LIMITED

FURTHER EXPANSION OF OUTPUT AND PROFIT

MR G. E. LIARDET'S STATEMENT

At the Annual General Meeting of Simms Motor Units Limited, held on July 29, 1955, Mr G. E. Liardet (Chairman), in the course of his speech, said:

During 1954 your Company acquired a controlling interest in HSM Limited, which owns the whole of the Shares of Horstman Limited, Bath.

Group Net Profit before Taxation amounts to £1,127,627 for 1954. After providing for Taxation, Minority Interests and Pre-acquisition Profits, there remains £544,249 Net Profit available to the Shareholders of Simms Motor Units Limited, which, with £134,094 brought forward, makes a total of £678,343.

A further £254,476 has been transferred to General Reserve and £50,000 to Plant Replacement Reserve. Your Directors recommend a Dividend of 1s. 9d. on each Ordinary Share for the year ended December 31, 1954, leaving a balance to be carried forward into 1955 of £267,859.

The expansion of our Engineering Division has gone forward to programme. Further research and development are now being pursued actively to meet the requirements of the small high-speed Diesel Engines which will go into production in the next few years.

During the first few months of this year we have maintained our consistent expansion of output and I look forward to presenting to you a satisfactory report of our activities this time next year.

The report was adopted.

ST MARTIN'S LE GRAND PROPERTY COMPANY

The 29th annual general meeting of St Martin's Le Grand Property Company, Limited, was held on July 29th in London.

The following is an extract from the Chairman's circulated statement: I am able to report a substantial increase in rental income and in net profits. Gross income for the year increased by £116,059 to £396,855; net profit before taxation by £32,402 to £151,059 and net profit of the Group after charging taxation by £23,196 to £73,651. The directors recommend a final dividend of 6 per cent, making 10 per cent for the year on the increased capital; £7,500 has been transferred to general reserve of the parent company and Group carry-forward, after provision for all sinking funds, is increased by £4,327.

The past year has in some respects been a difficult one. Interest rates have adversely affected the accounts and made the refinancing of our bank indebtedness less attractive. Your board has the repayment of this loan very much in mind, however, and it is hoped to deal with it in the near future. In spite of difficulties, I feel that the year has been one of progress.

Adelaide House (Parent Company): Since my last statement the purchase of this property has been completed, but only partial benefit is included in the year's accounts.

Porkellis Property Trust: This investment is yielding results on the lines anticipated and improved rentals have in some cases been obtained on the termination of old leases.

All our properties have remained fully let throughout the year, and there has been no slackening in demand for office space in good positions.

The report was adopted.

MILLARS' TIMBER & TRADING COMPANY, LIMITED

INCREASED TURNOVER

The Aanual General Meeting of this Company was held on July 29th in London.

Colonel Clive E. Temperley, OBE, MC, BSc, who presided, in the course of his speech, said: In the Timber Trade, 1954 was a year of increasing competition. In the face of this competition, Millars Group of Companies expanded its turnover to rather more than £7 million in the year.

The net profits of the Group come out at £155,500, which compares with £143,700 for 1953. Our net profits increase from year to year. For how long this will continue no one can say.

Your Board has steadily pursued the policy of ploughing back into the business the necessary part of our profits to enable the Company to carry on. In this manner we have been able to develop the company in a healthy way without raising new money from shareholders. They accordingly recommend that the Ordinary dividend for last year should not exceed 40 per cent.

Taking a broad view of the Group as a whole, on the facts as we know them at present, it looks as if Millars Group of Companies will have another satisfactory year in 1955. Your directors feel that at least the share capital of the Company should be brought more in line with the capital employed. They propose, therefore, that the Ordinary shares should be written up from a nominal value of 4s. each to a nominal value of 10s. each.

The report was adopted and the board's capital proposals were adopted.

CHARRINGTON, GARDNER, LOCKET & COMPANY

LARGER CAPITAL EXPENDITURE PROGRAMME

The fifty-second annual general meeting of Charrington, Gardner, Locket & Company Limited was held on July 29th in London, Sir John Charrington (the Chairman) presiding.

The following is an extract from his circulated statement:

I am pleased to be able to report that the figures now presented reflect an improvement in the trading of the past year. The Group Profits for the year before providing for Taxation show an increase on last year of £20,103 and, after the Taxation charge, the year's Net Profit is £88,897, which is £14,802 higher than for the preceding year. Your Directors recommend a Final Dividend of 12 per cent, making a total of 22 per cent for the year.

Your Directors now propose to embark on a programme involving considerable capital expenditure, this being required for the mechanisation of coal handling at a number of our depots and the development of our trade in oil, for both industrial and domestic use, which I am glad to report is making excellent progress. I am confident that the programme which we have in mind will assist materially in the development of sales, both of solid fuel and oil, and that it will be to the eventual benefit of our business. The expenditure proposed will be made over a number of years and will be financed partly out of profits retained in the business.

We consider it advisable, however, to raise immediately part of the additional capital required, and an offer will be made to Ordinary Stockholders of 400,000 Ordinary shares of Five Shillings each. Your Directors have under review the possibility of making a capitalisation issue of Ordinary Stock at a later date in order to bring the issued capital more into line with the capital employed in the business.

During the year under review weather conditions, however unfortunate for the individual, were admirable for the seller of heat. Consequently, demand was very good and I only wish that supplies of coal and coke had been more plentiful. The disappointing output from British collieries is a serious matter for everyone, but to us it is particularly depressing, for we do not seem to get any nearer to the day when supplies of coal to householders can be freed from restriction. Despite increased importations of coal, there is as yet no sign of sufficient supplies to make decontrol possible.

Your Directors have recognised for some years that the demand for smokeless fuels would be likely to expand and have been at some pains to develop our trade on these lines. We have been successful, but I wish I could see a better prospect than I can of the increased supply of suitable smokeless fuel, without which all the hopes of smokeless cities or zones in the foreseeable future are vain.

The report was adopted.

HICK, HARGREAVES AND COMPANY

RECORD RESULTS

STRONG FINANCIAL POSITION

MR W. D'ARCY MADDEN'S SPEECH

The sixty-fourth Annual Ordinary General Meeting of Hick, Hargreaves and Company, Limited, was held on August 3rd, at Bolton.

Mr W. D'Arcy Madden, CBE, JP, the Chairman and Managing Director, who presided, said: The results for the past year constitute a record and reflect the continued progress and strong financial position of the Company.

The net profit for the year before taxation is £524,760, compared with £453,741 for the previous year. This is after providing a special depreciation provision this year of £46,657 against the charge for depreciation of £17,188 last year. Taxation amounts to £265,054 or 50.5 per cent of the profits earned, and the balance available, with £30,836 brought in from the previous year, amounts to £290,542.

ALLOCATION OF PROFIT

Of the final profit, £152,648 or 59 per cent is ploughed back, and after the appropriations in this year's Accounts, apart from the amounts set aside for Income Tax and Supplementary Pensions, the Revenue Reserves together with the sum carried forward now stand at £895,141. The excess of Current Assets over Current Liabilities is £1,380,273, which includes a strong cash position of £571,212.

The final dividend recommended is 15 per cent, making 20 per cent for the year, and in view of the particularly good results this year a bonus of 5 per cent is recommended in addition. This gives a total distribution of 27.6 per cent of the final profits, and you will notice that this distribution is covered 3.6 times.

In accordance with our profit sharing policy, and in consideration of the larger profit earned, the Employees' Bonus is increased to £25,000. The Pensions Supplementary Reserve receives £5,000, thereby increasing that Reserve to £30,000.

You will notice from the Balance Sheet that the revaluation of the Fixed Assets, to which I referred a year ago, has been carried out and that the revised values have been adopted in the Accounts. This not only gives to Shareholders a true picture of present day values but ensures that depreciation is dealt with in a realistic manner. The increase in the values of the Fixed Assets, namely £431,121, has been credited to Capital Reserve.

WORKS IN FULL PRODUCTION

The Works have continued in full production throughout the year, limited only by the scarcity of skilled workpeople, the demand throughout the country greatly exceeding the supply available. The contracts on our books continue at the satisfactory figure of over £4 million sterling, including contracts for the Central Electricity Authority for commissioning up to the end of 1959. Recent important orders include three additional 30 M.W. Condensing Plants for extensions to the Kelvin Power Station at Johannesburg, making six plants now under construction, and Condensing and Feed Heating Plant of 120 M.W. capacity for one of the first of the new large units to be installed by the Central Electricity Authority.

In the field of the Atomic Power Stations, our special auxiliaries are being developed in consultation with the Authorities and the main Contracting Groups. The other departments of the Works continue to be fully occupied. The new heavy bay of the main Engineers' Shop is now in service and makes a most valuable addition to the Works. Orders have been placed for the equipment of the new testing and research building which we hope to have in operation within the next twelve months.

THE LATE MR MALCOLM CREALOCK

It is with deep regret that I have to record the death last December of Mr Malcolm E. F. Crealock, who had been a director of the Company since 1934 and Deputy Chairman of the Board since 1946. Mr Crealock's long business experience and sound judgment have been of great value to the Company. He had the respect and affection not only of his colleagues on the Board, but of his many friends amongst the Staff and workpeople.

Sir Leslie Roberts, CBE, was appointed a Director to fill the vacancy caused by Mr Crealock's death and you will be invited this afternoon to confirm his appointment. Sir Leslie is the Chairman and Managing Director of the Manchester Ship Canal Company and a Director of Williams Deacon's Bank, and the Company is indeed fortunate to have secured his services as a Director.

THANKS TO STAFF AND WORKPEOPLE

You will, I know, wish me to express your thanks with my own to our staff and workpeople for their work and co-operation which has contributed so much to the excellent results of the past year.

I have spoken this afternoon of the strength of the Company's situation as it stands to-day. It is well that this should be so, for notwithstanding the continued demand for capital equipment, the indications are that we are entering a period of increasing competition, higher costs, and lower profit margins. The answer to this must lie in the quality of our manufactures, together with improved efficiency and productivity in all aspects of the Company's activities, to which must inevitably be allied those essentials of team work, keenness and attention to detail which we strive always to nurture and to sustain.

The Report and Accounts were adopted.

UNIVERSITY OF LONDON INSTITUTE OF EDUCATION

NUFFIELD RESEARCH UNIT

Applications are invited from graduates and others with suitable qualifications and/or experience, interested in social research, for temporary appointment as interviewers for a period of approximately three months as from September 1. The work will be undertaken in the following areas: London and Middlesex, Leicestershire, Northamptonshire, Nottinghamshire, West Riding of Yorkshire, Manchester, Sussex, Devon and Cornwall. Applicants must be prepared to travel locally; possession of a car would be an advantage. Payment will be made at the rate of £600 per annum and allowances for travel and subsistence. Applications, including particulars of age, sex, qualifications and experience, should reach the Secretary, University of London Institute of Education, Malet Street, W.C.1, not later than ten days from the appearance of this advertisement.

UNITED KINGDOM ATOMIC ENERGY AUTHORITY

Applications are invited for appointments as Executive Management Trainees in the United Kingdom Atomic Energy Authority. The posts offer excellent prospects of early advancement to young men and women who show promise of capacity for senior posts in management and administration. A high standard of intellectual and personal qualities will be sought; applicants must be between the ages of 20½ and 24 at August 1, 1955, and must have at least a second class Honours degree or possess a course of regulated training at their various Establishments with a view to filling professional qualifications of an equivalent standard. The Authority will provide Management Trainees for posts of responsibility in the administration.

Salary scale £500 rising by annual increments to £900 with a special increase of £60 on satisfactory completion of the initial two years' probationary period. Normally an entrant may expect advancement to a grade carrying a salary scale of £1,000 to £1,285 within not more than five years.

All new entrants automatically join the Authority's contributory Superannuation Scheme.

Send postcard for application form to the United Kingdom Atomic Energy Authority, E.1, Room 11, 14 Ormond Yard, St. James's, London, S.W.1.

ECONOMICS INTO ACTION—that is how the Ford Motor Co. Ltd., of Dagenham, Essex, conceive Market Analysis. Their £65 million expansion has created excellent vacancies for young, active economists who want a career in this type of work. These are not the last opportunities which will arise, and by seizing the advantage now you can prepare yourself by adding Ford knowledge to your professional experience.

Our Salaried Personnel Department will be glad to hear from you. Please quote reference AW/FP/2.

MINISTRY OF EDUCATION: MUSEUM ASSISTANTS, VICTORIA AND ALBERT MUSEUM. The Civil Service Commissioners invite applications for ten posts. Age at least 16 on June 1, 1955. Candidates should normally have School Certificate or General Certificate of Education, or Scottish Leaving Certificate or equivalent, with qualification in an Arts subject. Appointment may be to the unestablished grade with establishment after not more than two years, or direct to an established post in certain cases.

Salary: Unestablished—£227 (age 16) to £502 (men) or £446 (women).
Established—£262 (age 18) to £545 (men) or £469 (women).

Starting salary according to age, up to £402 (men) or £362 (women) at age 25 or over. Women's salaries being improved under equal pay scheme.

Application Forms from Secretary, Civil Service Commission, Burlington Gardens, London, W.1, quoting No. 143-144/55, to be returned by August 18, 1955.

CITY house with insurance and banking interests, bias towards export trade, has vacancy for young man trained in economics or market research. In his early stages the successful applicant will be engaged mainly on research designed to further the company's interests in exports, but there will be some administrative responsibilities and he will have every opportunity to learn the company's other activities. If he shows ability and skill in negotiation he will advance to important and well-paid executive responsibilities. It is emphasised that this is a post for an ambitious young man who regards his economic training as a stepping stone to wider interests. Starting salary will be £500 per annum, but this will be substantially increased immediately ability has been proved.—Box 150.

YOUNG man required by Trade Association of firms in a basic heavy industry, for work of statistical and economic character. The post will enable the man appointed to familiarise himself with the economics of the industry, and may lead to an appointment dealing with the commercial work of the Association. No special qualifications are laid down, but adaptability and keenness are essential, and interest in and knowledge of the fuel and other heavy industries would be useful. Salary according to age and qualifications.

Apply, in writing, with the names of referees, not later than August 20, 1955, to Box 152.

UNITED KINGDOM ATOMIC ENERGY AUTHORITY invites applications from qualified accountants for a senior post, under the Director of Accounts, in the London office of the Authority. Preference will be given to applicants who have some years of experience in the accounting profession and experience within the range £1,400–£1,650. Salary according to qualifications and experience within the Authority's contributory pension scheme. The successful applicant will be required to join the Authority's Applications, with career details, to U.K.A.E.A., Room 22, 14 Ormond Yard, St. James's, London, S.W.1.

AN opportunity of unusual scope and interest, with good starting pay, for a young woman graduate occurs in the London office of one of the world's largest advertising organisations. The successful applicant will be trained as a copywriter and will have excellent prospects for rapid advancement. Essential qualifications are: age 20-25, Honours degree, flair for crisp, concise, imaginative writing (this will be tested before interview), pleasing personality. Wide cultural background and interests will be an asset.—Write in detail to Box 142.

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above studentships, tenable for one year in the first instance, and renewable for a further period not exceeding two years. The studentships are normally of the value of £250 or £300 per annum. They are offered to candidates who have obtained the Degree of Bachelor or Master in this or any other approved University.—Applications should be sent not later than September 7, 1955, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF HULL

Applications are invited for the post of Lecturer in Sociology, to take up duty on January 1, 1956, or such earlier date as may be arranged. Salary on scale £650 x £50 to £1,350 per annum with FSSU and children's allowances. Initial salary according to qualifications and experience.—Further particulars may be obtained from the Registrar, with whom applications (five copies) must be lodged not later than September 3rd.

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THREE men of proven ability were independently invited to join their present company at board level, to play a prime part in its reorganisation.

Their efforts were successful, and have been widely acknowledged.

The resultant success and expansion have brought about new conditions, but unfortunately the company does not seem prepared to take further and energetic steps necessary to exploit the rapid growth achieved. This state of affairs has brought about a stalemate, and the men concerned find themselves disappointed—frustrated even.

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Replies by letter to Ernest W. Long & Co., 4 John Street, W.C.1.

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A BLAZING JULY in an "odd" year . . . is the postwar pattern completed by an economic crisis, too? The full background to Mr Butler's new measures appears in the August issue of "The Banker." *Gilt-edged versus the Squeeze*—the task for monetary policy; *Sterling under Strain*—diagnosis of Britain's external weakness: *Disinflation through Coal?*—the challenge to the Government.

SHOULD the Treasury Bill Tender be freed? Two detailed and considered articles also appearing in the August issue of "The Banker" debate the pros and cons of breaking up the "syndicate." A further important article in this issue is *India's Second Five Year Plan*, in which Dr T. Baloghi makes a full and critical appraisal of the draft for the next and most exciting phase of India's development programme. "The Banker" is obtainable from 72, Coleman Street, E.C.2, price 2s. 6d., or 30s. per annum, post free.

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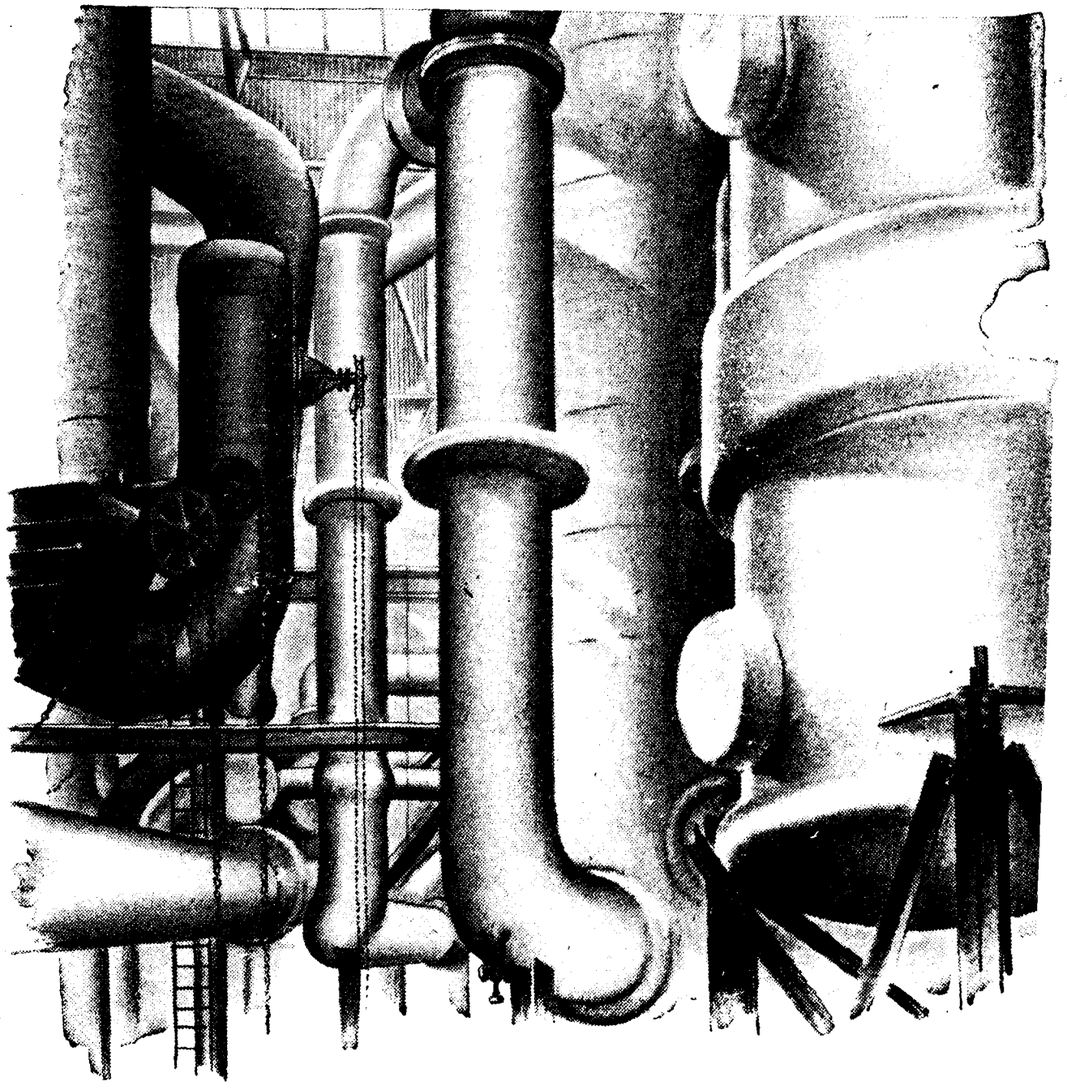

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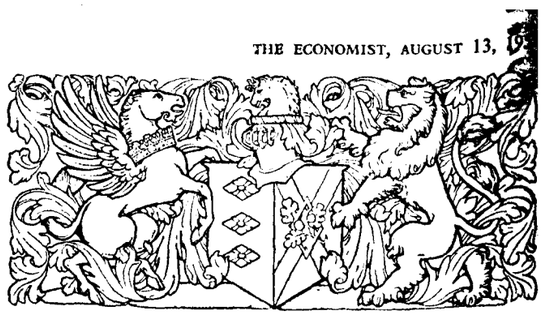

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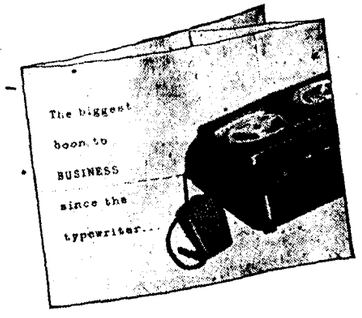

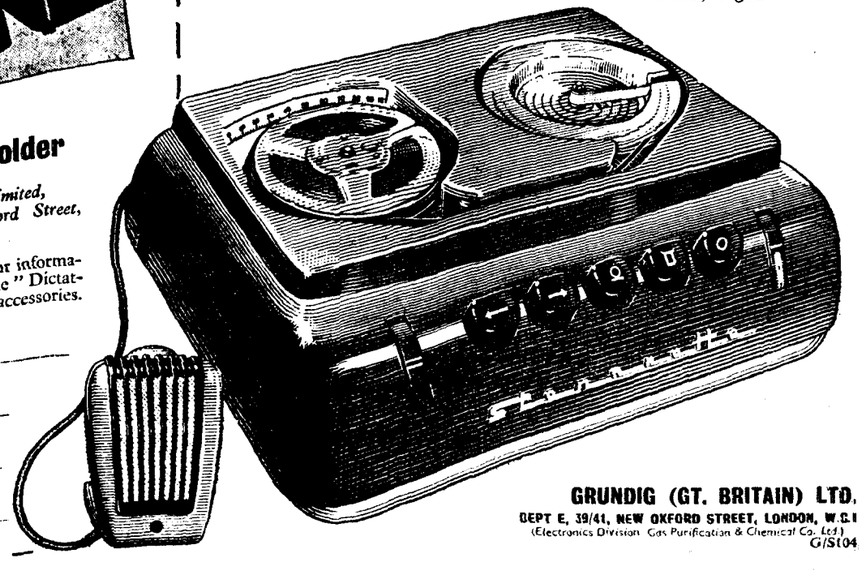

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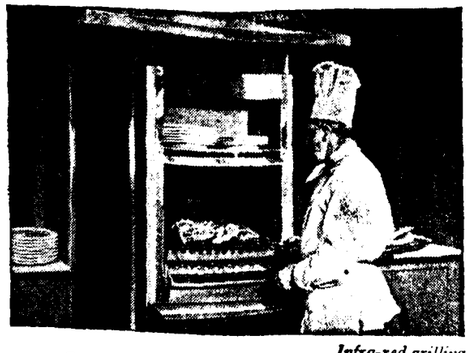

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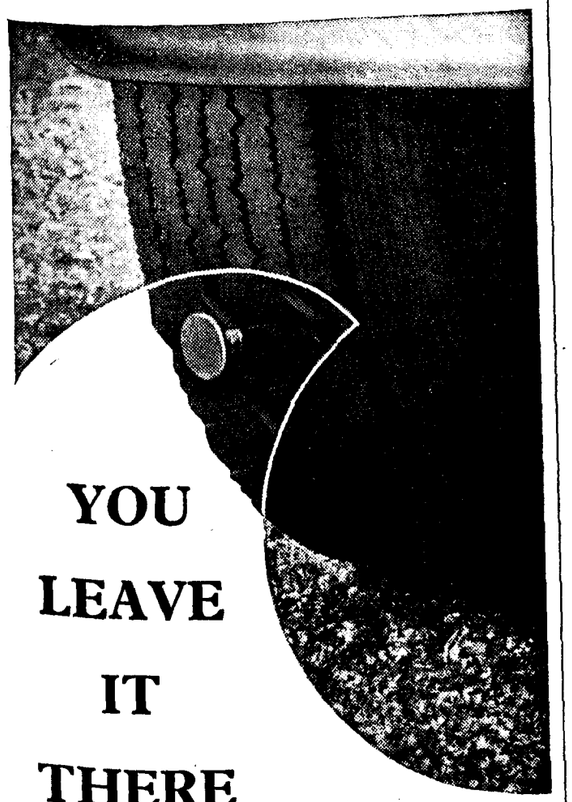

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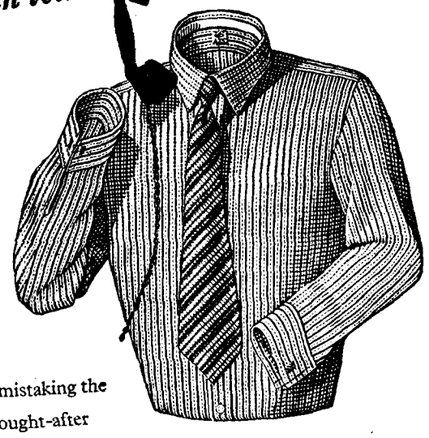

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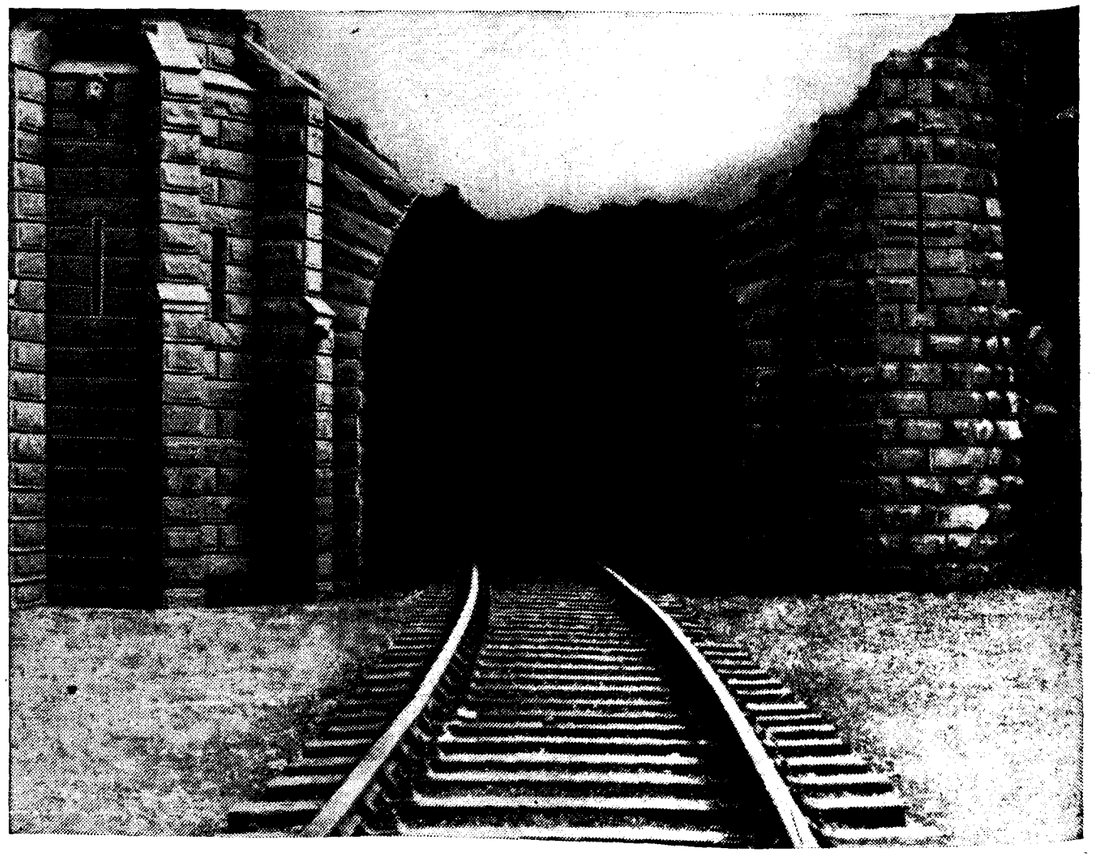

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The old Woodhead Tunnel ran beneath the Pennines on the busy Manchester-Sheffield line.

Heavily laden freight trains filled it with a permanent concentration of damp, soot and sulphur-laden fumes. So severe were conditions inside that only fifty yards from the entrance, daylight was usually completely obscured. Moisture running down the walls contained a high percentage of sulphuric acid; and rails had to be renewed every 3½ years.

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As designers and erectors of many types of metal structures for railways, the BICC Group maintain fully equipped laboratories to study the problems, and prevention of corrosion. Consequently, with the co-operation of British Railways the tunnel was used to conduct a series of experiments.

Two hundred specimen plates, 6-in. by 4-in., were exposed on a test rack about 200 yards inside the tunnel. Specimens of mild steel, lead, aluminium and bronzes of varying compositions, with and without protective coatings, were tested.

Over the next 18 months selected specimens were removed to the laboratories and examined.

To-day, important information obtained from these experiments is being put to good use for the future protection of railway structures.

The old Woodhead Tunnel is now closed. The line has been electrified by the BICC Group and runs through a new tunnel, recently opened.

This is typical of the work being carried out by BICC Corrosion Research Organization in their continuous search for better ways of ensuring longer life for BICC products.

BICC

CORROSION RESEARCH

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The Economist

FOUNDED 1843

AUGUST 13, 1955

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Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

Memories of a Song

It was ten years ago last week that a boisterous Parliamentary Labour party, nearly four hundred strong, celebrated its hour of greatest triumph by singing the Red Flag in the House of Commons. The anniversary may be remembered, according to temperament, with defiance or a snigger or a rueful grin. But there is one group that must remember it with especial poignancy. Among the hopeful four hundred of 1945, and among the recruits from by-elections immediately thereafter, was a sizeable band of bright young men from the universities, and many of them have remained as Labour MPs ever since.

Today this group, and particularly the economists among them, are quite obviously unhappy in their work. They are now showmen of statistics rather than makers of policy; in debate after debate they still sound clever, but rarely self-convinced. And this is not only demoralising to themselves but annihilating to the prospect of Labour recruiting a second and similar clutch; among the seventeen new Labour MPs from the last election there does not seem to have been a single addition to the brood that will cluster around Mr Gaitskell at Finance Bill time. This failure to attract a ready stream of hopefuls from the economics faculties or debating unions of the universities provides one of the most striking contrasts between Labour's fortunes in 1945 and 1955. And a little reflection suggests that it is due largely to a failure in the field which the young hopefuls of 1945 have made their especial concern: namely, the conduct of Labour's day-to-day economic argument while in Opposition in the House. The great gap which has grown up between those Labour-inclined economists of 1945 who went into the party's parliamentary ranks, and those who by the grace of God stayed outside them, can be explained by only one thing: by the difference arising from engagement in, and happy disengagement from, the tactics of parliamentary debate.

How can the gap be bridged? This is not by any means the only problem of domestic policy before Labour; but, since it is the sort of question that will not even lend itself to discussion at Margate, the beginning of this Parliamentary recess is a good time to start thinking about it. It is fairly easy to see the primary reform in tactics that is needed—easy, that is, from outside the party if not, apparently, from within it. The major tactical tragedy of the Labour party in the last four years is that it has made a hairshirt duty out of the misleading parliamentary maxim that it is the business of an Opposition to oppose. This has been very awkward for it during a period when the Conservatives have been stealing its clothes and doing most of the right things; because it has meant that the only way in which Labour could show that it was "different" has been by advocating many of the wrong things, and this has made it look ridiculous before the public and feel uneasy in itself. To the outsider perhaps the most painful sight has been that of Mr Gaitskell devoting himself to the clerkly job of drilling statistics into shapes that are supposed to make the Tories look worse than either

Mr Gaitskell or the electorate really believes them to be; but the moderate Labour MP inside the party has been even more demoralised by the knowledge that in a whole series of minor matters, from rating through cotton to certain branches of monopoly reform, the Labour party has been induced to act as the instrument of various reactionary pressure groups. And so the first need for Labour today is to stand for a policy in which it believes, whether or not the Tories inconveniently profess to believe in it as well and whether or not there seem to be a few hundred votes to be picked up by standing out against them.

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The second need, however, is obviously to think out exactly what this policy for day-to-day economic management should be. If the sole duty of an Opposition were to find a possibly sensible economic policy opposed to that of the Government of the day, then Labour should presumably be the party that declared that stability of prices was more important than maximum production; it should be the party that called for less brimfull employment in order to maintain a sound pound. But obviously Labour, if it is to be true to its traditions, cannot stand for that. It must therefore be a party, as unfortunately for it the Tories also profess to be a party, that believes in planning for maximum progress. But this involves a difficulty: for the party needs to think out afresh what planning really means.

In the last few years planning has become what Ruskin called a "chameleon word"; it has changed its colour to a disconcerting extent. The change began while Labour was still in office, and between about 1948 and the middle of 1951 the party seemed to be moving with it. The party leaders had begun to realise that it is not compulsory for Socialists to believe that Government controllers should decide in what ways people or even companies should spend and disburse whatever money the tax collector has left with them; and to realise that to subsidise certain essential goods and services that are used by rich and poor alike is a wasteful way of "planning" the redistribution of real incomes. Labour was diverted from this gradual change of policy in 1951 by two misfortunes. One was its fright at the mounting economic crisis of that year. The other, which rings a sadly familiar bell, was the desire for party unity in the face of an approaching general election and in the wake of Mr Bevan's revolt against the health service charges. But the misfortunes of 1951 now belong to history. Labour would be wise to leave them there, and to leave all 1951's sad talk about price controls and import controls and dividend controls in the same bin.

This does not mean that it should abandon planning. It means merely that it should realise that preparation for the future, not bureaucratic interference with the present, is what "planning" means now. The Tories have recently announced projects for increasing the forms of public expenditure—on education, roads, hospitals, and so forth—that will be most necessary if real incomes are to continue to increase. It will be a useful and respectable function of a planning-minded Opposition to clamour for such programmes to be given a greater priority. But useful and respectable on one condition only. The condition is that the Gaitskellites should have at least some ideas about how they would finance these programmes. And these ideas must not merely take the form of saying vaguely that if a balance of payments crisis arises from an attempt to do too much, then it can be held in check by import controls, or that the necessary money could be found by higher profits taxes or death duties or an impost on capital gains; instead, any policy put forward by the Opposition in this Parliament should be carefully balanced in terms of real resources, so that if Labour wants new demands to be put upon the economy in one section it can show how a precisely similar volume of demand would be withdrawn from somewhere else. Only thus can the Gaitskellites regain their self-respect. Only so can they talk planning and good sense at the same time.

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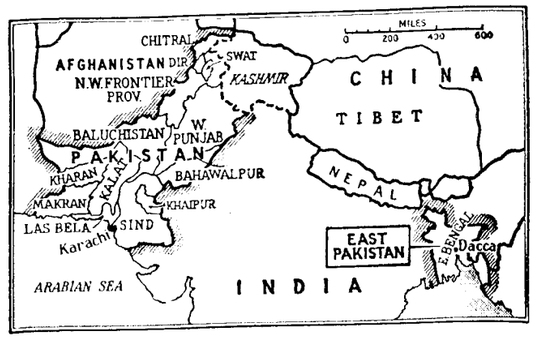
Within the Parliamentary party, several arguments may be put forward against adopting a set and stable policy in place of the present policy of wondering how best to oppose the Government at every turn. The most clamant may be that if Labour pins its policy to the achievement of a list of desirable but attainable projects, and if by any chance the Tories manage to attain them, then there will appear to be less difference than ever between the Tory and Labour parties at the next election; and for some reason it seems to be assumed that this would harm Labour's chances. But this has always been a myth. If the electorate feels unhappy with its economic lot in 1960 it will vote for Labour in any event; if it feels broadly happy with the way that things are going, then Labour's prospects will not be made the brighter the more distinctive its promises to direct them in a different way.

This is not to say that the right tactics for Labour are to study what Tory policy is and then to copy it. But it is to say that the right tactics are to decide on Labour's own objectives, and not to alter them because the Tories sometimes appear to be going along the same road. The important thing is for Labour to find some short-term economic purposes to believe in, instead of relying on and cavorting around the fact that they always have the Tories to disbelieve in. This change in Parliamentary tactics might represent only a small step towards extricating the party from its crisis of voting power. But anybody who compares Labour's happy sense of mission in 1945 with its sorry search for slickness ten years later must feel that it would represent a much bigger step towards extricating it from another and even more serious crisis—from its crisis of morale.

Pakistan Tries Again

TOMORROW the people of Pakistan will mark the eighth anniversary of the birth of their nation after a week of abrupt and confused political moves. Nevertheless, new hopes are stirring. Pakistan is not yet set on a clear and steady course, but its chances of charting one are now better, and it appears to have just scraped past one particularly threatening reef on which, only a few weeks ago, it was in danger of going aground: the final and fatal discrediting of parliamentary politics. Among the civil servants and soldiers who have done so much to uphold the young state, and have had to intervene on earlier occasions to prevent the party politicians from unleashing chaos, there was a feeling last month that yet another and more complete sweep of the board might have to be made. Now, although the exact shape of the new ministry has not emerged at the time of writing, at least it seems that the anxious officials can stay their hand. The scene is dominated by a new realism.



If Pakistan can now get on to and remain on a more even keel, the consequences will be fruitful and heartening, not only for this nation of 75 million, but also for the three communities of nations in which it has a part to play—the Commonwealth, the Islamic world, and the "Colombo" group of free nations in southern Asia. Already, through its adherence to the South-East Asia defence treaty, its link with Turkey and Iraq, and its active role at the Bandoeng conference, Pakistan has shown itself aware of its international responsibilities. But the outside world has had cause to doubt its ability to play a worthy part, and so have many Pakistanis. Both have watched with growing dismay the floundering from crisis to crisis that made 1953 and 1954 such anxious years. Economic disaster was narrowly averted, but the political scene was one of drift and disillusion, of repeated breakdown and of hope as repeatedly disappointed. The old constituent assembly, a twentieth-century "Long Parliament," strayed further and further away from reality and from public feeling, and had to be disbanded when it sought to perpetuate its right to maintain unrepresentative anarchy. The Muslim League, the nation's founder party, lost its sense of purpose, its coherence and its good name. In West Pakistan, the network of provincial and state politics became a forcing-bed for jobbery; in the eastern half of the country, Bengali separatism throve on Karachi's apparent indifference and inaction. The sordid squabbles of highly personalised politics alternated with bouts of doctrinaire disputation about the religious character of the state, while the state itself decayed.

It cannot be supposed that all these woes are finally things of the past, but the new realism promises to eliminate some of them and to cut others down to manageable proportions. A new and more representative constituent assembly is now in being, and the public is impatient for its decision on the revised draft constitution that already lies before it. The draft provides for the immediate merging into one political unit of West Pakistan's four provinces and nine princely states, a blow against both cumbrousness and corruption of the pocket-borough type; the new centralised administration for the West is ready and standing by, and the merger has been so shrewdly devised as to provoke remarkably little resistance from the politicians whom it will topple from their provincial thrones. The new constitution will also strengthen the hand of local administrative officials in a way that will undoubtedly make for more efficiency and more content in the countryside.

The Muslim League, which sprawled smotheringly across the old assembly on a scale that in no way corresponded to its loss of the confidence of the public, has been reduced to truer proportions on the political stage. At one moment this week, indeed, that outstanding rebel from it, Mr Suhrawardy, seemed to be back at the heart of things with his own well-organised Awami League party behind him and with the goodwill both of influential "independents" like Malik Feroze Khan Noon, of the Punjab, and of the civil servants who salute his ability. As Law Minister in recent months, Mr Suhrawardy has guided the drafting of the constitution and shaped the West Pakistan merger, and it will be a serious loss if he is now forced into opposition again. The eclipse of the outgoing Prime Minister, Mr Mohammed Ali, may seem a poor reward for a man who has served his country well on the international plane, and who must be given full credit for securing vital American aid during the recent critical years; but, quite apart from the confusion some of his party manoeuvres have injected into domestic politics, Mr Mohammed Ali's resignation represents another obvious move towards realism, in that he had no reliable following, either among politicians or among the public.

Moreover, his resignation and the pruning of the Muslim League opened the road to the premiership for the respected figure of Chaudhri Mohammed Ali, who, as Finance Minister, has kept the national revenues on a sound basis and has recently struck a blow, if a belated one, for realism by rescuing the Pakistan rupee from its hopeless overvaluation.

Largely thanks to Chaudhri Mohammed Ali's skilful guidance, the replacement of shadows by solid realities on the political scene has been accompanied by the achievement of a firmer economic footing for Pakistan. The spectre of famine no longer haunts the land ; substantial grain reserves are available, and another element of uncertainty will be removed if the new provisional agreement on sharing the Punjab waters holds firm, as it promises to do, and brings an end to years of dispute with India. The devaluation at the beginning of this month to parity with the Indian rupee was doubtless long overdue, but it was effected with masterly skill, and the new confidence that should prove one of its chief rewards is already evident. Natural gas is now flowing from Sui in Baluchistan to ease the fuel problem and in particular the bill for fuel imports ; the industrial expansion now proceeding and planned, partly on the basis of Sui gas, looks like taking a realistically modest shape, with, for instance, a goal of self-sufficiency in most textiles, rather than a rash gamble on large exports. Pakistanis cannot look forward to another "Korean" boom to carry their export staples skyward, but they can at the least count on a bigger rupee income from exports, and bigger customs revenue, too.

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Complacency would be premature in either the economic or the political field. Pakistan is not a naturally rich country, and it is still desperately short of first-class skilled men, both as technicians and as managers. No amount of constitutional subtlety will bring its two halves geographically closer together, and the gulf between Bengali and Punjabi, Pathan or Sindhi cannot be wholly closed by the most talented administration. But there are a few men whose vision is broad enough to look beyond inter-provincial issues ; there are men of proven integrity and judgment, Chaudhri Mohammed Ali being outstanding, who, to some extent, bridge the gap between the official ranks and party politics (although Mr Suhrawardy's presence in the new government would have helped even more to close this still dangerous gap) ; while General Iskander Mirza, the new acting Governor-General, and others cast in his mould, as civilian and humane in spirit as they are terse and vigorous in action, are at hand to provide not only an efficient machinery of state but also a safety-net which, if the parliamentary balancing act should fail again, will save the country from breaking its back.

Mr Ghulam Mohammed, who handed over his functions to General Iskander Mirza this week, was not in full health when he became Governor-General in 1951, and now withdraws from activity only after an amazing display of firm authority judiciously exercised by an invalid and of courageous orders issued in a whisper that stilled more than one political hurricane. He knows, as well as any, that Pakistan is not yet at the end of its troubles and that it cannot expect to move through calm waters, at least until full national elections have been held, a stage which can hardly be reached before the end of next year. But, as his ill-health finally compels him to relinquish his cares, Mr Ghulam Mohammed can feel that he has won for Pakistan a new chance to combine stability and freedom. Its economic fever and subsequent weakness have worked themselves out ; the veils of illusion that obscured its political path have been ripped ; and he leaves at the helm men whose mandate is to steer a steady course between the risk of stagnation and chaos on the one hand, and, on the other, that of a retreat to authoritarian rule which might be technically progressive but would not satisfy the liberal instincts shared by both leaders and led. Mr Ghulam Mohammed has done his utmost to prepare the ship for them, and a fresh breeze is in Pakistan's sails.

Town versus Country

The growth of a town population is sometimes spoken of as peculiar to England, and as generally to be deprecated. Not comprehending the new, and attached by habit to the old, men are prone to reverence what has been and still is, though it be worn out and fast running to decay, and prone to condemn the new life continually arising in society and all its consequences. Within a very short period manufactories and towns were described as scenes of profligacy and vice, and it was loudly asserted that purity and virtue were found only among agriculturists. In particular it was continually said that patriotism existed only amongst those who lived surrounded by green fields, glowing orchards, and waving crops. . . . It would have been mournful had this been the fact, but of late the very reverse has been proved beyond contradiction. Admitting even that the present views of the townspeople in relation to Russia and the war are erroneous, as a portion of our statesmen allege, there can be no doubt of their disinterestedness, and of their being entirely prompted by an inherent love of England . . . It is not a little singular, too, that the great display of patriotism on the part of the townspeople should have taken place after free trade has for several years blessed the land, which some persons denounced as sure to denationalise the people, and make them rather citizens of the world than of England. . . . A similar depreciation of the town population travelled hence over the ocean, and it was customary for the rulers of America . . . to flatter the rural population at the expense of the inhabitants of the towns. The ingenious and even wonderful industry of the town population, now become so very conspicuous, has helped, as well as the increase in their numbers, to work a great change there and here. The town population is not only becoming numerous in the States, it is gaining in honour and influence, and will determine to a commensurate extent the character and fate of their republic.

The Economist

August 11, 1855

Germany's Boom

FOR the first time since 1952, the *Bank deutscher Länder* took steps last week to tighten credit. For the last three years, every move has been in the opposite direction, and even now the action taken is far from dramatic. The discount rate has been raised from 3 per cent to 3½ per cent, more as a warning signal than because it will have much effect. A more powerful restraint will be exercised by the order to the banks to increase the interest-free reserves that they maintain with the central bank. Dr Vocke, the bank's president, cannot, like Mr Butler, count upon the bank managers voluntarily cutting their advances without some direct pressure. The German banks are doing lucrative business, charging interest at from 6 to 10 or even 12 per cent for credits to firms which are anxious to produce at all costs and take advantage of the present boom. Up to a few weeks ago, even the very cautious central bank considered that the growth of credits was not out of proportion to the expansion of business ; but this view has changed. Dr Vocke has put his finger openly on the weak spot. He has pointed out that the borrowers are still using their short-term credits for long-term purposes, as they have been doing ever since German recovery began after the currency reform of 1948. Instead of consolidating their bank debts, and raising capital by equity issues in the public market, firms prefer to rely on the banks. If they pay 7 per cent interest it is still cheaper than the 8½ per cent which it costs to secure capital from the public. Moreover, even when new issues are made, the public is not eager to buy. The banks have taken up no less than 37 per cent of the new issues in the first five months of this year, adding to the already considerable holdings which fill their portfolios.

Lack of capital is, indeed, still Germany's main weakness in comparison with Britain. In other respects, Britain's worries are shared by the Germans, but with less reason. The inflationary pressures are there, but they are not yet serious. If they were, it is certain that Dr Vocke and his colleagues would have taken action sooner, for no sterner guardian of a country's currency could be found than the *Bank deutscher Länder*. When the factors operating to increase the flow of goods on the one hand and to limit the volume of purchasing power on the other are examined, it can be seen why the German authorities are not alarmed, though they are now disquieted.

Prices have been kept down by the big increase in imports which has resulted from the internal boom, coupled with the government's liberal trade policy. In the first half of this year, while exports increased by 19.2 per cent compared with the previous year, imports went up by no less than 31 per cent. If Germany did not still maintain a high tariff and quotas on agricultural products, the flow would have been greater still. As it is, in the march towards full convertibility, the Germans have recently given another dose of liberalisation even to their dollar trade, and over 65 per cent of dollar goods (with the exception of State purchases) are now free from quota restrictions. The surplus in Germany's trade balance has gone down from 1½ billion D-marks earned in the first six months of 1954 to under DM 700 million in the same period this year. But in spite of this fall, and the various bold measures to allow freer movement of capital out of the country, the D-mark remains firm.

The increased flow of imports has had two results, both anti-inflationary. It has not only kept prices down by increasing supplies, but the volume of money in circulation, which grew with the large surplus in Germany's balance of payments, has been reduced as the gap between imports and exports has been cut in favour of imports. Since last May, too, some of the superfluous money in the country has been sterilised by the new "open market policy" adopted by the central bank. Purchasing power has also been withheld by the Federal Ministry of Finance, which is still hoarding large funds against the day—still years distant—when the government has to spend more on defence than the relatively modest sums which the occupation powers have been demanding. The taxpayer gained, but the Federal treasury has lost nothing through the generous tax cuts which were granted at the beginning of this year. The rise in the gross national product has outstripped the concessions, and cries are now heard for further cuts.

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The anti-inflationary "bull point" in Germany is the continued rise in savings. This is, of course, both cause and effect of the relative stability of prices. The level of prices is only about three points higher than in 1954, and consumer goods and food cost no more than last year, and slightly less than in 1953. The cost of living is practically the same as in the latter half of 1948, though there have been ups and downs since then, and it is feared that the rise in the cost of imported raw materials will have to be passed on to consumers. As the *Bank deutscher Länder* points out, a man who put his money into savings seven years ago would have gained 20 per cent without reckoning the vast improvement in the quality of the goods he buys. It is small wonder that the German public does not heed the Socialists' complaint that savings are constantly losing their value. On the contrary, net savings are 30 per cent higher than at the same time last year.

Wages have risen by 14 per cent in the last two years; but so far the increases have been outstripped by soaring productivity, as well as by the increase in

production. This is a phase which may, however, now be at an end and in future the rise in wages and productivity must go hand in hand. This may be possible to achieve, as German industry is reaping the benefit of the modernisation programme which is still in full swing. In the first five months of this year, production went up by 16.4 per cent compared with the same period in 1954. Steel leads the way. This year, West Germany will produce 21 million tons, or more than Britain, and plans to provide for further increases. A few years ago, for instance, the grass was growing on the destroyed and dismantled Thyssen works. Today the company is nearing an output of 1.8 million tons, and is looking forward to being once more the largest plant on the continent, with 2.4 million tons of steel to feed its new strip mills. And so the German miracle goes on.

There are, however, weak spots in this bright picture, apart from the shortage of capital. Even the Germans have not been able to perform their miracle in the Ruhr coal pits, and there is a serious shortage of home produced coal. The index of coal production is only 121 (with 1936 as the basic year), compared with 209 for industry as a whole, and productivity is low. There is a constant drift of miners to other jobs, and the Ruhr, too, is considering importing Italian labour. As a matter of long-term policy, the Germans prefer to buy American coal rather than cut their export contracts. In the circumstances, it is understandable that they are seriously worried at the fact that they are ten years behind Britain in the field of atomic energy.

It is in the Ruhr that labour trouble threatens. One of the reasons why the *Bank deutscher Länder* took action last week was because the miners and the engineering unions have both put forward new wage claims, although they had gained increases only last year. German wage claims are not based on the cost of living, but on a demand for a bigger share in the growing national cake; and the miners insist on maintaining their lead as the highest paid workers in the country. The general situation, however, still looks good compared with that in the British labour world. There have been no strikes for a year, and the unions find that there is little spirit of belligerence among the men. If the employers follow the good advice which their federation leaders give them, and grant reasonable rises without waiting for exorbitant demands, the prospects that Germany may escape the wage-price spiral are good. On the other hand, it is the scarcity of labour that has now become a major problem. The number of unemployed has dropped to little more than half a million, and full employment has been reached in a country where there were two million on the dole only a few years ago. But here, too, the position is better than in Britain, because there are still reserves among the remaining unemployed, and among the women, who resist work outside the home until the last.

Labour will prove the worst shortage when orders for barracks and defence eventually hit a strained market. That time, however, is still far off. The tempo of German rearmament will be slow and no great volume of orders will be placed until 1957. On one cardinal point all Germany's economic and business leaders are united: it is that rearmament shall not be allowed to endanger the currency in any way whatever.

The Repressed English?

SOME twenty years ago there was published a delicious picture-book called "Foreigners," which, rather in the manner of "1066 and All That," showed us what we all knew already about its subject; that Belgians, for instance, are little and gallant and eat horse, that Germans are sentimental, militaristic and inclined to commit suicide at school, that Negroes have sunny childlike natures and carry razors, and so forth. Not impossibly, the authors meant their gallery of national stereotypes to edify as well as to amuse. For the national stereotype was already a Bad Thing, recognised as a barrier to mutual understanding and co-operation; indeed, in those distant days, the enlightened view was that not only national stereotypes but national characters themselves were a myth, and that a brisk mixing and stirring of nationalities, preferably in youth hostels, summer schools, and the like, would always reveal an essential likeness on which a worldwide solidarity could reliably rest. Today, what with anthropology, sociology, and the hard facts of a wartime and postwar experience which has included plenty of brisk mixing and stirring of nationalities, the idea of national character has regained respectability as a force to be reckoned with. It finds its way into books about national politics, and into treatises on co-existence and the cold war.

Among the nations that have been waiting for authoritative analysis have been the English themselves; and nobody seemed a more obvious choice for the job of analyst than Mr Geoffrey Gorer, who has had an outstanding success with his American and Russian character-studies. But Mr Gorer was properly wary of turning his eye on his own countrymen. He was an old enough hand at the game to know that the face-to-face contacts that had served abroad simply would not do at home; and the alternative line of inquiry, by questionnaire, was prohibitively costly in time and money. When, however, the editor of *The People* offered to carry the expense both of printing and distributing questionnaires and of tabulating results,

Mr Gorer seized the chance. The result is a fat and fascinating volume*—as good a holiday book as "Foreigners" itself, and hardly less interesting as an illustration of an increasingly popular technique of social inquiry than as a searchlight on its subject. It deserves to be looked at critically in both these respects.

Mr Gorer began with a healthy determination to get his sample representative, and to cross-check it where possible. Perfection could not be hoped for. At one end of the scale the sample excluded virtually the whole of the small but influential (just how influential?) upper-class, high-administration-and-professional group; a group which neither reads *The People* nor, unless at the student stage, answers intimate questionnaires. At the other end, it excluded the rather larger group to whom questionnaires present too tough a test of literacy and perseverance. Mr Gorer frankly acknowledges as much. He does not acknowledge, however, the selective action, closely related to character, of the personal-question technique; the sifting, through every grade of social status and income, of those people who would love to appear on Mr Wilfred Pickles's programme from those who would run a long way on a hot day to avoid that experience. Only the first group, almost by definition, is here analysed. And its very size affords the biggest surprise of the inquiry. Mr Gorer's appeal, through *The People*, got an overwhelming response, and an unprecedented proportion of those receiving questionnaires filled them in, confessing between them, in the process, to every crime in the calendar except, says Mr Gorer, murder, simony and barratry. One stereotype, at any rate, went overboard: that of the withdrawn and reticent Englishman.

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To this large but at least somewhat skewed sample, Mr Gorer applied several working assumptions; the most important being that "the central problem for the understanding of the English character is the problem of aggression." This does not mean that Mr Gorer was initially doubtful of the reputation of the English for gentle, orderly and forbearing conduct; it meant precisely the opposite. "The control of aggression," he said, "when carried to such remarkable lengths . . . calls for an explanation." For the English, up to the mid-nineteenth century, were not gentle at all. Their amusements were brutal, their crimes and the repression of these crimes were brutal, brutality and violence coloured all their social relations. In the last century all this has changed. Why? Are destructive impulses vented behind closed doors, dissipated in fantasy, turned inwards in self-punishment, or have they just disappeared? Mr Gorer "framed a number of questions whose replies gave an opportunity for expressing aggression or attitudes towards it." Another set tested the assumption that "English people are shy and afraid of strangers, and consequently very lonely"—a proposition linked, psychologically, with the first; and a third set converged on the question of "high moral standards" and their formation in the young—again with special reference to the control of aggression and to punishment and sanctions. A hypothesis, rather than an assumption, is tested by the question: "What do you think of the police?"—the hypothesis being that the policeman is virtually the Englishman's superego.

The questionnaire yielded Mr Gorer few surprises after the initial shock of his correspondents' enthusiasm and frankness. The police were even more popular than he expected; loneliness was even more widespread; above all, concern with aggression and its control stood out triumphantly. The high value set on marriage, the low value set on sex (except negatively, as a source of trouble), the extreme haziness or absence of religious belief among over half the respondents, coupled with superstition concerning mascots, lucky numbers, horoscopes; the accent on "fairness"; all these were much as expected. From this material and from that concerned with daily life, recreation and social contacts, there emerges a fairly uniform and decidedly dreary picture of a society in which most people's vital forces are so concentrated on restraining their aggressive urges that little is left for anything else—except in wartime, when aggression, legitimately canalised, can produce an outburst of energy astonishing to friend and foe alike.

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Such, then, is Mr Gorer's analysis of the English. On the evidence of this particular questionnaire, it seems depressingly convincing. But in an age when social studies based on questionnaires, from Kinseys to the commercial world, are gaining in popularity and use, the technique illustrated by this study deserves a close examination. Would a differently framed set of questions about the English character, or one concerned with different topics, yield a similar result? Mr Gorer does not always avoid, in his concern with aggression, questions of the "have you stopped beating your wife?" variety; no one could fill up the section dealing with the upbringing of children without appearing obsessed with the notions of discipline, misbehaviour and punishment. And about the character of the Englishman as shown in his economic life (solidarity, competition, ambition and its lack; attitudes to workmates, superiors, subordinates, customers), one is left to wonder uninformed—as also about those favourite old stereotypes which depict the Englishman as incurably distrustful of general ideas, as snobbish, as hypocritical, or, for that matter, as admirably free from neurotic anxieties. No practicable questionnaire, of course, could cover all these topics; moreover, the best of partial questionnaires must classify any responses other than "yes" or

* "Exploring English Character" By Geoffrey Gorer. Cresset Press. Completed Edition: 490 pages, 63s.

"no" on the principle that "cats is dogs and rabbits is dogs, but this 'ere tortoise is a hinsect." The instrument is, in fact, a blunt one.

And ahead, if this technique is to spread further, there lies another, more subtle pitfall. In the light of psychological knowledge questions can be framed so as to yield information quite different from that ostensibly sought—on social and political attitudes, and on personality traits, which the respondents would not dream of revealing voluntarily. The ethics of this technique are dubious; its expediency, in a democracy where social surveys are expected to be a permanently useful auxiliary guide to policy, is dubious too—since one likely reaction of anyone made aware of it is to vow never to fill in any questionnaire whatever except under legal penalty, and another is to take on the psychological snooper at his own game. One remembers the delightful story of the Mass Observers who, having spent a long day asking the inhabitants of Twickenham—or was it Chiswick?—for their views on the "most important thing in life" returned with the virtually unanimous answer: "Minding one's own business." The questionnaire is not only a partial and a blunt instrument; it is one likely, when over-used, to bend and break in the user's hand. Mr Gorer sins little in this last respect; and the casual reader, if not always the respondent, will be inclined to forgive him where he sins at all. But do not let us use surveys of this kind too frequently and seriously for making judgments about social policy, please.

Notes of the Week

Picnics and Prisoners

It would be particularly difficult, this week, to explain the workings of human society to any visitor from outer space who might drop in (not unreasonably) to ask us to call off our rockets. At Geneva he would see the world's scientists engaged in a frank and free conference about a form of energy which, if their chairman is to be believed, is all that stands between our great-grandchildren and the paralysis of civilisation; and he might note that the first visible by-product of this coming together of a critical mass of intellect was some 200 tons of mimeographed paper. But on his way down through the earth's atmosphere he might also have picked up radiation from the latest atomic blast in Siberia, and he would hear, too, of Marshal Bulganin's gentle jest, which seems to have had the Supreme Soviet in stitches, about the ease with which one can hide anything in a large country.

Our visitor would note Gatt's new report of a record value in total world trade, and, learning also that coal was being shipped to Newcastle and food imported on a large scale by Eastern Europe, might be tempted to link these facts together; but he might see less consistency between the Czech Communists' current drive to suppress "kulaks" and the way Soviet agricultural experts have been eagerly consulting the "kulaks" of Iowa. It would take some time to explain to him why Mr Krishna Menon was asking for American mediation over Goa and why the Americans were not asking for Mr Menon's mediation over Chinese students.

The sight of sixty gentlemen from Detroit flying to San Marino to vote the Communist bosses of that tiny entity out of office would puzzle him as much as that of a Russian visitor to the prairies wearing a Sioux headdress. If he had been tipped off that Dr Rhee and General Chiang were puppets of western imperialism, his eyebrows would rise at the news of Chinese Nationalists firing on British ships and of South Korean firebrands mobbing American soldiers who were protecting Communist officials from their anger. It could, of course, be put to him that this is the annual "silly season," when night editors grope desperately for a front-page lead and the Moscow press has even been forced to record a Soviet airline crash. Even so, Monday's newspapers would surely have stumped him, with their reports, in adjoining columns, of Marshal Bulganin's *fête champêtre* on a Tsarist estate and of the merciless treatment endured by eleven American airmen ever since they were shot down over Korea in January, 1953.

It is sincerely to be hoped that Moscow will keep its promise of further social occasions of last Sunday's type (though boar hunts, which have unfortunate associations, should be avoided). But it should be kept clearly in mind that top-level bears' picnics are no substitute for the free human contacts and free movement across frontiers which ordinary inhabitants of the Communist world are still denied. And the Soviet rulers will do well to remember that, however boisterously they frisk and frolic, they cannot altogether blind the eyes of people living in free countries to the grimmer realities symbolised by the unfortunate American airmen.

Bulganin in Weekday Mood

The Supreme Soviet dutifully met last week to endorse the official Russian report on the Geneva conference. This provided Marshal Bulganin with an opportunity to

give yet another performance in friendly intransigence and to dot all the i's of Soviet policy. Once again he was most complimentary about his partners at the Geneva conference table and emphasised the importance of such a meeting being held for the first time since Potsdam. That it could be held at all was, he insisted, largely due to the efforts of the Soviet Union, which "particularly during the last eighteen months or two years . . . took steps to ease international tension." The dig at Stalin, and possibly at Beria, was scarcely disguised.

After a bow to the "neutrals"—a salute to "Comrade Tito" and to Mr Nehru—Marshal Bulganin courteously but firmly came to the heart of the matter. He explained briefly that the Russians did not go to Geneva to intervene in the affairs of independent countries (that is, the satellites) or to discuss the affairs of political parties (that is, Communist agitation and subversion in the West). Yet it was on Germany that he was most frank, dispelling all illusions, if any were still left after Geneva, that the Russians are now willing to sacrifice the East German regime. "The Germany of today," he said, "is not the Germany of ten years ago . . . the working people of the German Democratic Republic understandably declare that they cannot place in jeopardy the gains they have made."

The pledge to the East German rulers could hardly have been made in clearer terms, and this basic disagreement on the crucial question of Germany remains the essential message from Geneva. With the public mind full of the weekend's sporting contests between Spartak and Wolves, or Mr Bohlen and Mr Mikoyan, it seems almost bad manners to probe the contents of Soviet declarations. But it seems wiser to read the message from the Supreme Soviet now than to wake up with the feeling of the morning after the party when the foreign ministers meet again in Geneva at the end of October.

Making Out the Wages Bill

Wages are very much on the boil. At almost every union conference this summer, the formulation of a new claim has been a matter of course. The latest conference to meet, and therefore to decide on a claim, is that of the Confederation of Shipbuilding and Engineering Unions, which comprises over 3,000,000 workers in 39 unions. This year it demands a "substantial" wage increase, a working week reduced from 44 to 40 hours, and three instead of two weeks' holiday with pay. The call for a shorter working week seems to spring from mixed motives. The Confederation apparently wants to cut down the amount of overtime which any worker will be allowed to do; this could be the beginning of a restrictive practice with serious consequences for production. Fortunately, some of the workers on the factory floors may have different views; their interpretation of the demand for a shorter working week was that it would mean more pay at overtime rates.

To judge by former years it will be a few weeks before the confederation's wage claim is formally presented, and it will probably not be finally settled until early next year. How the employers will react to this demand for something like an extra £100 million a year is difficult to judge from past form. They rejected without counter offer the 1953 claim for a 15 per cent increase, and a strike was narrowly averted by a court of inquiry followed by a settlement which ranged round the "seven shilling standard" that was the norm for that year. The 1954 claim, on the other hand, went through smoothly; the settlement last April gave an extra 11s. for skilled workers, compared with 15s. claimed, and proportionate increases for others.

Many other unions are jostling in the wages queue. The Amalgamated Woodworkers talk of a demand for an extra 4d. an hour, but they are to concert their claim with the National Federation of Building Trades Operatives. The National Union of Railwaymen, learning from recent history, is to try to co-ordinate its new claims with the other railway unions—which are unlikely to accept the invitation. The Mineworkers and groups within the Transport and General Workers' Union will also ask for more. All this follows news that in the first six months of this year some 10,400,000 workers received pay increases compared with 7,100,000 in the first half of 1954, adding £4,100,000 a week to the national wage bill compared with £2,300,000 a week in 1954. Most of the demands being formulated now, if granted, will show up first in the figures for the first half of 1956; they seem to be even more widespread, and where specified rather higher, than those formulated a year ago. The failure of some recent strikes has clearly not stemmed the pressure behind the spiral. On a long view, this may be the worst economic news of the year.

Limits of Equal Pay

One of the most interesting wage demands that is waiting to be fought out is that of the shop workers, who last April resolved to ask for an extra 15s. a week and also for equal pay for women. This claim has not yet been presented, lest it should follow too closely on the last increase. But when it is, the demand for equal pay, or even for a gradual approach to it, is likely to be strongly resisted by the employers. Many firms in the retail trades—especially the larger ones—recruit men and women at a different educational standard, and pay accordingly. In doing so they take it for granted that among the male recruits are their future managers, whereas the turnover of female staff is likely to be very rapid. It is usually only in responsible posts—buyers and upwards—that they are prepared to consider equal pay. The employers can also argue that an identical pay schedule for nominal grades does not mean equal pay for equal work, since men are employed where physical strength is needed.

If it is hard to establish equal pay in the retail trades, where a majority of workers are women, in what other industry is it likely to come now that the gradual approach to it in the civil service is officially under way? This is the kind of question that is considered in a pamphlet by Miss E. Marjorie Harris in the series of Occasional Papers published by the Institute of Personnel Management—rather tentatively considered, for on the most interesting questions Miss Harris is content to put forward the miscellaneous views advanced in a discussion. The teachers have already, of course, won the right to march forward with the civil service, and for other employees of local authorities it is no doubt only a matter of time. (Most local employees

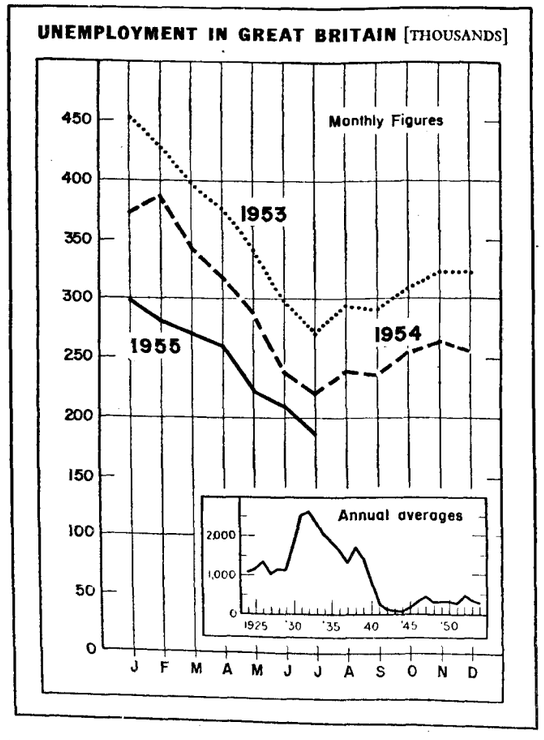
already get equal pay if their salaries are over £800 a year; and the London County Council has given it for all grades since 1952, and for administrative grades since 1926). The public corporations are expected to follow suit. But in industry, outside clerical and administrative grades, the spread of equal pay is likely to be very slow—in spite of the blessing of the TUC and the support of the Amalgamated Engineering Union. Usually it is irrelevant since men and women do different work. In industry, the usual ratio of women's pay to men's is not the four-fifths which caused such pain and grief in the civil service and the teaching profession, but just about half.

Newsreels Only

THE arrangements for televising this year's party conferences are disappointingly cautious. There is, in fact, to be no televising in the true sense of the word. All that viewers will be given is a half hour programme in the evening, and only part of this will be devoted to showing extracts from the day's proceedings. This is no more than was given of the Tory conference last year; while that was perhaps reasonable as a first nervous attempt, something more ambitious was looked for this year. But the Tories have chosen simply to repeat the formula, and Labour has screwed up its courage only to the point of agreeing to have this treatment on one day.

The rock on which the BBC's hopes for live broadcasts seems to have foundered is that, as the television service must plan well in advance, the BBC would need to settle on certain fixed times for viewing. This is what terrifies the parties; they would have no guarantee that the cameras would not catch them at their worst—Labour at its most chaotic, the Tories at their most smug. The evening summaries, however objectively prepared, must inevitably concentrate on the speeches of the party leaders; and with these extracts sandwiched between commentaries and interviews, the parties will be getting some reasonably favourable free publicity, while the viewer will get a distinctly false impression.

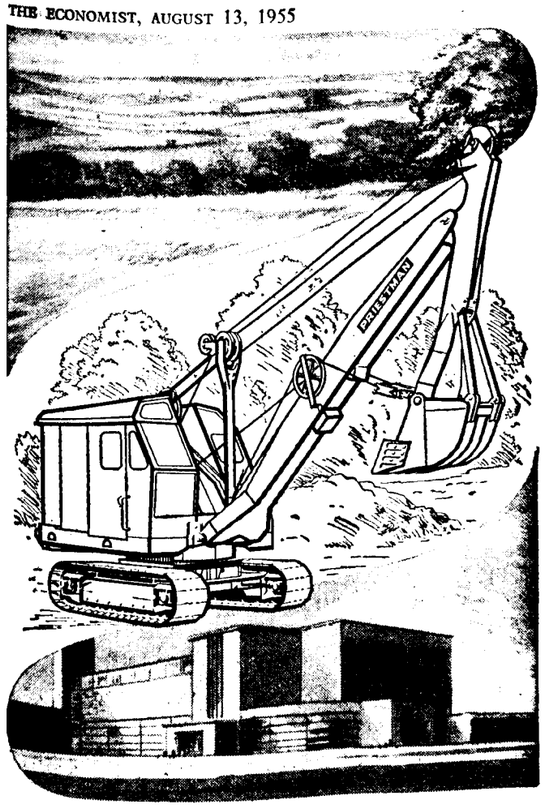
One fascinating feature of this system of glorified newsreel coverage, however, will be to see how the BBC manages the fourteen-day rule—or rather the other half of this double-headed hydra, the rule against MPs broadcasting about issues that are the subject of legislation. There is now a Road Traffic Bill before Parliament. Will the BBC have to edit any speech by the Minister of Transport so as to cut out any reference to the Bill? Will it find itself in the position of having to cut the speeches of Ministers and MPs but being free, if it wishes, to relay what it likes of the speech of the chairman of the Mudborough Young Conservatives? The BBC seems to have a chance of censoring the party leaders with their own blue pencil.



The Year of the Mushroom Cloud

TEN years ago, two atomic bombs levelled Hiroshima and Nagasaki to the ground. This anniversary has been marked variously throughout the world. In Hiroshima the citizens have bowed before their curious memorial arch, saying that the "mistake" will not be repeated—a sinister formula which may signify either that men will stay at peace or that Japan will not be on the losing side in future. In Nagasaki, tourists are guided to a plain wooden pillar marking "ground zero"—the centre of the explosion—and are urged to smile as photographers take souvenir pictures. In Geneva, representatives of seventy-two nations, gathered to discuss peaceful uses of nuclear energy, are admiring, at a safe distance, the bluish glow emanating from an American reactor. In a few specialised hospitals, victims of radiation sickness or atomic burns are either dying in slow and new ways or being treated by plastic surgeons at the expense of the United States.

But Hiroshima and Nagasaki are more than reconstructed memories; they remain political symbols in the propaganda war still being waged from behind the iron curtain. The argument put forward by *Pravda* would have it that there was no military need for the use of atomic bombs in the first place. On one level, this is a question that has obsessed the consciences of many of the great scientists who made the bomb possible, but as used in Russian propaganda, it is an attempt to whip up Asian nationalism against the West. The same is true of the mass rallies held in Peking, Pyongyang and Hanoi supporting the "Hiroshima Conference Against Nuclear Weapons." Much was heard there about the sins of the United States, but nothing of Soviet nuclear tests, the most recent of which appears to have taken place after the "summit" conference. The "World Peace Council," which proposes to make August 6th an "international day of struggle against atomic-war preparations," remains reluctant to examine honestly where the threat of war has



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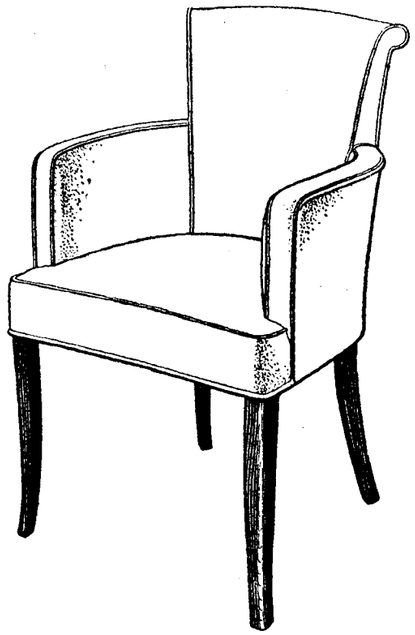

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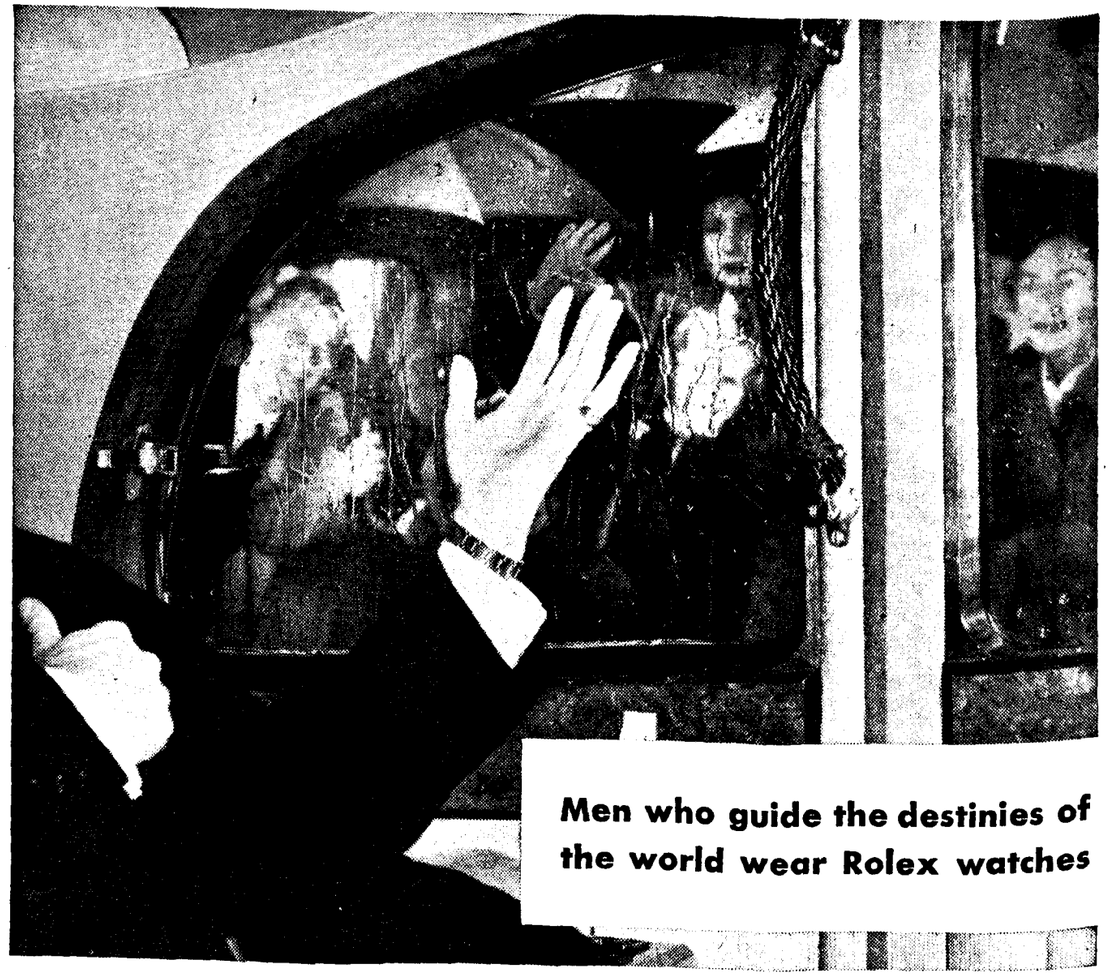

Men who guide the destinies of the world wear Rolex watches

NEVER before have the great men of the age been so well known to their contemporaries as today. News of almost all their words and actions is flashed round the world in seconds. Their faces and voices are made daily familiar to us in newspaper photographs, on the radio, in films and on television. We are intensely aware not only of their importance but also of their personalities. Their impact is enormous on us as well as on world events.

It would not be fitting to name them here, for they include royalty, the heads of states, great statesmen and service chiefs. But there is one unusual thing we invite you to look at when you next see them or their pictures—the watch on their wrists. That watch will most likely bear the name of Rolex of Geneva.

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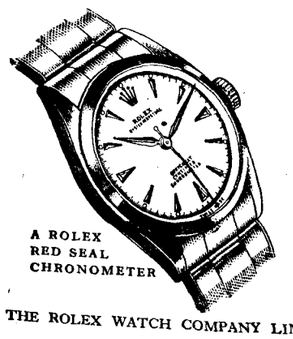

A ROLEX RED SEAL CHRONOMETER

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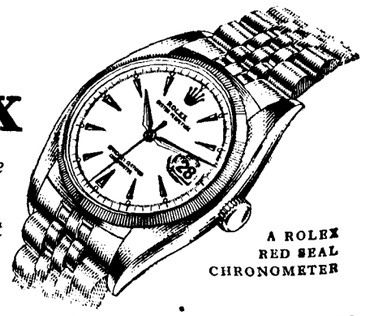

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come from in recent years, and its leaders have publicly jibbed at Lord Russell's earnest warning of the threat to civilisation itself involved in modern war. The Russians who came to London for last week's meeting of scientists and parliamentarians insisted that this warning should be watered down. How long will it take for the high priests in Moscow to accept the grim reality of our age in public, as they *already* seem to do behind their hands? And when will Asian opinion remember who started the war which ended at Nagasaki?

A New Socialist International?

DURING the past week the Jugoslavs have been explaining *their ideas on the future* relations between their own and other Communist parties, particularly the Soviet. Marshal Tito has told some American students that since Jugoslavia was co-operating with other socialist parties all over the world it could not be expected to refrain from co-operation with the Soviet Communist party on matters "of mutual interest"; but he added that there could be no question of any party dominating or subjugating another. In Moscow, Mr Bakaric, the leader of the Jugoslav parliamentary delegation, introduced a similar note of caution into the effusive cordiality with which he and his colleagues have been surrounded; he said it could not be denied that the "tragic days" after May, 1948, had left their mark and that the new relations between Jugoslavia and Russia "will not be like the old ones."

Finally, a leading Jugoslav theoretician, Mr Vlahovic, has published an article in which he deplores the errors that have crept into Marxist thought—in particular that there can be only one true source of Marxist doctrine—and suggests that the Cominform should be replaced by a new socialist international organisation based on the principle of "the inequality of socialist development"; within this organisation all shades of socialist opinion could develop freely and there would be no "hegemonistic ulterior motives." In short, the Jugoslavs are ready for friendly co-operation with the Soviet Communist party on their own terms—and their terms are, in theory, well-chosen; for a new socialist international on the lines laid down by Mr Vlahovic would allow the Jugoslavs the maximum opportunities for fertilising the satellite Communist parties with their own ideas while minimising the risk that they would be dragged into embarrassingly close relations with the Soviet Communist party. But would the Russians play the game? They might well dissolve the Cominform; such a gesture need not have the slightest effect either on their control over other Communist parties or on their grip on eastern Europe. It is, however, hard to believe that they would really fall in with the rest of the Jugoslav proposals, since these imply a genuine loosening of Russia's hold on its satellites.

Marshal Tito seems to think otherwise. He has expressed the view that the present Soviet leaders have changed their approach to Eastern Europe, and that it is the attitude of some of the satellite leaders, not of Moscow, that is causing difficulties. The half-hearted apologies made by Mr Rakosi to the Jugoslavs this week only served to confirm Marshal Tito's views about the attitude of some satellite leaders; but there is as yet no convincing evidence that he is right about the men in Moscow.

Miners' Curtain

IT seems to be sadly probable that the Italian miners are not going to be allowed into the mining villages, at any rate not into those areas where foreign workers are most needed. The interesting thing about this coal miners' curtain is the range of the excuses that are being offered for it. One union official has said that his branch is not convinced that the recruitment of foreign miners would lead to an increasee in production; this is flat nonsense. Another apologist has declared that the miners are merely intent on keeping up the demand price for their labour, and that it ill behoves people who believe in the laws of supply and demand to criticise them; this one came from a leading Labour columnist who, if a manufacturer tried to keep up the demand price for his product by blocking foreign supplies, would quite rightly criticise him to the full. A third argument is that safety in the mines might be impaired by language barriers; this is the nearest approach yet to a reasonable argument, but as miners of several different nationalities work together abroad without any increase in accident rates it does not hold much water. The real reason for the closed door in the mining villages is racial prejudice. It is significant that the miners do not object so much to Austrians, who are more Nordic types than Italians and physically not unlike themselves.

Racial prejudice is a nasty thing wherever it appears, and it is not made any less nasty by the fact that it is a common human failing. The Coal Board, the miners' leaders and the general public are unlikely to be able to do much about its manifestation in this instance. But nobody, and least of all those of left wing and liberal persuasions, should mutter any excuses about it. A sense of national *apartheid* in Yorkshire is an evil in itself, quite apart from the harm that it seems likely to do to the economy of the country.

A Healthier Agriculture

THE official June returns reveal sharp and rather surprising changes in the pattern of agriculture in England and Wales; and they are much more welcome changes than they may at first sight appear. Compared with a year ago, there are 470,000 fewer acres under wheat and the total acreage under crops is down by 5 per cent. There are also 5 per cent less pigs and 14 per cent less breeding sows—an indication of a further dip coming in the pig cycle. There is a decrease among dairy cows, but increases of sheep and lambs and a small increase among beef types of cattle. Most significantly of all, there is a drop of almost 5 per cent in the number of regular full-time workers.

All these figures suggest that British agriculture is revert-

ing towards its traditional pattern after a period of abnormal stimulus. The ratio of livestock output to crop output is coming closer to the prewar level, as the area under crops continues to decline. Among livestock enterprises, those that received special and unwise Government bounties—pigs and milk—are dropping back. These developments do not mean that agriculture is in a state of decay. Farmers are taking the plough round their fields much more than before the war, and securing much higher yields from crops and livestock. Temporarily, agricultural output is likely to decline; but this is a necessary step in moving to a sounder basis from which expansion, so long as it results from increased efficiency, will again become possible. If the Government is wise, it can harness these natural trends to good advantage.

Civil Servants' Rise

THE Chancellor's drive against inflation received an unexpected setback last week when the Civil Service Arbitration Tribunal made pay awards that will cost the Treasury some £15 million a year. The beneficiaries are the 400,000 civil servants earning less than £1,500 a year and some 190,000 Post Office workers. The award is a shock to the Treasury because it had thought that the two arguments it had rehearsed before the tribunal would suffice to stonewall the whole claim. In the first place, the Treasury said that the staff were breaking an undertaking which they made last November (when a pay supplement retrospective to July, 1954, was agreed) that they would not come back for more "in the absence of major economic changes." Secondly, the Treasury argued that an increase now would undermine and delay the deliberations of the Royal Commission on the pay and conditions in the service, whose report is expected in November; and that increases based on the present pay structure might seem inappropriate when the commission's report appeared.

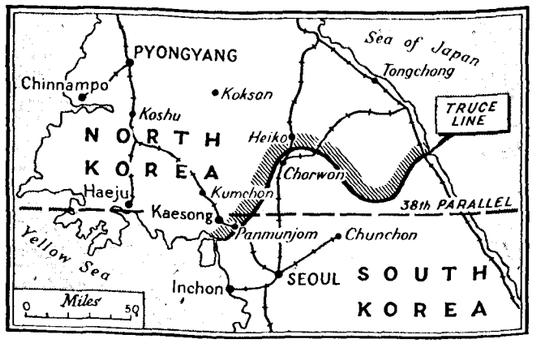
The case seems to have been argued mainly on the first point—whether major economic changes have occurred in the last eight months. The tribunal's answer is not yet available in full, but it presumably decided that recent large increases in wage rates outside the civil service must be counted as such a major change. There is statistical justification for this. Since January, 1953, when the last class-by-class increases to basic pay were made, weekly wage rates outside the civil service have risen by 13 per cent; by contrast, two supplements have increased civil service pay by an average of only 9 per cent, even including last week's award (which averages 5 per cent). And this is to say nothing of the fact that the service lost ground between 1947 and 1953, when it exercised more wage restraint than most people.

The award just announced will not be the total bill. Administrative civil servants over the rank of principal have not had an increase for two and a half years, but since they have most to hope from the Royal Commission they will not make their claim until its report is published. When to all this is added the £1.8 million that must be paid this year to give women civil servants their first instalment of equal pay, the rising cost of the civil service begins to look

formidable. Mr Butler seems unlikely to have any "administrative economies" to show in his budget accounts next year, and this may provide another goad for his drive to find economies elsewhere.

Uncalm Morning After in Korea

DR SYNGMAN RHEE has been breathing fire again, and the flames look all the more lurid against the background of blue skies which have prevailed since the "summit" conference. It is not surprising that there is an air of weary exasperation about the western reactions. American soldiers have had to bear the brunt of the demonstrations by South Korean mobs against the Neutral Nations Supervisory Commission, and these attacks make splendid propaganda for the Communists, who are enabled to pose as loyal upholders of the armistice arrangements. The Communists will also make much of the fact that, while the Seoul government is threatening to break the truce in order to expel them from the territory around Kaesong, it makes no mention of the much larger area north of the 38th parallel which the South Koreans occupy at the other end of the armistice line. To their responsibility for protecting the members of the supervisory commission



the United Nations forces will now have to add the duty of keeping a strict control over the petrol and transport of the South Korean forces, lest Dr Rhee should try to put his threats into effect. It is an unenviable position for an ally to be in.

The South Korean allegations against the Polish and Czech members of the supervisory commission are by no means unjustified. Last month the United Nations Command complained about the appearance of jet aircraft in North Korea in contravention of the armistice, which had been possible only because the Poles and Czechs were in collusion with the Communist authorities, and in January both the Swedes and the Swiss suggested that the commission be dissolved. Indeed, there is a fundamental absurdity about a body in which two genuinely neutral countries are matched with two Communist ones, without even a chairman to decide between them. But, however imperfect the commission is, it does impose a certain inhibition on the Communists, inasmuch as the Swedish and Swiss members of the teams in North Korea would be

likely to notice any really large-scale preparations for war and, if war came, would certainly be able to tell the world which side was guilty of aggression. Unless and until a more truly neutral commission can be devised, the present one should continue *faute de mieux*; and the discrepancies between the armistice line and the 38th parallel, annoying though they are to South Korean pride, are a matter for peace talks rather than unilateral action, which could certainly not be confined to the small stretch of territory at issue. Dr Rhee may fear that his allies' "Geneva mood" means that they will desert him; his fire-eating act may be no more serious than earlier ones have proved, and he may merely be manœuvring for fresh assurances. But it is high time the veteran president learnt that this is the wrong way to get them.

Burma's Scruples

BURMA'S economic difficulties are daily becoming more acute. Reserves of foreign exchange, which have been steadily draining away for the past fifteen months, are now less than £30 million—barely sufficient to pay for six months' imports. And there is as yet little sign that the drastic action taken last March to cut the volume of imports is having the desired effect. Indeed, there are reports from Rangoon that the government is considering further steps to deal with the situation, though later on the bigger sales of rice that have been made this year should bring welcome relief to the balance of payments.

The nub of Burma's problem is rice, exports of which provide the country with about 80 per cent of its earnings of foreign currencies. But in the past two years rice production the world over has been soaring, and Burma, the whole of whose rice is sold through the state agricultural marketing board, has had the utmost difficulty in disposing of its stocks. Price has been partly responsible. Most of Burma's rice is sold on long-term government contract, and frequently this has led to Burmese rice being more expensive than that available from other rice-exporting countries. The other, more intractable side of the problem is the shrinking of markets owing to increased production in the countries, like India, which formerly were large importers of Burmese rice. The answer here consists of either finding new markets, which Burma is actively exploring, or turning over to other forms of production. This latter is a keystone of government policy and vigorous efforts are being made to develop not only other crops and resources but also industry.

But Burma, along with all the other underdeveloped countries, lacks capital. It is all the more surprising, therefore, that, notwithstanding the urgency of the present situation, the government is having qualms about seeking further foreign aid. Apparently the Burmese government wants to raise a loan overseas, but, for fear of infringing its policy of strict impartiality between the Eastern and Western blocs, it is looking to "neutral" countries such as Jugoslavia and India—neither of which, be it noted, have any hesitation themselves in accepting economic assistance from the West—for help. Two years ago the Burmese virtuously declined to take any further economic aid from the Americans; but the 2,000 beggars who held a national conference in Rangoon recently might have told their government that the poor cannot afford to be too choosey.

On Getting Out of China

SINCE last year's Geneva conference a noticeable improvement has taken place in the treatment of British firms which have long been trying to liquidate their interests in China. The chapter of Britain's commercial activity in China, which extends back several centuries, is now in effect closed. Recently the firm of Jardine Matheson, one of the oldest British firms trading in China, announced that it had extricated its last representative, thus bringing its business inside that country to an end.

Many of the "old China hands" have endured a long and cruel ordeal which started as long ago as the Japanese occupation of Shanghai and the treaty ports. Conditions again rapidly became intolerable after the Chinese Communists swept south in 1949. Some of the difficulties the foreign firms then faced are widely known: the Communists demanded extortionate taxes; managers had to take orders from the workers, and some were forced to make degrading self-criticisms in front of their staff; wages in foreign-owned firms were forced up to a level at which production was a pure loss, yet they were not allowed to close down. But justifiable fears of reprisals against staff still left in China long prevented the full catalogue of Communist iniquities being made public. Earlier this year the chairman of the British-American Tobacco Company felt able to reveal some of his company's experiences in trying to extricate themselves from China. The Communists agreed to take over the business; but by simply writing down the assets and writing up the liabilities, in which taxes and other claims figured heavily, they not only got several fully-equipped factories for nothing, but actually demanded a further payment in cash by the company. Meanwhile, they held the company to ransom by withholding exit permits from its British staff.

In the mood of optimism that now exists, there may be a tendency to draw the sponge across episodes like these. Even the "old China hands" are now willing to start again on a new basis. Their resilience is to be applauded; but, in adapting themselves to the new circumstances, will they and other businessmen forget altogether the lessons of the past?

The Farmer's GP

AT least one postwar experiment in British farming seems to be working quite well. A progress report on the National Agricultural Advisory Service* gives an encouraging picture of achievement since the service's inception as a national organisation only eight years ago. The report notes an increasing willingness of farmers to call in

* Report on the National Agricultural Advisory Service, 1946-54. HMSO. 3s. 6d.

skilled advice, which is partly the cause and partly the consequence of the general improvement in farming standards. The service has also worked hard to build a bridge between scientific research and farmers' problems in the field; the new experimental husbandry farms and horticultural stations are proving their value in this respect.

Nevertheless, some important problems remain. The key figure in the advisory service is the district officer, who usually has about a thousand farmers in his area. He is backed by numerous specialists operating at the county and regional levels; and, like the GP in medicine, he must have a broad enough knowledge to call them in as needed, while sticking to his main task of establishing close contacts with individual farmers. His main problem is that it is still the better farmers who seek advice rather than the mediocre ones who need it more and who are also of course more numerous.

There have been allegations that mediocre farmers are scared off by the close link between the advisory service and the county and district agricultural committees, which can discipline inefficient farmers. The report does not support this view, emphasising rather that the committee members are mostly working farmers and are invaluable in widening the contacts of the advisory officers. But it does point out that the considerable routine work that the officers have to undertake on behalf of the committees reduces the time they can give to their prime function. This drawback is increased by the fact that, owing to Government economies in recent years, the advisory service is still below its full intended strength. These facts increase the desirability of cutting out the coercive powers of the committees, which make little real difference to farming efficiency, and of harnessing the committees much more closely to the useful work of the advisory service.

Costing for Hospitals?

It is to be hoped that the Minister of Health will not accept too readily the recommendations of the working party on hospital costing (HMSO 2s.). The present annual returns, purporting to show the cost of maintaining an in-patient for a week, are certainly far from ideal; and their defects, particularly their failure to separate the expenditure on out-patients, do not allow valid comparisons of costs to be made between one hospital and another. But for the Minister of Health to plunge into unit costing might be to put the cart before the horse.

The working party does not, it is true, suggest a wholesale adoption of full departmental costing. To begin with, its "main scheme" would be introduced into all hospitals whose net expenditure is £150,000 a year or more—this would apply to about 200 hospitals. For other hospitals, the working party has devised a much simpler scheme based on the existing analysis of expenditure under subject headings. All hospitals would, indeed, continue the existing system in addition to whichever of the costing schemes they might be told to adopt; and budgeting for the hospital service would, as now, be based on this subjective analysis, for the working party decided that a departmental costing system should not be used as an aid to the central distribution of funds.

What value, then, would the introduction of departmental costing have? The working party's answer is that it would enable comparisons to be made—locally and regionally—and enable individual managements to make prompt investigations into their own hospitals' costs. On this, however, two members of the working party make the pertinent comment that, at extra expense, costing might merely highlight the unavoidable differences between hospitals rather than show how waste can be eliminated. The taxpayer does not, after all, want the introduction of accurate costing so much as the reduction (or at least stabilisation) of hospital costs. The Minister has therefore to decide whether this latter aim is likely to be achieved by the expensive technique of costing; or whether it would not be more effectively pursued by a reorganisation of hospital administration, which would place much more responsibility on the management committees who actually spend the money.

Another New Town

The Secretary of State for Scotland has decided to go ahead with the creation of a new town at Cumbernauld, 14 miles from Glasgow. The new town, the first to be established by a Conservative Government, is urgently needed to help relieve the appalling congestion in Glasgow, which is far worse than in any English city. There are 700,000 people crammed into three square miles of the city, where almost every other family is still living at more than two persons to a room. In all, about 60,000 Glasgow families require homes beyond the city boundaries. The only real question about the new town has been who should pay for it; this dispute between the Government and Glasgow has now been settled on terms that are generous to the city.

There are, however, some dangers in the way. The new town is expected to house 12,000 Glasgow families and thus provide a breathing space—no more—before the problem of the city's bursting population must again be faced. The opportunities for relieving congestion within the narrow confines of the Clyde valley are tightly restricted. Glasgow has already built quite extensively in its surrounding green belt, which has dwindled precariously. One flourishing new town, at East Kilbride, has already been established. Cumbernauld is almost the only suitable site left for a town in the region, and its creation is the only alternative to allowing the Clyde towns to merge in a single urban mass. These facts emphasise the need to make sure that the development of Cumbernauld really does relieve the congestion in Glasgow. As with all the new towns, the intention is to attract industry and provide adequate work on the spot for the new population. The new town is within a development area. But if, as has already happened at East Kilbride, this advantage is used to draw industry from England and possibly America instead of from nearby Glasgow, the point of the new town will be quite lost. If this happens, employment and hence ultimately population in Glasgow will be virtually unaffected; and a new industrial centre will emerge (at the taxpayers' expense) in the most overcrowded corner of Scotland.

Litter Louts Again

An unfortunate concomitant of a fine summer is the vast quantity of litter that defiles the parks and countryside. In Hyde Park during the Bank Holiday weekend more than three times as much litter was left on the ground as in the same weekend of last year. It is true that a higher proportion of the total rubbish collected from this park had been put into bins—2½ tons out of the total of 4 tons. But 700 bottles were left on the ground against only 550 put into bins—and this in spite of the fact that a 2d. deposit must be charged on all bottles of minerals sold in the royal parks.

Hyde Park has two notable black spots for litter—the Speakers' Corner and the Serpentine Lido. The clientèle of St James's and Green Parks might be expected to be rather more decorous; moreover special measures have been taken there, on the recommendation of a committee that reported last January, to induce people to be tidy. Yet in these parks some 20 per cent of the total rubbish was left on the ground this year as against only 14 per cent in 1954. Last year, admittedly, there was more publicity, and the results are still an improvement on the 1953 August Bank holiday when 28 per cent of the rubbish was left on the ground. But they are still poor. So much, unhappily, for the nice bins in teak and cherry red that last January's committee thought would be so irresistible; and so much for the notices announcing flatly that This Park is Beautiful. Can it be that some have been annoyed to be told what to think by a ministerial notice board?

One of the reasons for the disappointing result is no doubt that with every year that passes more goods are wrapped and there is more paper to leave about. Certainly slow progress is no argument for relaxing the campaign against litter that was begun for the Festival of Britain. This is directed by the Central Office of Information, which co-ordinates the work of the Government departments concerned, and supplies posters and so on to local authorities. To these efforts industry could make an important contribution. Some firms have done so already—for example, by supplying bins for ice-cream wrappers. But small reminders on sweet papers, cartons and cigarette boxes might wonderfully change the face of Britain at holiday time.

The National Union of Public Employees

A note of the week in *The Economist* of July 16th included the statement that "The National Union of Public Employees . . . owes much of its present strength to steady 'poaching' from other unions." We have received a protest from the union about this statement and, on looking further into the matter, have come to the conclusion that it does not correspond with the facts and should be withdrawn. The NUPE has over the years been engaged in several disputes with other unions over "poaching," but the number of persons concerned in these disputes has been very small in relation to the total membership of the union; and the ruling of the TUC disputes committee has in every case been duly observed.

Letters to the Editor

Suburb Without End?

Sir—Your comments in last week's issue on the recent government request for green belts round all cities prompts me to ask whether a green belt in the usual sense of the word may in all cases be desirable.

There are at least four incipient conurbations in this country which will probably be consolidated sooner or later by piecemeal stages, in spite of planning decisions. These areas are Edinburgh-Esk Basin, Derby-Nottingham, Bristol-Bath and Sheffield-Chesterfield-Rotherham. It can be argued, therefore, that such inexorable tendencies should be guided by an enlightened policy of planned conurbanisation, rather than unsuccessfully thwarted by more orthodox planning. Green "pockets," and not green "belts," would here be more appropriate. A reluctance to expand within these urban complexes can only lead to a widening of their outer limits. (This is already happening at Derby and Nottingham, for instance.) Moreover, in an age of over-full employment, may not their greater integration be in fact desirable, in order to encourage flexibility in the labour supply? Finally, whether the development of new conurbations is to be blindly resisted or judiciously guided, better co-ordinated planning of such areas is surely needed.

—Yours faithfully, R. H. Osborne

Edinburgh 8

Lancashire's Problem

Sir—What is the other side of this picture of the Lancashire cotton industry *versus* that of Hongkong? The colony operates at a disadvantage in the high cost of land, water, electricity and stores. Its newly established mills are at a severe disadvantage in equipment cost. Modern British machinery delivered in Hongkong must have cost £15 per spindle all-in against many Lancashire mills capitalised at £1 per spindle. Money rates in Hongkong certainly call for earnings of at least 10 per cent to cover depreciation and amortisation equivalent to 30s. per spindle per annum. Against this many Lancashire spinning mills have written down their old machinery so much that their costs need not cover depreciation and amortisation.

All the new looms in Hongkong have to earn a similar heavy writing down of their high cost. The actual Lancashire weaver's wage on a typical Hongkong cloth is about 1½d. per yard, but it costs ¾d. a yard to bring cloth from Hongkong to Britain. Hence even if the Hongkong wage is only ¾d. a yard that advantage is lost in the cost of shipment—quite apart from the depreciation factor. There are other mill costs additional to direct spinning and weaving, but these can hardly be so very dissimilar to ours.

Hongkong has gained its favourable competitive position by adopting shift working, not under slave labour conditions, but under British colonial labour laws. One must assume that high productivity in spinning and weaving has overcome all the above disadvan-

tages and in addition yielded a profit to investors.

Finally, is it accurate to lay so much of the blame for Lancashire's difficulties on retained imports of cotton cloth? Do imports account for the slack trade in fine cloth, in fine yarns and in doubled yarns and even in rayon cloths? The total retained cloth imports are equivalent to between 5 and 7 per cent of domestic consumption. There are many prosperous industries in the United Kingdom who must envy Lancashire its 93 to 95 per cent share of the home market.—Yours faithfully,

A MANCHESTER MERCHANT

Swords and Ploughshares

SIR—One of the grounds on which assistance to underdeveloped territories is recommended is that it results in an increase in purchasing power and consequently a greater effective demand for imports. It is pleasant to find this argument included in the instructions which Richard Hakluyt issued in 1580 to certain merchants of the "Moscovie companie." The relevant passage reads:

"Which way (the inhabitants) may bee able to purchase our cloth and other their wants.

"If you find any Island or maine land populous, and that the same people hath need of cloth then you are to devise what commodities they have to purchase the same withall.

"If they be poore, then you are to consider the soile, and how by any possibilities the same may be made to inrich them, that hereafter they may have something to purchase the cloth withall."—Yours faithfully,

R. W. BULLARD

Institute of Colonial Studies, Oxford

Camera Weather

SIR—The basic explanation of the far greater use of photographic equipment in the United States surely has little to do with climate or promotion; the very name of your publication should have led you to the prompt conclusion (in your article of August 6th) that it is the old story once more—Americans can buy two, three or four times as much goods and services with their incomes as we can.

If I could purchase a movie camera for about half my weekly pay, as a Detroit car worker can, I should have done so long ago. The same applies to colour films, long-playing records, television sets and so on, *ad nauseam*.

What damage is not done by low productivity, price-fixing and general lack of drive and competition (that dirty word you wrote about the other week), is done by tariffs and tax (for the use of which on our goods we are always criticising the United States.

One example should suffice to show the position—obtainable in the United States is a device called a Viewmaster, in which you insert picture reels and view them stereoscopically. A Viewmaster and three reels cost the American worker three dollars—less than two hours' pay. Here, it will cost me 44s., about ten hours' pay. You will agree that the comparison is too ridiculous for comment.—Yours faithfully, ROY PETERS

Bristol

Logic for Ratepayers

SIR—In your issue of August 6th you comment that "rates must rise substantially in the years following revaluation." There is one certain way of ensuring that any increase in rates is not disguised by the change in the basis of valuation. Local authorities should be required to publish their rate as so much per head of population. Such figures will give some very interesting comparisons between areas, irrespective of the total of their rateable values. Local authorities themselves insist on basing their claims for government grants on their population figures. It is therefore only fair that the electors should judge their expenditure on the same basis.—Yours faithfully, JOHN HARLEY

London, N.W.4

Planning Without Profits

SIR—In his despatch under the above heading published in *The Economist* of July 30th, your correspondent in India rightly emphasises the wasteful consequences that will follow from the Government's policy of deliberately restricting the expansion of factory consumer goods industries. Not only in India but in several countries of Asia, considerable importance is being attached to the development of cottage and small scale industries mainly because of their ability to provide gainful employment to surplus rural population.

But as the Economic Survey of Asia and the Far East, 1954, published by the United Nations, points out, there seems at the same time to be an increasing realisation of the fact that "an indiscriminate policy of helping small industries, should it perpetuate low *per capita* incomes, might be harmful."

This aspect does not appear to have been adequately appreciated by the planners in India. At present the average annual earnings of a factory worker in India are of the order of Rs. 1,200 as compared with the national *per capita* income of about Rs. 275. It is clear then that arbitrary restriction on the development of factory industries will result in a lower standard of living not only for labour but for the masses a a whole.—Yours faithfully,

R. J. VENKATESWARAN

Calcutta

Students and Freedom

SIR—I feel I must protest at the unbalanced nature of your correspondent's report of July 23rd on the Fifth International Student Conference.

The Conference is not an organisation as is the International Union of Students. Its Co-ordinating Secretariat (COSEC) has no executive powers of making interim decisions, but is charged with the fulfilment of the conference programme as laid down by the yearly meetings. These meetings decide their own terms of reference, definitions of status, etc., and are not bound by previous decisions. Their main function is to organise "practical activities" for the next year, activities in which political differences can be set at nought. It is the use by the IUS of such activities for political ends that is the source of the main disagreement with that organisation.

The main point of your report seems to be that the ISC is an organisation set up in opposition to the Communist-dominated IUS and that when it refuses to indulge in polemics against Communism and the IUS it shows two faces to the world. But it is more true to say that the ISC was formed to provide an opportunity for those national unions of students, unwilling to participate in Communist propaganda with IUS, to have some international co-operation. That it should refuse to become the Western equivalent to the IUS is the result of a logical and not a two-faced attitude.

Finally, your statement that the Asians and Africans sat silent through the conference is not true. Some very full notes I kept confirm my impression that they contributed as much to the debates and workings of the conference as anybody from Europe or the Americas.—Yours faithfully,

JAMES P. MACFARLANE

Colne, Lancs

No Equities in the Trustee List

SIR—In your Business Note of July 30th you allude to the wise recognition that "some trustees also fall well short of the ultimate in investment skill." Admitting that this is so, could they not still be permitted to utilise the skill of others, and gain the benefit of an investment in equities, if they were allowed to invest in Unit Trusts or Investment Trusts of high standing?—Yours faithfully, H. R. PELLY

Winchester

Travelling Scholarship

SIR—I am writing as chairman of BETRO (1952) Ltd., which was formed to administer the residual funds which were available after the voluntary liquidation of the original British Export Trade Research Organisation.

In May of the present year it was announced that we had made an allocation of a sum of £500 for a travelling bursary to be awarded to the writer of the best essay on a subject connected with overseas market research. The competition is being organised in conjunction with the Royal Society of Arts and the closing date for entries is September 1st. Any person or organisation interested can obtain full particulars from the Royal Society of Arts, John Adam Street, Adelphi, W.C.2.—Yours faithfully, ROGER FALK

London, S.W.1

Books & Publications

The American Man's Burden

THE POLITICAL ECONOMY OF AMERICAN FOREIGN POLICY: *Report of a Study Group Sponsored by the Woodrow Wilson Foundation and the National Planning Association.* *Henry Holt and Company, New York.* 429 pages. $6.00.

THE high rate of turn-over in the upper branches of the American public service is a mixed blessing. It is annoying to the foreign diplomat, who finds that his colleague of yesterday is today at Harvard or General Motors. But it has the advantage of keeping the civil service from becoming a closed and specialised world and makes it possible for books like this to be written. Of the nine men who participated in the study group that produced this report, all but two have had experience in Washington. Three were influential in the Economic Co-operation Administration, and it is not surprising that much of the book is a further development of ideas that were germinating in the heyday of the Marshal Plan; although it is unfortunate that pent-up impatience and exasperation with the "nineteenth-century liberals," deemed to inhabit older government departments, were allowed to obtrude into both analysis and prescription. Like so many books produced by committees, the study is repetitive, cumbersome and uneven. If the meat had been packaged in 100 pages, instead of salted away in 400, the authors might have had the impact on thoughtful opinion for which they hoped, and which, up to a point, they deserved.

The study group was rightly disturbed at the dichotomy between economics and politics which so often confuses American thought on foreign policy and weakens its effectiveness. Having made this point in preparation for their eventual prescription, they devote the first half of the book to an analysis of the reasons why the "economic health" of the free world is unsatisfactory and why the disease will not respond to conventional cures. The authors contend that although the malady of the free world is to be found in disintegration and the new nationalism, an integrated world economy in the nineteenth-century sense is no longer possible. Many will readily accept their rejection of simple reliance on the automatic regulation of the market as the means to the good international life, but will still stop some distance short of their conclusion that "In contemporary conditions, the fully adequate alternative to economic nationalism is not economic internationalism but economic supranationalism," and its corollary, that where supranationalism is not yet feasible, American leadership must take its place.

The study group finds the nation state efficient and "morally valid" for the United States but not for the western world as a whole; but except from the nucleus of the European Coal and Steel Community they find no signs of new supranational unions developing. They therefore urge American leadership in strengthening and reorganising existing regional groups. Specifically, they urge, first, a tightening of the relationship betwen the United Kingdom and the sterling area-Commonwealth countries, with much more give and take on internal policies and the establishment of more formal organisational arrangements in which the United States would participate; and, second, a new approach to the problem of the relationship between the United States and Canada on the one hand, and the OEEC countries and Japan on the other. Here the study group starts from the assumption that the relationship between Western Europe (and the sterling area and Japan) and the United States cannot be a truly reciprocal one. Although the European countries need the benefits of intensified economic relations with North America, they cannot afford to extend equivalent concessions, but must shield their domestic economies and their trade with one another from American competition. The "basic concept" is, therefore, that of a

> large, organised, non-dollar trade and payments system within which trade and payments are kept relatively free and calculable by coordination of national policies, including the administration of a flexible degree of protection against the dollar . . . [and] a degree of protection against American competition by means of regional tariff preferences.

The reason for American willingness to help to create this one-sided relationship would be the belief that only a better organised western community can endure; the price would be the right, as well as the duty, to influence other countries in framing economic policy. As an institutional framework, they suggest that the OEEC be superseded by an Organisation for Economic Co-operation in which the United States and Canada would be fully represented, and that a key element in the new organisation should be an Atlantic Trade and Payments Committee.

The study group's concept of American responsibility for the destiny of the free world which permeates the book will strike some ears as infuriatingly patronising, others as simply a long overdue awakening to the facts of economic life. It will strike others as a curious compound of the two.

Real or Sham?

NOTES FOR A JOURNAL. By Maxim Litvinov. Introduction by E. H. Carr. *André Deutsch.* 303 pages. 18s.

THE value placed on this book will, of course, depend on the reader's estimate of its authenticity. Mr E. H. Carr has come to the conclusion that "it contains a substratum of genuine material emanating in some form or other from Litvinov himself"; the rest he describes as accretions added by other hands, in part sheer fabrication.

It is difficult to think of any better-equipped scholar whose judgment would carry greater weight. Nevertheless, even a first reading suggests how narrow the substratum is; the superstructure built on it, by far the greater part of the book, is a clumsy imitation. The disparities of level and style are fairly obvious. It is as unlikely that any forger would have inserted the obscure reference to Chicherin's desire to relax the foreign trade monopoly in the early twenties as it is that Litvinov should have been simple-minded enough to write, of the Japanese invasion of Manchuria: "The Americans may invoke the Kellogg-Briand pact and brand the Japanese as aggressors. Had Tokyo thought that possible they would never have attacked Manchuria." Many passages are even more primitive and provincial in tone; they are *à priori* unlikely to have found a place in Litvinov's secret memoirs. Even less plausible is the amount of space devoted to the most trivial and tasteless bedroom gossip; towards the end (the entries run from 1926 to 1950, with large gaps) the "Notes" consist largely of incoherent and unfinished sentences, which seem wholly out of character. It is not apparent that any political purpose is being served, and one is forced to accept the alternative hypothesis that the motives of the anonymous purveyor were commercial.

In so far as they have a genuine core, these reminiscences confirm what has long been known, that the Soviet Foreign Commissar had virtually no power at all. The lines of foreign policy were always dictated to him, and a good deal of it was conducted behind his back and without his knowledge. He had little control over appointments, and none whatever over dismissals, not to speak of arrests and executions within his Commissariat. It would appear that it was only because of his inexplicably friendly relations with Stalin that Litvinov's life was spared; the only taste they seem to have had in common was a dislike of Chicherin, Litvinov's predecessor in office.

The revelations made here about the Soviet espionage services and the sources

they could tap will not perhaps cause much surprise. What is surprising, and highly dubious, is the extent to which, so it is implied, the Soviet leaders relied on their reports rather than on the more usual methods of analysis in judging the likely course of developments in foreign affairs. Nevertheless some small scraps of interesting and inherently convincing information emerge, particularly about negotiations with Germany and Japan.

Dramatic Art

HOGARTH'S PROGRESS.
By Peter Quennell.
Collins. 318 pages. 25s.

ANY book from the pen of Mr Quennell arouses anticipations of pleasure that will again be gratified by this study of Hogarth, a successful and enjoyable combination of biography, social history and art criticism. Hogarth's paintings, Mr Quennell points out, reproduce the social scene with the exactness of an expert press photographer; and his commentary has the same sharpness of focus. Hogarth's genius, Mr Quennell suggests, was stimulated by *The Beggar's Opera*, performed in 1728, and about this time Hogarth conceived the ambition of transposing the drama of the stage into the medium of paint. "My picture is my stage," Hogarth wrote, "and men and women are my players, who by means of certain actions and gestures are to exhibit a dumb show." And in 1731 he achieved with *The Harlot's Progress* a success equal to that enjoyed by Gay. For Hogarth, as for Dickens, London was the spring of his inspiration. His morality plays immortalised the squalor and waste, the degradation and vice of the gin-soaked capital. Hogarth can be held to have had too dark a vision, but if he painted the sordid he had, like Fielding, a practical concern for alleviating the horrors of eighteenth-century London.

Hogarth's pugnacity gives Mr Quennell the material for a vivacious portrait. Scarcely five feet tall, he was as combatant as a city sparrow, and he swelled with ambition. He was astute enough to secure the passage of an Act to protect the copyright of engravings, and held back *The Rake's Progress* until he had forced the country gentlemen into legislative action. He satirised the social and political world and set up as an arbiter of taste. Aggressively English in outlook, he was miserable on his one journey to France and returned to paint the *Roast Beef of Old England*. He particularly detested William Kent, to whose influence he attributed the popularity of decadent Italian fashions, Palladian architecture and romantic gardens. Lord Burlington's house in Piccadilly was singled out for attack, while Italian canvases, landscapes on the road to ruin, decorate the walls in *Marriage-à-la-Mode*. Perhaps there was something of sour grapes in Hogarth's vehemence, for his own attempts to paint historical pictures in the grand manner were to be failures.

Mr Quennell disclaims the role of art historian, but is nevertheless a sensitive and scholarly guide. He emphasises Hogarth's preoccupation with the swift passage of time, and sees him as the baroque artist enamoured of movement, "who came to display much of the restlessness of the rococo genius." He inaugurated the tradition of the conversation piece and by 1745 had established a new and distinctively English school of painting. Mr Quennell is to be congratulated upon a thoroughly enjoyable book, written with care and zest, which should send his readers in eager search of Hogarth's pictures.

Political Interpreter

L'OPIUM DES INTELLECTUELS.
By Raymond Aron.
Paris: *Calmann-Lévy.* 334 pages. 750 francs.

MARON is perhaps the most widely known abroad of those French thinkers who, somewhere on the margin between the philosophy of history and political polemic, pour forth interpretations of the contemporary scene. His latest work, while showing his usual wide range of experience and particularly illuminated by recent travel in Asia, is unlikely to add much to this reputation. To some people he will seem, in his analysis of the appeal of the Soviet ideology to French intellectuals, to be doing no more than labouring the obvious; and others may be put off by an unusual opacity of style. These chapters are worth reading, however, if only because we must expect the current course of international affairs and of internal French politics to lead towards a new "popular front" situation. In this case, the gullibility of many French intellectuals, and their susceptibility to the "myths" of the proletariat and of historical determinism, may have an important part to play.

Some of M. Aron's observations on the weaknesses of French society and particularly on the discontinuities within the French ruling class are very suggestive, and occasionally he brings off a happy phrase. For instance, in his discussion of current philosophies of history he writes that Dr Toynbee, in his last volume, "suggests at the horizon of history a fusion of civilisations and a universal church; the disciple of Spengler thus turns into a great-néphew of Bossuet."

On the loss of Europe's hold over the minds of non-European peoples, which he sees as one of the great historical phenomena of our age, M. Aron has some challenging things to say. Where the European influences come from various sources, as in Japan, or where they have been dominantly French, the tendency has been revolutionary and destructive. Negative rather than positive ideals have flourished. On the other hand, the American influence has also tended towards social incoherence because the limitless material progress suggested by the American example is out of the reach of the peoples concerned. He takes, however, a more optimistic view of the future of those countries, and in particular India, where the British impress has been strong. In those countries the less ideological character of British education has resulted in the less far-reaching alienation of the intellectuals from the body politic.

Victorian Dissenter

MARK RUTHERFORD: *A Biography of William Hale White.*
By Catherine Macdonald Maclean.
Macdonald. 416 pages. 25s.

THE worst aspect of this book is the confusion of the title page. When a man with a trinity of names and a pseudonym as well is written about by a biographer who herself uses three names—one of which is the same as that of her publisher—one feels that life ought to be less complicated. Could not people describe themselves more simply? Is not a book so confusingly entitled likely to be still more confusingly written?

Fortunately it is not. Miss Maclean suffers from a certain self-confessed hesitancy of purpose. She started to write a critical study of the novels of Mark Rutherford and she then switched to producing a biography of Hale White, the man behind the pseudonym. The result, not unnaturally, is something of a hybrid. In particular, the descriptions of the plots of the novels are given far too fully for a biography. Miss Maclean also sails a little near the wind of idolatry. Mark Rutherford was undoubtedly a writer of integrity and insight, and one entitled in many ways to a higher position in the hierarchy of English literature than that which most would accord him. Even so, it is difficult to accept without scepticism Miss Maclean's application to his work of his own words about Spinoza: "It is impossible, after familiar acquaintance with him, to live for a single day as we should have lived without him."

Nevertheless, Hale White is well worth writing about, and Miss Maclean on the whole does it very well. White was born in Bedford in 1831. His father was a radical, dissenting bookseller, who later became the doorkeeper of the House of Commons. White himself was sent to a training college for "Independent" ministers, but came into conflict with the narrow doctrine of the authorities and was forced to leave. Thereafter he moved steadily into a position of intellectual freedom from nonconformity, although through his memories of his early life it retained his emotional allegiance. This, combined with some material misfortunes, gave a quality of loneliness to his life, which is one of the dominant themes of his novels, and notably of "The Autobiography of Mark Rutherford."

White was essentially a Victorian figure. For much of his life he was a dissenter struggling with doubt, and a lower middle-class man trying to achieve a modest rise for himself and his family.

Later he left these problems behind him. He became prosperous, renowned and relatively calm, and he lived on into the reign of George V. But it was the gloomy conflicts of his middle years that shaped his work. White was a portrayer of the people he knew—shopkeepers, small farmers and dissenting ministers—and a chronicler of the doubts and torments he himself experienced.

Canada's Century?

THE ECONOMIC FUTURE OF CANADA.
By M. H. A. van der Valk, with a Foreword by HRH Prince Bernhard of the Netherlands.
McGraw-Hill. 220 pages. 35s. 6d.

THE purpose of this book by the Executive Director for the Netherlands of the International Monetary Fund is to "focus attention on Canada's economic possibilities rather than to forecast what will happen in any particular year." The concluding essay in prophecy is less valuable than the central analysis of past and current developments, particularly in the field of international trade and financial and monetary problems. It is interesting that Dr van der Valk concludes that "Canada, at the moment, has the most open economy in the world." His lucid discussion emphasises Canada's vulnerability in the basic dependence of its economy on export staples, its difficulties in a world of currency controls and trade restrictions, and the significance of its increasingly close economic ties with the United States.

His introductory description gives due weight to agriculture and to secondary and "tertiary" industries, as well as to dramatic new resource projects, but it is not supported by a coherent analysis of the fundamental structure of the economy. This lack has made possible some curious comments as, for example, anent the question why Canada has lagged behind the United States in its economic development; "The conditions for economic development of this new country, with its opportunities for exploitation of natural resources, appear to have been almost as numerous as in the United States." What of the fundamental differences in the geography of the two countries? Even in the first chapter on the shifting frontier there seems to be no appreciation of the crucial role of the Canadian Shield. This weakness also allows Dr van der Valk to accept without critical examination the view that Canada's problem is one of "under population." A sparse population is not necessarily a population that is too small from the economic point of view. Very fundamental problems about the nature of the springs of Canadian expansion are involved, and these are not analysed.

Despite this and some other debatable aspects, the book is an interesting survey and appraisal of a country which is under-developed in the sense that it still has virgin resources to bring into use with the help of outside capital and enterprise, manpower and technical skills, but which at the same time is highly developed in the sense that it is using most sophisticated techniques, both in production and in economic organisation, in its ebullient but well-balanced growth.

Studies of Shakespeare

NATURE IN SHAKESPEARIAN TRAGEDY.
By Robert Speaight.
Hollis and Carter. 187 pages. 15s.

THE SLAVE OF LIFE: *A Study of Shakespeare and the Idea of Justice.*
By M. D. H. Parker.
Chatto and Windus. 264 pages. 18s.

WHEN the poet Gray hailed Shakespeare as "Nature's darling" he was doing no more than reiterate an association that had already become prescriptive. Shakespeare warbles his native wood-notes wild; he is naturally learned; all the images of nature are present to him—and so on. What started this conventional tie-up? Partly it was the contrast with Ben Jonson, over against whose art Shakespeare's nature could be effectively set; and out of this emerged the picture of the untutored genius, close to the radical and primitive sources of poetic inspiration, which the eighteenth century sketched and handed on for the romantic age to elaborate. But partly it was the product of an actual inherent emphasis in Shakespeare's thought—and from this Mr Speaight's inquiry starts:

> The word nature that I found strewn up and down the plays could hardly be a casual repetition; it must surely be the echo of an idea, or an obsession, hammering at Shakespeare's mind. In any case, it was the clue I decided to follow.

Others have followed this clue before Mr Speaight, and often into a semantic thicket in which *natura naturans* and *natura naturata* are only the preliminary discriminations we must make in the endeavour to establish order among the bewilderingly diverse uses to which the word has been put. Mr Speaight, however, well aware of the scale and complexity of his problem, starts from a bold and inclusive definition, taking nature to mean "everything that is *given* to man, whether it be a tendency of his moral personality, or that knowledge which we acquire from our study of the elements or from the normal workings of society." Nature for Shakespeare is simply what he finds and at first unreservedly accepts, his imagination identifying itself "most completely with those characters in whom nature speaks with vigour and virtue unimpaired." Hence the vitality of Berowne in *Love's Labour's Lost*—and hence, too, the significance in the same play of the entry of Mercade, "the tiny black cloud on the blue of Shakespeare's horizon," bringing word of the death of the King of France. Nature comprehends not only the things which man is given, but also the things which he must receive. It is beyond this realisation that the tragedies lie, at the point of crisis where Man fails Nature, or Nature Man. Over this territory Mr Speaight conducts us to a conclusion in which Shakespeare is seen as recovering and reasserting, on the basis of his deepest experience, the sacramental view of nature which from the first had been by nature his.

★

In one way Miss Parker has written a refreshing book. She does not ask us, as we have recently so often been asked, to see Shakespeare as the mere man of his time, offering dramatic expositions of a current ideology. Miss Parker is aware of the opposing currents in Elizabethan thought, seeing on the one side an inherited scholasticism, dominant still in Hooker, and on the other the political pragmatism of the Machiavels, the dangerous thoughts which Montaigne objectified in his relations with his cat. Chapter I, "The Elizabethan Poise," is a useful introduction that could have led to a more judicious presentation of Shakespeare than in fact emerges.

For Miss Parker has devised a thesis and has become its slave. She is rightly impressed by the evidence that Shakespeare's family were attached to the old faith, and she sees his plays as unusual in their time for their adherence to Catholic ideas. She begins cautiously, and no one will quarrel with her statement: "Whatever theology he believed to be true—whether indeed he believed any to be true—theology as such was significant to him. It was an analogy in which his mind constantly worked." But later she is less guarded. Each play is presented as a testing of Catholic belief, which emerges the stronger for the testing. She is wholeheartedly with Mr Nevill Coghill on *The Merchant of Venice*, growing a little shrill in her defence of forcible conversion to Christianity, and with Mr Wilson Knight on the last romances. There is occasionally a hint of unease, as when she passes quickly over Othello's suicide and regrets Shakespeare's persistent concern with Pompey and Mistress Overdone. At times, moreover, she is led to an astonishingly forced response, as when she finds "a humorous, almost affectionate, semi-preoccupied pity" in Hamlet's words to the dead Polonius.

Sober study of Aristotle and Aquinas appear to have gone into the book's making, but there is a frequent carelessness in matters of detail. The position of *Troilus* in the Folio is wrongly described; Miss Parker states categorically that *Hamlet* was written after *Troilus*; she twice confuses Antiochus and Antigonus, and twice misquotes Jonson on Shakespeare's "small Latin"; she attributes *The Witch of Edmonton* to Dekker alone. These blemishes go along with some pseudo-Bradleian speculations about what may have happened to some of Shakespeare's characters outside the action of the play.

It is unfortunate that the book is not better, for the place of Thomist thought in Shakespeare would be worth careful examination.

Insurance at the Door

A HISTORY OF INDUSTRIAL LIFE ASSURANCE.
By Dermot Morrah.
Allen and Unwin. 243 pages. 15s.

THE history of industrial assurance is punctuated with public inquiries. In 1853 a Select Committee on Assurance Associations patted the then youthful business on the head and wished it well; however, notwithstanding criticism by later committees—and the operation of the unsuccessful Post Office scheme—only Lord Beveridge among all the official inquirers has reported in favour of nationalisation.

Nationalisation of industrial life assurance for which the Labour Party called in the spring of 1949, is a threat that the offices have taken seriously. Neither the subsequent change of ground from outright nationalisation to "mutualisation" coupled with control, nor the recent muting of nationalisation as party policy, has convinced the offices that the onslaught upon them will not one day be resumed. If an attack should again be mounted, Mr Morrah's book will assuredly be much quoted by the defenders of the status quo.

With the objectivity that is to be expected of the author, the book does more than cover fully the evolution of industrial assurance, which is now rather more than a century old. The criticisms over the years of a business whose record is by no means free of blemishes are well aired. In the end even a biased reader would be hard put to it not to agree that the spokesmen of offices that today dispose of an annual premium income of some £150 million and funds of over £1,000 million are right when they claim that, on the whole, their house was put in order years ago.

The chief remaining points of criticism are the high cost of management and the high lapse ratio (the proportion of new policies discontinued before they become entitled to a free paid-up policy or cash surrender value). The latest official figures record an average expense ratio of over 30 per cent and an average lapse ratio of about 20 per cent. Mr Morrah makes the point decisively that, although these ratios are high, management expenses are bound to be large given the collection of premiums at the door weekly or—increasingly—monthly. This is the very essence of the business. There is no convincing evidence of overselling by agents, except in isolated instances; overselling would be the only thing that would damn the current lapse ratio; voluntary saving through other media has, after all, a pretty high rate of discontinuance.

This book should be a valuable help to the man in the street in understanding a business that, despite all the attacks upon it, sells upwards of six million new policies a year and generally loses its policyholders only when they decide to insure in the ordinary instead of in the industrial branch, which is what most of them can already afford to do.

Influences on Australia

SELECT DOCUMENTS IN AUSTRALIAN HISTORY, 1851-1900.
Selected and edited by C. M. H. Clark.
Angus and Robertson. 884 pages. 70s.

AUSTRALIAN history moves nearer to maturity with this book of documents on the second half of the nineteenth century, hitherto the period least explored. The four sections into which the editor has divided his documents indicate the relative importance attached to each by present-day historians. First is Gold, with 90 pages, giving the basic material on the rushes of the 1850s, 1860s and 1890s. Then comes Economic History with 220 pages, covering land policy, agriculture, the life of the squatters, the sugar industry, immigration, the disputes over protection, and the depression of the 1890s. Political History gets 335 pages to deal with constitutional changes, federation, political parties and social legislation. Last come 160 pages on Social History, including population, social conditions, education, trade unionism and "Australian behaviour." There is ample material on sources.

Any selection such as this arouses thoughts of omissions and alternatives. Professor Clark's is open to further criticism for not clarifying the editor's position. Having announced himself as taking a theological or apocalyptic view of history (he quotes Dostoevsky, "I want to be there when everyone suddenly understands what it has all been for"), he does not reveal his theoretical framework, although he admits in a somewhat mysterious introduction that he is dissatisfied with the "radical" interpretation popular until recently at the University of Melbourne. It is clear that he knows an immense amount about the period in Victoria, a little less about it in New South Wales, less again about Queensland, and very little about the other colonies. The result is a lopsided but intriguing selection. In particular, South Australians will feel aggrieved: the colony which was foremost in nearly all forms of democratic advance, which had neither convicts nor a gold-rush, but produced men like Cockburn and Kingston, gets short shrift. Even on women's suffrage, where South Australia was ahead of all the other colonies, Professor Clark has made his selection from the debate in Victoria, the last colony (or state, as it was by then) to enfranchise women. Queensland gets rather better treatment, but Tasmania and Western Australia do not. The editor is aware of this discrepancy, as his introduction shows, but does not justify it.

Although in other ways the selection is excellent—notably on constitutional questions—there are strange gaps. No one reading the book would gather that during the period in question the Australian colonies were making a series of interesting experiments in public administration, not only in their civil services, but in the management of nationalised industries. The construction and administration of public works, often the most important issues in colonial politics, are untouched. So are the connections between Australian and British politics, sometimes tenuous but often significant, especially over Ireland. So are the finer shades of the sectarian controversies (except for some anti-Catholic selections on education) and the religious campaigns to which Australians can attribute their present puritan laws on Sabbath-breaking and beer-drinking. A final omission (except for occasional mention in the documents on federation) is the discussion of Australians' reactions to events beyond their shores, from the Crimean War to the Boer War.

There remain, however, more than 800 pages of valuable material on events and movements which still influence Australia. This volume is the second in a series of three; when complete, it will represent a notable effort.

Shorter Notices

ECONOMICS: *Fifth Edition.*
By Frederic Benham.
Pitman. 584 pages. 18s.

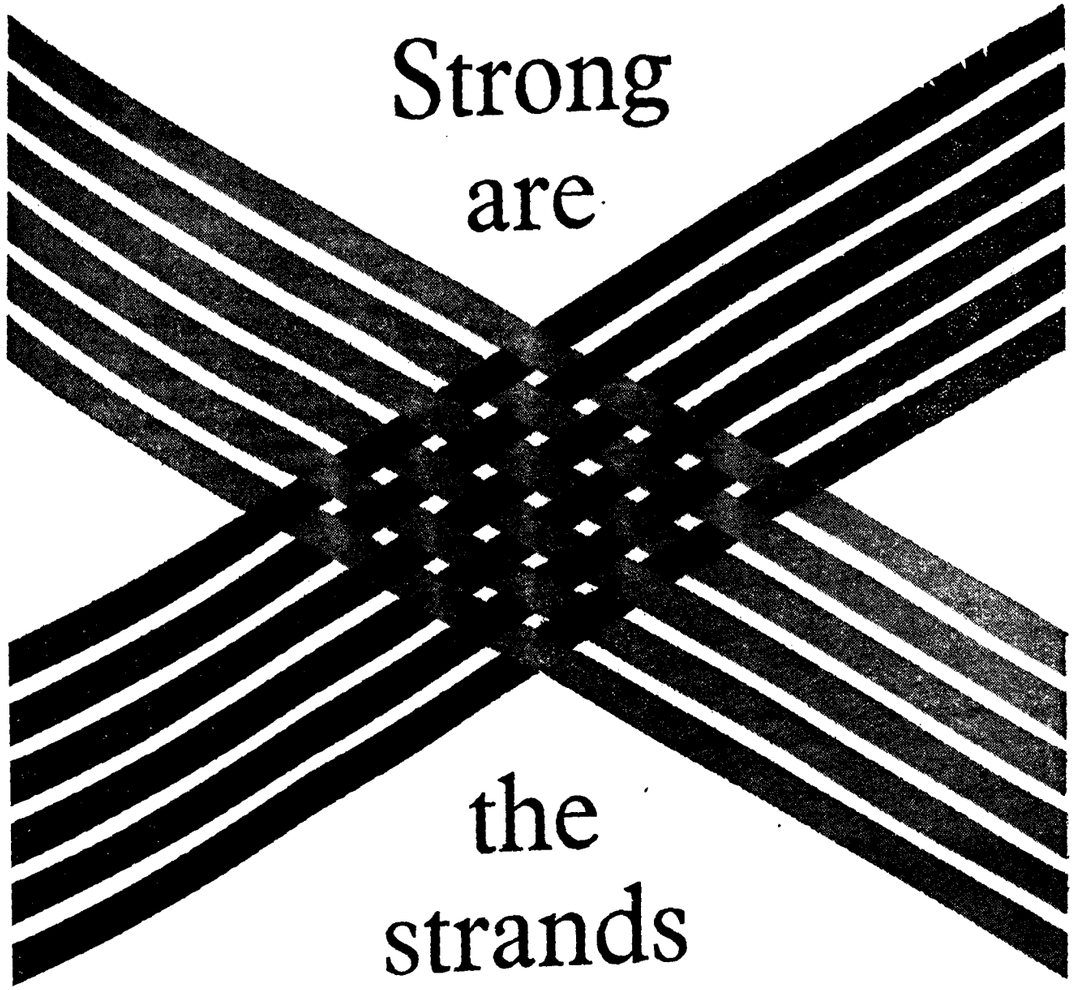
Ever since its first appearance in the nineteen-thirties this book has been the sure standby of the first-year student of economics. Certain of its rivals gave a more intensive training in the use of analytical tools; others (alas) made a greater appeal to that numerous class best described not as students but as crammees; yet others, less substantial, offered a swifter and more light-footed *tour d'horizon* of their subject. With no other writer, however, was the average serious beginner so safe.

Now, after several partial revisions, Mr Benham has virtually taken his book apart and rebuilt it. Of the 1938 model there remains the excellent plan, the proved expository methods, the balance of analysis and description, and where elementary theory or generalities are being treated some recognisable slabs of original, obsolescence-proof text. But this is a product of 1955, illustrating argument by contemporary examples, concerned with contemporary questions of policy, incorporating (with some exceptions on whose importance opinions may differ) contemporary advances in theory. There is an excellent new introduction for the general reader; and those familiar with the original edition may detect both a certain practised suppling-up of style and a certain experienced cautiousness in ex-cathedra pronouncements. "Economics" should be all set for a future as prosperously useful as its past.

★

THE GWYDIR BY-ELECTION 1953.
By Henry Mayer and Joan Rydon.
Canberra: *Australian National University.*
202 pages.
No price given.

This first venture in Australian psephology is ostensibly a study of a single, rather exceptional by-election. But it is very well executed and it reveals much about the attitudes and customs which Australian voters, politicians, and journalists have towards the business of electioneering.



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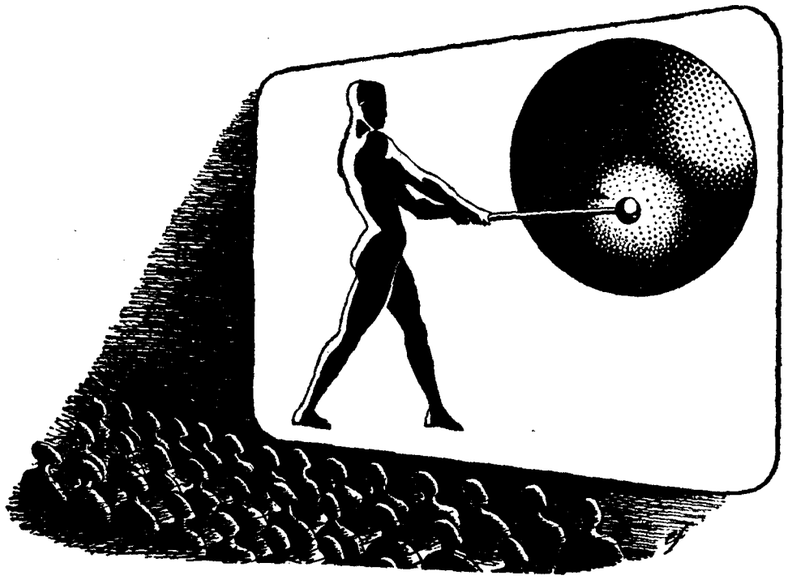

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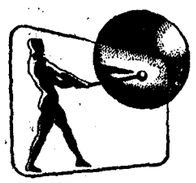

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American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Cold Peace in Congress

Washington, D.C.

ALTHOUGH Mr Eisenhower's Democratic Congress has received high marks for neat housekeeping, few major issues were decided in the session that has just ended. On the surface, the punctual passage of appropriations, in very much the form that the Budget Bureau wanted, and the creative bipartisanship in foreign policy, symbolised by Senator George of Georgia, made the President's prediction a year ago of a "political cold war" if the Democrats won the 1954 congressional election seem rather foolish. But the rest of his prediction—that little of his programme would be enacted and that it would be difficult to pin the responsibility for that on either party—has turned out to be not very far from the truth. On many legislative fronts the "cold peace" has been the silence of the grave.

This has not, however, meant that either President or Congress has been discredited in the public eye. Last year the President devoted himself to the lesser of the two tasks for which he conceived that he had entered the uncongenial arena of politics: that of restoring vitality to the two-party system by putting the Republicans back on the map as a constructive, law-making party. This was a backbreaking job for the President's political staff, since Republicans, whose function in life had been to register dismay at the trend of the times, had to be cajoled or bludgeoned into voting for mildly liberal legislation. "Baseball scores" recording the success of the President's programme were much touted and Mr Walter Lippmann rebuked Mr Eisenhower austerely for behaving as if he had been elected to be a lawgiver, whereas the idea of choosing a non-political President had been that he should concentrate on the great issues of peace and war.

This year, with an unprecedentedly prosperous economy, with his own party no longer in charge of Congress and with the Democratic party in manifest sympathy with a foreign policy it had initiated, Mr Eisenhower has done precisely what Mr Lippmann suggested. Very little was heard of the legislative programme between its launching in the State of the Union message and later special messages and Mr Eisenhower's repeated prodiction, as the session drew to a close, of his "little list" of unfinished business; this was presumably meant to jar the mood of self-congratulation in which the Democrats were polishing off their "caretaker" management of Congress. On a personal level, relations have been very correct between the soldier President and the dignified, if sometimes rather prickly, southern gentlemen who run the most important committees. There is every reason to think that, so long as prosperity lasts, this preoccupation with foreign policy and the relative absence of unseemly wrangling between the two branches of government accords with the mood of the country.

Significantly enough, the three major items of legislation which were passed all related to the conduct of foreign policy and accordingly benefited especially from Mr Eisenhower's prestige. These were the measures for foreign aid, reciprocal trade and military reserves. But even here the achievement was not total. The cut in the foreign aid figure was perhaps the least significant setback. With the improved international situation, the House of Representatives felt it could afford to dig in its heels and refuse to acquiesce for yet one more year in the irregular accounting procedures of the Defence Department, just because of the timeworn argument that even a paper cut would be psychologically unsettling to America's allies. The Bill for strengthening the armed forces' reserve system came through somewhat mutilated in deference to the traditional reluctance to embrace "universal military training."

The Reciprocal Trade Agreements Bill was also enacted with much rejoicing, after a hard fight. But when the campaign for it was launched at the beginning of the session, the President's advisers made no secret of the fact that they regarded it as of little practical value without its companion measure, congressional ratification of the Organisation for Trade Co-operation. After the Reciprocal Trade Bill was through, Senator Byrd of Virginia, the chairman of the Senate Finance Committee, on whom its passage had so largely depended, voiced the constitutional scruples he felt at a "double delegation of power" over tariffs—from Congress to the President and from the President to an international organisation. And OTC slipped noiselessly from view.

★

If this was the positive content of this Congress at the halfway point, the list of failures was a more lengthy one. The basic reason was simple. Many of the southern Democrats who are either committee chairmen or who rank high in seniority are more conservative than the President and his proposals are genuinely obnoxious to them. On the other hand, the President's programme seems inadequate to the liberals, particularly on such questions as social welfare and the development of natural resources. Moreover, they

see little reason why they should embitter the divisions within their party by carrying the burden of the fight for the President's ideas if members of his own party will not lift a finger to help. Many Republicans see in their party's loss of control over the machinery of Congress a good reason for relapsing into their previous conservatism.

A number of the President's ideas have never emerged from the committees to which they were sent—his health programme, for instance, and his proposals for amending the Taft-Hartley labour law and the Refugee Relief Act. Some of those that have come to debate on the floor have been defeated because the Democrats, seeking to make this session a demonstration of the reconciliation within the party, chose points of attack that united their party behind its conservative leadership. The unorthodox financing proposals of the highway programme, for example, gave them a golden opportunity to rally round Senator Byrd.

Party unity among the Democrats thus meant, paradoxically, a decline in "partisanship." Regional allegiances filled the vacuum. The Bill for large-scale spending by the federal government to develop the water resources of the Upper Colorado Basin was ardently advocated in the Senate by an ultra-conservative Republican and a liberal Democrat from states that would benefit, and bitterly opposed by Republicans from southern California and a liberal Democrat from Illinois, states which would not benefit. The Bill to exempt natural gas from federal price regulation at the wellhead was opposed by Republicans from consuming states such as Wisconsin, and supported by Democrats from Arkansas, who attacked "the Yankees" for trying to keep their state from making the most of its natural resources.

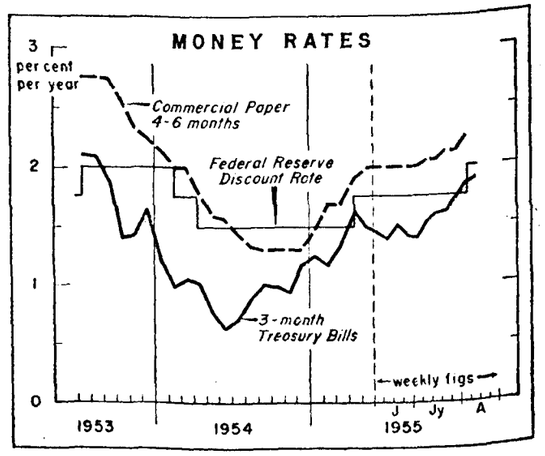
At the beginning of the session, the Democratic National Committee, whose business it is to win elections, issued a closely-argued rebuttal of the President's State of the Union message, designed to appeal to the liberals, the consumers, the industrial workers, the farmers and the racial minorities whose votes swing elections in marginal districts. It was a brilliant analysis but it implied the existence in the United States of a two-party system on British lines, under which such voters would belong to the Democratic party, with the Republicans relying on big business and "special interests" for their support. But under the real American political system there is no such clear division, and it is the real system which determines what happens in Congress.

Taking Inflation in Time?

LAST week's rise in interest rates came as the demand for loans showed the banks that the seasonal rise in borrowing had begun. This year the usual autumn need for credit, to enable commodity dealers and food processors to take over crops from farmers, and business men to build up stocks for the Christmas trade, comes after a spring in which the mounting boom has frustrated the usual fall in borrowing during the first half of the year. Bank loans increased contra-seasonally by about $4 billion between January and July, and in the week ending August 3rd, outstanding loans by New York reporting banks were $750 billion higher than they had been a year earlier.

Present prosperity is likely to bring an exceptionally heavy demand for money during the second half of 1955. As a result banks are now pressed for funds and the Federal Reserve authorities, in accordance with their policy of "mildly restraining" credit, are refusing, for the present at least, to help by making the extra purchases of government securities which would increase the supply of money.

The rise in the prime rate for bank loans, from 3 to 3¼ per cent, the highest for 22 years, was therefore inevitable; this interest rate, the amount charged to the largest and most reliable borrowers, sets the pattern for other bank loans. The rise in the Federal Reserve discount rate, from 1¼ to 2 per cent, was equally inevitable, particularly since it had been falling behind short-term borrowing costs. The discount rate is the amount banks have to pay when they borrow from the Federal Reserve system and at present, with money so scarce, this is the source of a high proportion of loanable funds. As a result the rise in the discount rate should make commercial banks scrutinise demands for loans more carefully than they have been



doing. This is what the Federal Reserve wants—more discrimination rather than a general curtailment in loans which, if it went too far, could collapse the boom. Similar objectives lay behind the recent moves to make consumer and mortgage loans more selective.

But the authorities in the Cleveland Federal Reserve District felt that something more sensational than a move which had been expected was needed to counteract the over-buoyancy in the demand for credit from businessmen and consumers in this area, which includes the industrial centres of Ohio and western Pennsylvania. The special optimism here springs from the sustained demand for steel and automobiles and from the wage increases recently granted in these industries. In Cleveland, therefore, the discount rate has gone up to 2¼ per cent, the highest since 1934; variations between districts were not unusual before the war, but it remains to be seen whether they can be maintained under today's conditions. However, before long other Federal Reserve Banks may be wishing that they had been as courageous as Cleveland. Inflation is now officially recognised: the consumer price index rose in June—only slightly, but the first time for seven months, and important price increases have been announced since then.

Midsummer Politics

HARDLY had Congress adjourned like a pack of impatient schoolboys heading for green pastures at home or junketing holidays overseas, when President Eisenhower stated in his headmaster's voice that more work might have been accomplished in school during the year, especially in the classes dealing with domestic legislation. Although he did not think it likely, Mr Eisenhower reserved his decision on whether or not to ring the school-bell early and call Congress back for a special autumn session.

The Democrats, who have the majority in Congress, did not take kindly to this scolding. Mr Rayburn, leader of the party in the House of Representatives, tartly remarked that if he wanted more work done the President should get his own party into line. In effect, Mr Eisenhower's words were adding insult to injury, for with every constructive piece of work which they accomplished in Congress, the Democrats were adding yet another brick to the rising wall which blocks their road to the White House. Already, President Eisenhower appears to be even higher in the hearts of his countrymen than was President Roosevelt when he won his second term by an overwhelming landslide. The Democrats are in a cruel dilemma: either they must continue to support the President's policies and magnify his accomplishments yet further, or they must assume the burden of sabotage for its own risky sake.

It is because of this that the nomination for the Presidency in 1956 is one which few Democratic politicians seem eager to have. Only Mr Stevenson continues to make brave statements about the fact that President Eisenhower is not George Washington, Abraham Lincoln and Davy Crockett rolled in one. Governor Harriman, on the other hand, is doing everything to be a candidate and saying everything to deny that he is one. As the laws of the State of New York allow him to run for the Presidency without giving up his gubernatorial chair, Mr Harriman may try the thing for the sport of it. It is a very expensive sport, but Mr Harriman is a very rich man.

Copper Troubles

LABOUR negotiations in the copper industry follow less clear patterns than those in many other industries, but the reported agreement, after nearly six weeks of striking, between the Union of Mine, Mill and Smelter Workers and the American Smelting and Refining Company will probably take similar lines to the agreement reached earlier with the Phelps-Dodge Corporation. This provided for wage increases of 11½ to 17½ cents an hour and additional health and welfare benefits. Rather surprisingly the union signed a less satisfactory agreement, without the welfare benefits to which it is attaching so much importance, with the Anaconda Company without striking. This suggests that the union was trying to play its employers off against each other. Its efforts are now concentrated against the Kennecott Copper Corporation, the only producer still strikebound.

This company's hand is hardly strengthened by the publication on Tuesday of its report showing that business and profits improved greatly during the first six months of this year. Indeed, in its present state of prosperity, the Kennecott company might have been expected to make little difficulty about granting the union's demands. Even if a settlement with Kennecott comes quickly, the effect of the strike will be felt until the end of the year. For about 75,000 tons of copper, half the industry's output, have been lost and there was already a serious shortage as the result of previous strikes and of the recent rise in demand. Fabricators have been paying premium prices and many have closed down; the supplies which the government has diverted from the stockpile are now being reserved for manufacturers of military equipment, and export controls have been tightened. Moreover, one of the results of the strike is likely to be another increase in the price of copper—40 cents a pound instead of the present 36 is being rumoured. The industry dreads this since it would be a further encouragement to manufacturers to use substitutes.

There is, however, a suspicion that this disruption of the industry is welcome to the leaders of the Mine-Mill Union, although not to its members. For this is one of the unions which was expelled by the Congress of Industrial Organisations five years ago because it followed the Communist line. Now the union is being used for the first test of the Communist Control Act, passed by Congress in 1954, under which a trade union loses its rights under the labour laws if it is found to be controlled by Communists. The Attorney-General has asked the Subversive Activities Control Board to make such a finding.

No Buses To Miss

ONE of the last things Congress did before adjourning, was to pass a Bill repealing the concession of the Capital Transit Company to operate the buses and trams in Washington and giving the Commissioners of the District of Columbia the authority to negotiate a settlement in the strike that has paralysed all public transport since July 1st. Once the President has signed the Bill, the commissioners will be empowered to contract with the CTC, or some other company, for the future operation of the system. During the period of one year, in which a new concession is to be worked out, the city will be responsible for whatever losses are incurred from higher wages and are not covered by higher fares. The transit workers struck after their request for a wage increase of 25 cents an hour and other benefits had been turned down. So far the only constructive offer made by the CTC has been contingent on a presidential veto of the Bill.

Although many citizens of Washington have had to hitch-hike or walk to their jobs in the sweltering heat, public and congressional anger is directed not against Mr Walter Bierwagen and his union, but against Mr Louis Wolfson, the celebrated young wizard of corporation finance, and his associates on the board of the CTC. Not only has Mr Wolfson treated the whole strike with lofty nonchalance and made little effort to negotiate constructively with his employees, but the financial record of the CTC has given rise to the strong belief that Mr Wolfson took over the com-

pany in order to liquidate its large cash reserves, and would now be perfectly willing to leave its run-down hulk to the city.

This, at least, is the interpretation of Mr Wolfson's motives and strategy expounded in a series of editorials and feature articles in the influential *Washington Post*. On July 2nd, it denounced Mr Wolfson's "ostentatious flouting of social responsibility" and his "harkback to the robber-baron days of the last century." On July 18th, the *Post* declared that Mr Wolfson's invasion of Washington had caused more damage than the British assault in 1814, and stated that his "monumental avarice" had been the real motive for the CTC's policies. When Mr Wolfson offered to relinquish his concession voluntarily, the *Post* noted that this move merely confirmed its suspicion that Mr Wolfson had been looking for an easy way to disentangle himself from the whole business and had secretly welcomed the strike. Citing the three editorials in which these allegations appeared, Mr Wolfson has filed a libel suit against the *Post* and against its chairman and publisher asking for $30 million in damages. The paper announced that Mr Wolfson's "legal gyrations" would not keep it from telling what it thought to be the truth or from trying to get the public a satisfactory transport system.

Mr Roberts

MR ROY ROBERTS is a famous newspaperman and a behind-the-scenes political tactician who was one of the first men to direct General Eisenhower's thoughts towards the White House. He is also, according to a United States District Court, the sole disseminator of news and purveyor of advertisements in the Kansas City area. In the most important suit ever filed against a newspaper under the provisions of the Sherman Anti-Trust Act, the government sought to show that the Kansas City Star Company had acquired a virtual monopoly of news and advertisement and had forced its main rival, the *Journal-Post*, out of business.

Under an ingenious scheme of "combination subscription rates," Mr Roberts was compelling readers of the *Star*, an evening paper, also to buy its morning edition, the Kansas City *Times*. Mr Roberts cheerfully argued that by buying both papers together his readers received better news coverage and paid a lower price for the two than if they had bought them separately. Likewise, he said that it was perfectly reasonable that advertisers should be compelled to purchase space in both papers as these were, after all, two editions of the same daily. Mr Roberts was, however, less successful when seeking to explain why Mr Emil Sees, his advertising manager, seemed to penalise, both in rates and in choice of space, those clients imprudent enough to advertise in other media.

On February 22nd, a federal jury convicted the *Star* of exercising a monopoly both in news and advertising. The defendants moved for a new trial but their motion was overruled, and last week the company was fined $5,000, and Mr Sees was condemned to pay $2,500 in his own right. The importance of the decision, moreover, extends well beyond Kansas City, for this may have been a pilot case for other prosecutions by the anti-trust division of the Justice Department. The latter has been studying advertisement "price setting" by metropolitan newspapers all over the United States and has been paying increasing attention to the interlocking relations between newspapers and wireless and television interests. In fact, Mr Roberts's troubles are not yet over, for in a suit which is still pending, the government is asking that the *Star* should give up ownership of its radio and television stations.

Banking Goes Gay

FROM A SPECIAL CORRESPONDENT

MEN who have been spending a major part of their time trying to make banks seem warm and generous friends of the common people must take a certain wry satisfaction in the recent rise in the Federal Reserve's discount rate. On the surface, this change makes their efforts appear so successful as to worry the experts. Below that surface, however, lie the hard facts of rivalry in lending which make the lot of the old-time banker far less happy than it used to be. His loans may be up, and with them his profits, but so are the loans, and the profits, of his less orthodox competitors.

The truth is that the rise in borrowing can only in small part be put down to the successful promotion of bank services. The newest device in the business, by which the young are invited to "open a charge account at the bank," dates only from February and is still in an experimental stage. So far most of the increase in consumer borrowing is inspired by the advertising of motor cars in mauve and coral pink, of refrigerators enamelled to match a kitchen colour scheme, of houses to be had on hire-purchase for nothing down and thirty years to pay it. While these symbols of democratic affluence can still be had by means of a bank loan, most people find it easier to sign a paper offered by a finance company. That the amiable Comptroller of the Treasury was recently moved to warn bankers to use sense in lending, shows how hard the newer ways are pushing practitioners of the older ones.

The extent of these newer ways, and their effect on traditional banking, are so striking that one does not have to be a monetary expert to be aware of them. The signs are visible all across America. The fanfare which attended the opening of New York's glass-walled bank building last year, the daffodil show for which a Philadelphia bank lends its lobby every spring, the popularity in western suburbs of drive-in banks designed to serve those who wish to transact business without stepping out of their cars, all these suggest that a set of Doric columns on Main Street's best corner no longer pulls in all potentially profitable customers. Bankers do not today speak of their quarters as "cathedrals of finance." Even some of the Federal Reserve banks, built when the old tradition flourished, have been hiring decorators to brighten offices and apply modern colours to their counting houses.

The reasons behind these changes are many and varied. History, geography, variations in state laws, and civic and social habits help to make the banking structure of the United States an exceedingly complex affair, and attempts

at easy analysis are mostly futile. But one of the important factors is that banking is a white-collar trade, and that it has been hard hit by rising wages and a lag in technological progress. Electronic machinery for large-scale operations is improving, though still incredibly expensive, but thus far the inventive efforts of engineers do not help the small town bank very much.

The result of this pressure is visible in the bank mergers, in the struggle for and against the introduction of branch banking in states which forbid their banks to have subsidiary institutions, and in the present attempt to pass national legislation regulating bank holding companies. Individual banking units in small towns have played a large part in making the country what it is, but their day is passing. The figures are inescapable. In the nineteen-thirties, the depression cut the number of banks in the United States from some 30,000 down to 15,000. Since then, in spite of two decades of expansions in population and in cash, their number has shrunk by another thousand. This figure, 14,312 in May, 1955, is of course a measure of corporate structure. The entire State of Nevada, for example, counts only two banks, but these serve the scattered population through their branch offices. The other extreme is visible in Texas, where branch banking is against the law, and some of the existing banks are bursting at their seams.

One Texas bank which outgrew its quarters in a principal city put up a new building across the street and ran a tunnel underneath so that the two offices could operate as one. The question now exercising some of the more raffish Texas minds is whether a telephone wire strung between two banking structures could be called an umbilical chord giving the two a claim to be considered as one within the meaning of the law. There is also the matter of the armoured car. In California, where new suburbs and decentralised industries create both prosperity and problems overnight, a famous banking octopus has flung out branches to serve the new working neighbourhoods. Another bank, proud that it has been able to preserve its unit status, competes by sending around an armoured car to collect each day's receipts from factories and super-markets, and to meet payroll needs at the week's end. Is this armoured car a branch of the unit bank, and must the unit then conform to state rules governing branch banking? Or is it merely a reasonable part of the bank's safe-keeping service to customers?

To anyone who has known the rigorous standards of European banking, these customer appeals sometimes seem frivolous. But Americans find it entirely reasonable that a bank president's office appears to be open to all comers, and that a lady may wash her face, telephone to her friends, park her dog, or make her deposits, all in the same friendly atmosphere. The modern test of service—a place to leave one's car—is harder to provide in the city, but even here some banks have capitalised on convenient alley-ways in which a car can stop long enough to deposit the cheque from home or the day's receipts in a guarded slot.

The newest service invention attacks the other end of the banking business. It has long been an American tradition that he who really needed money had a hard time getting it from a flint-visaged banker. Bankers deny this, but the man in the street believes it, and this belief has played a large part in the success of the less conventional finance companies. They have given loans to wage earners, and made money at it, while the bankers have reached for bigger business.

Last February, however, the First National Bank of Boston—a most venerable house—began advertising its "First Cheque Credit Account," which would allow an individual to borrow and then write cheques against his loan. In June, the First National Bank of Minneapolis took a full page in the local newspaper to advertise the same service: "A brand new idea in personal finance! Now you can borrow money to pay your major expenses simply by writing a cheque like this. . . ." The cheque in the illustration was made out to an imaginary "Television and Radio Inc.", while accompanying pictures showed a mother buying new furniture, a father paying the hospital for a new baby, and a bride and groom sailing for Europe. This last lure bore the caption, "Money for anything you want."

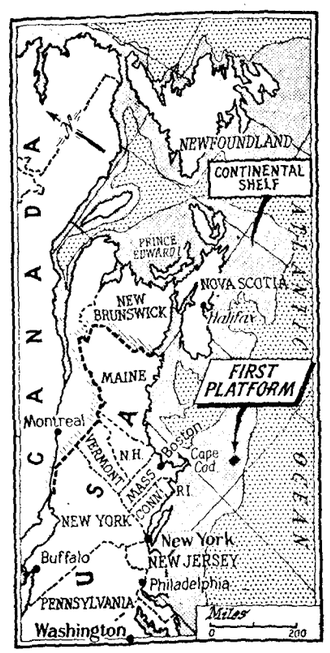
To a people heavily committed to hire-purchase plans, this new ability to open a charge account at a bank should be attractive. What it will do to consumer credit when it gets going is another matter.

Texas Towers

FROM A CORRESPONDENT IN BOSTON

THE first of a chain of "Texas Towers," designed to close a gap in the radar defences of the United States, is now being anchored to the floor of the Atlantic Ocean 110 miles southeast of Cape Cod off the New England coast. A triangular platform 210 feet on each side, the "tower" resembles the offshore oil-drilling installations in the Gulf of Mexico. It will be supported by three cylindrical legs driven firmly into the sand bottom of the comparatively shallow continental shelf.

The Air Force is not talking much about its radar platforms except to say they will cost about $1 million each and will be vital links in the defence against enemy planes. No announcement of the number planned has been made, although it is reported that there will be anywhere from five to fifteen and that they will be spread along the coast from New Jersey to Newfoundland. Radar picket ships and planes equipped with radar are currently ranging this area. It is estimated that operation of the platforms will be more economical and will, at the same time, release present radar units for duty farther out at sea.



The Air Force hopes to have the "Texas Tower" fastened firmly, its caissons filled with concrete, before the end of August. Water at the Cape Cod site is about 50 feet deep and was chosen after exploratory borings by engineering firms. The platform was towed to the location with its legs retracted above the deck. After the legs have been dropped into the ocean through open wells in the platform, it will be jacked up to a position about 65 feet above the waves. This height should free its occupants from worry about storms, and even about hurricanes. In fact, as hurricane "Connie" approached this week, half the hundred workmen on the platform decided to ride it out.

A space has been provided for helicopter landings, and workmen have been taking week-end excursions to see their families on the mainland. Ocean currents, however, will pose a problem for supply ships when they dock alongside. Thirty or more technicians will be assigned to the "Texas Tower" and every possible convenience will be installed to relieve the monotony of their stretch of duty. Recreational facilities will even include a miniature golf course. In any event, it is expected that crews will be rotated every thirty days.

American cities on the eastern seaboard are already ringed with guided missile stations ready to intercept enemy craft when alerted by radar units farther north. It is thought that offshore radar platforms will furnish much of their information direct to these stations and help fill the gaps between land-based radar posts. It is unlikely, however, that "Texas Towers" will be erected on the west coast of the United States, for there is nothing comparable in the Pacific to the shallow waters off the Atlantic seaboard.

SHORTER NOTES

Electricity output has once again been breaking all records, for winter and summer, as the result of the heat wave which brought heavy use of air-conditioning and other cooling equipment. Consumption of electricity has been running at over 10 billion kilowatt hours a week.

★

The Air Force has authorised the Boeing Airplane Company to work on a commercial jet transport which will be a version of the tanker the company has been building for the government. Until now such permission has been withheld for fear that it might delay deliveries of the military aircraft.

★

Congress has revived the Renegotiation Act, which expired at the end of 1954; it provides that defence contracts let by the government may be reviewed if experience shows that excessive profits are being made.

★

Both Houses of Congress have approved a Bill raising the minimum wage to $1 an hour, instead of the 90 cents for which the President asked, but both refused to extend the law to cover certain occupations which are now exempt. Nevertheless, the President is expected to sign the Bill.

★

After a direct appeal from the President, the Senate abandoned, for the present, at least, its attempt to double the duty on hardboard by means of a tariff reclassification.

★

The United Automobile Workers' trade union has been indicted for using its funds for political purposes, which is prohibited under the Corrupt Practices Act. The union is accused of having paid for television shows featuring Democratic candidates during the 1954 election campaign in Detroit, when the Democrats had an unexpected victory in the area. The union contends that the programmes were designed not to influence the electorate but to encourage thoughtful investigation of public issues and political candidates.

★

A Bill passed by Congress last week would give the inhabitants of the District of Columbia their first official voting rights since the nation's capital lost its suffrage in 1874. Although the Bill does not permit voters to participate directly in national elections, it does allow them to vote for officials in their respective parties and for delegates to the Republican and Democratic national conventions—and thus to have a say in the choice of presidential candidates.

★

The National Foundation for Infantile Paralysis has now filled its immediate needs for the Salk anti-polio vaccine; it is giving free immunisation to all children in the first and second grades (six and seven year-olds). The available vaccine is being allocated to state authorities, on the basis of the number of unvaccinated children between five and nine, to be distributed as they see fit. Over 5 million doses have been released since stricter standards for testing it were established at the end of May.

★

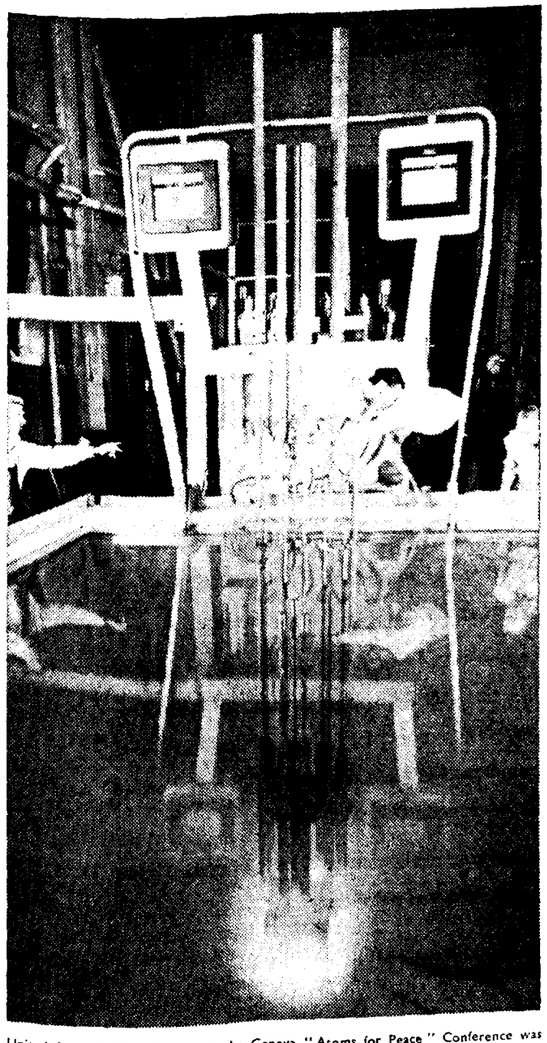
Congress has approved United States membership in the International Finance Corporation which is intended to stimulate economic development and increase capital investment throughout the world. Its assets will amount to $100 million, of which the United States will contribute $35 million, but it cannot come into existence until 30 countries have ratified the agreement.

★

Businessmen who cannot afford a mechanical computer can now take their problems to an integrated team of giant brains, which inhabits an "electronic brain for rent" centre in New York. Answers to mathematical questions are available at from $15 to $445 an hour.

Now a reality . . . no longer a dream . . .

ATOMS FOR PEACE



United States Exhibit Reactor at the Geneva "Atoms for Peace" Conference was designed, built, and is being demonstrated by Oak Ridge National Laboratory, operated by Union Carbide and Carbon Corporation for the United States Atomic Energy Commission.

Here is an outstanding example of the peaceful applications of atomic energy. It is the operating research reactor in the United States Exhibit at the United Nations International Conference on Peaceful Uses of Atomic Energy at Geneva.

This pool-type reactor was designed and built at Oak Ridge National Laboratory, which Union Carbide operates for the United States Atomic Energy Commission. This Laboratory, in addition to its extensive research work, is also the Nation's chief source of radioactive and stable isotopes.

Union Carbide also operates the huge gaseous diffusion plants at Oak Ridge, Tennessee, and Paducah, Kentucky, U.S.A. for the Atomic Energy Commission. In addition, the Corporation is a prime supplier of uranium and uranium concentrates from its mines and mills in western Colorado, and is a leading producer of super-high-purity graphite and carbon for nuclear applications.

These diverse and important ways . . . from ore to end uses . . . are dynamic examples of how the people of Union Carbide are aiding in the development of peaceful uses of atomic energy.

See our Exhibit, Area 76, Palais des Expositions, Geneva

UNION CARBIDE
AND CARBON CORPORATION

Divisions and Affiliates Include

Union Carbide Europa, S.A.
Geneva

Union Carbide Canada Limited
Toronto

Union Carbide Limited
London

Union Carbide International Company
New York

Lincoln Cathedral

No great thing is created suddenly—

EPICTETUS (*IN CENTURY A.D.*)

Everything grows. A tree, a house, a school of thought—each adds to itself carefully with the years. And when they are great, their growth is the more leisurely. A nation, a religion, a way of life—these ask not for generations, but for centuries.

Among the community's great organizations today industry has one of the longest histories. It can trace its course back for two centuries, to dark mills and primitive machines. Now, it serves the community's economic needs in a million ways, and provides the material foundation for modern standards of life and leisure. For, as industry's technical achievement grows, so does its field for service.

Great organizations, high traditions, are best made slowly. Which is to say, great responsibilities are assumed gradually and with understanding.

Esso

Esso Petroleum Company, Limited

The World Overseas

Fair Reports from France

IN recent years economic weather reports from France have made gloomy reading with their accounts of depressions and their forecasts of storms. But the change that has come about in the recent period of expansion without inflation can be gathered from two analyses of last year's economic progress published this week. Neither M. Baumgartner, presenting the report of the Bank of France, nor M. Mendès-France, introducing the study of the National Accounts Commission, are easily led astray by facile optimism. Indeed, both are aware of the precariousness of the present recovery and suitably cautious in their forecasts; M. Mendès-France has even emphasised the danger for the future contained in the relatively low rate of investment and capital formation. The figures quoted, however, show that France has shared in the general boom in Western Europe. A fairly rapid growth of national income and industrial production; the reduction of the trade gap and the turning of a payments deficit into a surplus; the fall in the price of free market gold; "dishoarding" and a return of capital from abroad—all these are unmistakable symptoms of improvement. The reputed "sick man of Europe" progressed comfortably last year and shows no sign of a relapse.

French gross national product rose by 9 per cent between 1952 and 1954. In the latter year alone it increased by some six per cent, while industrial production climbed by about nine per cent. Thus, last year industrial output was two-fifths higher than before the war and one-fifth greater than the record level of 1929. After a substantial decline the output of producers' goods last year barely exceeded its 1952 volume. For once the share of wages in the national income increased slightly; and the impetus of recovery came from the consumer goods industries. Two good harvests helped to absorb part of this new purchasing power.

France has also continued to cut its foreign trade gap and last year's overall deficit amounted to only Frs. 9,700 million. True, this small figure is still largely due to a surplus with its own overseas territories, but the deficit with foreign countries was also reduced by nearly one-third to about Frs. 145,100 million. France's exports still cover scarcely more than half of its imports from the dollar area and somewhat more than one-third of its purchases in the sterling area; thus the improvement is mainly the result of a growing surplus with other European countries. It is significant, however, that this improvement took place while France was lifting, on the recommendation of OEEC, the quantitative restrictions on its imports. On the other hand, the full effects of these measures had not yet been felt and the liberalisation was accompanied by the introduction of a protective tax, which is to be wound up only progressively. Indeed, the problem of making French costs and prices internationally competitive is the chief task facing the government and it is officially admitted in the Bank's report that export subsidies, in various forms, cost the French Treasury last year about Frs. 80,000 million.

The narrowing of the trade gap has resulted in a favourable balance on current payments which enabled France to pay off some of its foreign debts ahead of schedule. Although off-shore contracts and other forms of American aid will probably be reduced, the position of the franc has undoubtedly been strengthened. Improved foreign trade, economic recovery and prolonged price stability have restored confidence in a country that had been suffering from an inflation complex. Gold and foreign currencies have lost much of their attraction. Towards the end of last year came the first signs that Frenchmen were dipping into their gold stockings to buy state and industrial securities. Even the prodigal French capital has begun its return home; it is estimated that about Frs. 167,000 million were repatriated in 1953 and some Frs. 239,000 million last year.

Altogether, the balance-sheet is very satisfactory, in pleasant contrast to previous years. Neither report, however, attempts to camouflage weaknesses or play tricks with the debit side of the account. Both are aware of potential inflationary pressures and of the danger of heavy deficit financing. The good trade and payments position is partly due to the fact that France had lagged behind in the OEEC's liberalisation drive. The wind of foreign competition is only beginning to blow inside the French protective walls, and the further lifting of tariffs and subsidies is bound to provoke painful readjustments as well as resistance. The elimination of outwern practices and the adaptation of firms which could become competitive has scarcely begun.

France's role in the world economy will be determined by the volume and direction of its investments. The Bank of France ends its review with a plea for more saving, for larger margins to allow for the stepping up of both exports and re-equipment. M. Mendès-France is more outspoken In a covering letter, enclosed with the national accounts, he emphasises that the present insufficient level of investment contains within itself the seeds of a future crisis and spoils France's chances in the economic race. During the last two years, fixed investment rose by less than ten per

cent, compared with 17 per cent in Britain and 28 in Western Germany. Even this figure gives an exaggerated picture since the greatest progress was achieved in housing and administrative investment; industrial investment has increased by only three per cent since 1952. France was able to accelerate production thanks to unused resources and to the scope for a rapid rise in productivity offered by its backwardness.

Yet this is not enough if it is to forge ahead and provide useful employment for its growing population. And even this relative recovery had to be stimulated by state intervention, particularly through building subsidies. If private enterprise fails to do its job, the state will have to intensify its efforts to re-equip and modernise the country's economy.

Hard Bargain for Austrians

THE Soviet national bank now has in its portfolio drafts totalling $150 million, guaranteeing the deliveries which Austria has to make over the next six years as the price for freedom. The Russians leave behind about 300 firms, as well as oilfields and refineries, all of which they have exploited for ten years; in addition, they are pocketing this, for Austrian circumstances, immense IOU. The western forces leave behind them in Austria flourishing ex-German concerns, built up and modernised with American funds under Austrian management. Nevertheless, it is Marshal Zhukov's announcement that the Russian troops will have gone by October 1st—a few weeks earlier than scheduled in the treaty—which gains the headlines. And credit is given to the Soviet negotiators for not demanding an additional dollar draft to guarantee delivery of the ten million tons of oil which Austria must pay as ransom for the Zistersdorf oilfields. Even the Russians, hard taskmasters though they are, saw that Austria's dollar resources would not stand the strain of a further dollar liability, which would become an actual transfer if for one reason or another the deliveries cannot be made in kind.

The Austrians now know where they are as regards the goods which they have to deliver in the first year of the agreement. After very hard bargaining in Moscow, the Russians made a slight compromise in their list. They agreed to take 200,000 tons of oil (instead of the 300,000 tons which was originally demanded), they reduced their demand for rolled copper, and they accepted small amounts of consumer goods. But the bulk of the deliveries will be steel sheets, rolled copper and other rolled products, as well as machinery for the paper and timber industries, and electrical equipment. A penalty of 3 per cent interest per month will be levied on delayed deliveries. Soviet inspectors will have access to the Austrian factories to supervise the goods.

While the Austrians were in Moscow the Russians wanted to negotiate a five-year trade and shipping agreement of the "classical" kind, containing a most-favoured-nation clause. According to the Vienna correspondent of the Düsseldorf *Handelsblatt*, the Austrians evaded this demand, saying that they must consult their partners in Gatt and would talk about the matter again in the autumn. Actually, Gatt would not prevent Austria from granting the Russians the same tariff concessions as are given to its partners. But the Austrians may well feel that the Gatt concessions were a give-and-take affair, in which bargains were struck and that the Soviet trade authorities should likewise offer something in return. The Russians are already asking that western countries in the OEEC should grant them the same degree of liberalisation as applies to goods imported from the OEEC area—without offering anything in return. And it may be assumed that their demand for "no discrimination" also means that their trading partners are expected to abandon the restrictions imposed by the Americans, and accepted by all countries receiving American aid. The Soviet approach to the Austrians in regard to the "classical trade treaty" is probably a foretaste of the offer—or demand—which will be made in September to Dr Adenauer.

Supranationalism's Third Birthday

THREE years ago this week the High Authority of the European Coal and Steel Community held its first meeting and a new experiment in "supranationalism" began. By the end of the first two years, the common markets for coal, coke, iron ore, scrap, steel, and special steels had all been established, intra-community trade in these products was increasing, steel production had recovered, productivity in the coal mines was rising, albeit slowly, and prices were reasonably stable. The United States government had expressed its confidence in the soundness of the new Community by loaning it $100 million, and although little progress had been made on the difficult problems of making the common market competitive and rooting out the less obvious forms of discrimination and distortion, the record of achievement was a good one.

The record of the last year is more mixed. The economic indicators all still show that the common market has had a healthy influence on production, trade and prices. But what might be called the psychological indicators have been more wobbly. In part, this weakening was one aspect of the general discouragement and disillusionment with the "supranational" approach that followed France's rejection of the EDC and in part it was an inevitable development once the obvious steps required by the treaty had been taken. For most of the day-to-day questions with which the High Authority now has to deal are too technical to generate popular support and yet too important to those directly affected to pass without loud wails from those who fear they may be hurt.

Last year, the High Authority's decision that steel prices might fluctuate within quite narrow limits without the publication of new prices was successfully challenged in the Court of Justice. Although the High Authority immediately brought its price regulations into line with the Court's decision and welcomed the episode as evidence of the vitality of the Community, it was also less welcome evidence that the governments and enterprises which brought the case were unwilling to give the High Authority scope to interpret the general clauses of the treaty broadly. During the last year, too, there has been a tendency for the Council of

Ministers to grow in importance at the expense of the High Authority. The unwillingness of the Council to play a subsidiary role was perhaps most apparent during the discussions on the treaty of association with Britain. This was in part a reflection of the trend away from "supranationalism." but it was also an inescapable result of the "sector" approach to integration. Once the common markets were established, and the High Authority turned to investment, transportation, and problems of market organisation, it was dealing with matters that were intertwined with economic questions beyond its powers. The relationship between the High Authority and the Council of Ministers therefore had to become either one of co-operation (and of greater limitation on the independence of action of the High Authority) or of deadlock.

The third year has ended with little progress to show on the crucial problem of cartels. One small German scrap cartel has recently been broken up, but "Georg," the Ruhr coal sales agency, still has to reply to the High Authority's proposals on how its operations might be reorganised to conform to the treaty. Delay and the current tightness in coal supplies, which makes consumers as well as producers less willing to gamble on a more competitive system, are adding to the High Authority's difficulties.

In contrast, the progress made during the last year in eliminating frontier charges and establishing international through-rates for the carriage of community products was a good beginning to one of the most difficult of the Community's problems—the elimination of the discrimination which has been deliberately built into transportation rates over the years. And there are many other bright patches in the record. The Belgian coal mines have been brought a few steps nearer the point where they can be fully integrated into the common market without special subsidies. The American loan has been allocated and new loans raised on the European market for financing workers' housing schemes in Belgium, Luxemburg and Germany. And the long-awaited British association now only waits for final ratification of the treaty by all the signatories.

Future Prospects

Since the earliest days of the Schuman Plan it has been the fashion to say that the Coal-Steel Community could not exist by itself, that new steps on the same pattern must be taken to integrate the economies of the Six, or the experiment in "supranationalism" would fail. The experience of three years seems to point to a less "black and white" conclusion. The Community will not develop as M. Monnet and others hoped unless the governments of the Six decide to yield additional powers either to existing institutions or to similar ones. Furthermore, so long as each measure has to be justified on its own merits rather than accepted as part of something bigger, it will become harder and harder for the High Authority to take new steps to unify the common market. But although without new decisions the work of the High Authority will undoubtedly become increasingly routine, the Coal and Steel Community is now too solidly based to disintegrate. After an interlude of messy French politics which is better forgotten, M. René Mayer has succeeded M. Monnet as President of the High Authority and life in Luxemburg has settled down to a routine which may lack flair, but is business-like and hard-working. How much more will be built on these foundations depends not on the High Authority but on the outcome of the discussions in Brussels on how European integration is to be "relaunched."

United Nations Records

THERE is a new note of cautious and restrained optimism in this year's annual report of the United Nations Secretary-General. Last year Mr Hammarskjöld's introductory remarks gave the impression that the UN was in danger of being stranded high and dry away from the main channel of international events. This year one gets the impression that this danger has been averted and that round the next bend in the river the organisation may find new and more auspicious prospects opening before it.

This change of emphasis can hardly be due to the part played by the United Nations in bringing about the present lowering of international tension; the Big Four conference at Geneva was not initiated by the United Nations although it was held under UN auspices. The change is primarily due simply to the fact that an international *détente* does seem to have taken place. Last year Mr Hammarskjöld pointed out that "at present the organisation is severely handicapped by the fact that it has to function in a world where the necessity of coexistence is as yet not fully recognised." This year he feels able to say, hopefully if a little wryly, that whereas in the past the United Nations has been regarded "more as a symbol of hope for the future than as a source of present progress" towards reducing the danger of war, now, "in the situation that seems to be developing" the organisation "should acquire a new diplomatic and political significance."

Although in some ways the tension of the past ten years has given the United Nations a chance to show its mettle, in a sense the organisation has been one of the most serious casualties of the cold war. It has been deprived of the conditions and the universal membership that the drafters of the Charter meant it to have; the question of China's membership, for instance, haunts like King Charles's head every attempt to grapple with Far Eastern tensions through the United Nations, and Mr Hammarskjöld was no doubt thinking in particular of China when he wrote in his report that developments over the past year have made a solution of the membership problem even more acutely necessary. Moreover among the general public the UN has tended to earn a one-sided reputation as a vehicle for ineffective and hollow pretensions and a sounding-board for sterile and ill-tempered polemics. The need to live down this reputation may have been at the back of the Secretary-General's mind when he wrote that "we have only begun to make use of the possibilities of the UN" as an instrument for relaxing tensions and lessening mistrust and misunderstanding.

Mr Hammarskjöld believes that "conference diplomacy," with its public debates, has come to stay; but he wants the United Nations to be more than an instrument of this conference diplomacy, which he thinks could be usefully supplemented by "private diplomacy" carried on within the framework of the United Nations and through its Secretariat. "It is my hope," he says,

that solid progress can be made in the coming years in

developing new forms of contact, new methods of deliberation and new techniques of reconciliation. With only slight adjustments, discussions on major issues of a kind that have occurred outside the United Nations could often be fitted into its framework, thus at the same time adding to the strength of the world organisation and drawing strength from it.

Mr Hammarskjöld goes on to suggest that use might be made of the provision in the Charter for special periodic meetings of the Security Council. If he had not completed his report before the American airmen were released by Peking and before American and Chinese representatives sat down at a conference table in Geneva, he might have cited these developments as an example of what can be achieved through UN organs and officials; probably neither would have occurred without Mr Hammarskjöld's journey to Peking last winter and his subsequent contacts with Mr Chou En-lai. The private meetings of the UN Disarmament Sub-Committee in London are another practical example of the advantages of a more flexible use of the United Nations machinery. Mr Hammarskjöld reports that the most recent of these meetings, "while leaving vital questions unresolved, nevertheless did result in an important measure of progress. . . ."

If the apparent improvement in the relations between the great powers persists, the Secretary-General clearly hopes that the United Nations will be able to play an important role in facilitating new and improved relationships between the peoples of Asia and Africa and of the West.

The peoples of Asia today, of Africa tomorrow, are moving towards a new relationship with what history calls the West. The world organisation is the place where this emerging new relationship in world affairs can most creatively be forged.

Mr Hammarskjöld believes that the great changes now taking place in Africa provide a challenge to the rest of the world and that in the past the United Nations' concern with African problems has been too much on a "piecemeal basis" without sufficient planning and study. To remedy this, he has set up a Secretariat working party to advise him on African problems. In theory all that the Secretary-General has to say about the UN's role in Asian and African affairs is very right and proper. But it must be remembered that the organisation's past record in this sphere is not an altogether happy one; it has tended to become a forum for irresponsible nationalist extremists and naïve and equally irresponsible "do-gooders." It will need all its Secretary-General's skill and good sense if it is to avoid these pitfalls in future.

Indonesia Finds a Cabinet

INDONESIA'S youthful democracy has shown a commendable maturity in solving its latest cabinet crisis. After the failure last week of an attempt to create a coalition government, including both the outgoing Nationalists and their chief rivals, the Moslem *Masjumi*, who were in opposition during Dr Sastroamidjojo's late administration, the Vice-President handed on the task to Dr Harahap, the chairman of the *Masjumi* parliamentary group. Dr Harahap succeeded in forming a cabinet on Wednesday, at the eleventh hour of the period allowed him by the Vice-President. According to the information available as *The Economist* goes to press, the *Masjumi* will fill four posts, including those of Dr Harahap himself, who takes both the Premiership and the Ministry of Defence, and four more will go to other small Moslem factions; the remaining positions will be shared between the Socialists, two small Nationalist groups, a Republican group and the Democratic, Catholic and Christian parties. Neither the Nationalists nor the Progressive group, who were in alliance under Dr Sastroamidjojo, nor the Communists who supported them, will be represented.

There are two encouraging aspects of this. One is the Communists' loss of influence over the government; it was the parliamentary support they afforded to Dr Sastroamidjojo which no doubt inclined him in recent months to take so indulgent an attitude to China. The other is the evidence that out of the welter of parties and factions something like a system of "alternative governments" is emerging, with two groups centred respectively on the Nationalists and the *Masjumi*. Not only are most of the incoming ministers "new faces" in office, including the Premier himself, but of the parties represented in the new cabinet only the minor Moslem and Nationalist groups were also in the old one. The rest, who form the core of Dr Harahap's government, have consulted together during the period of negotiations, and their cohesion gives hope that they will continue to provide an effective alliance.

Dr Harahap's period of office is confined to the remaining weeks before next month's general election—the first the republic has held. His chief tasks will be to ensure that the elections are held on time (all the parties have promised to co-operate in this) and, in his function as Defence Minister, to try to arrange a settlement with the Army over the appointment of a chief of staff. This is the issue on which Dr Sastroamidjojo fell, but the new Premier's task may be made easier now that the former Defence Minister, about whose supposed Communist sympathies the Army had doubts, has been finally removed from the scene.

Houses for Africans in Southern Rhodesia

FROM A CORRESPONDENT

PARTNERSHIP is the professed political faith of the Federation of the Rhodesias and Nyasaland, but doubts are expressed both by intellectuals in Britain and by Africans in the Federation; partnership, they say, is *apartheid* writ small. Where, they ask, is evidence of a real intention to advance the African to genuine citizenship? Of the three territories, Southern Rhodesia is the most suspect, yet Southern Rhodesia's present housing scheme does offer just such evidence. This colony has recognised sooner than some of its neighbours that with a steady increase in population, the African must either have more land or become urban and industrialised—a dilemma that can be postponed but not avoided by the better use of existing land. Rural policy in

Southern Rhodesia has aimed at building up the "master farmer," a peasant with from ten to thirty acres of arable in a consolidated holding which he farms well and can leave to his son, together with the grazing rights that go with it. This holding may not be split; the younger brother must therefore go to town.

The urban counterpart of the master farmer is the industrial worker who lives with his wife and family permanently in or near the town. In South Africa the policy is to discourage permanent settlement and rely on "migrant labour"—men who go home after a year or eighteen months to make their wives pregnant and forget their industrial skill. In Southern Rhodesia, the employer must pay the employee's rent, which is fixed at £1 a head whether for single or married accommodation. The intention was to put a premium on the married permanent worker, who is more reliable than the migrant and costs his employer no more. But it has not worked out like that; faced with a chronic housing shortage, the municipalities have tended to build single quarters first, housing five men in a room and using the rent of £5, of which at least half is profit, to finance married accommodation, on which they lose money. In the eight years up to 1953, the municipalities built 12,401 married and 55,517 single units, financed by loans from the government. The shortfall then was 18,670 single, and 7,168 married. A year later, the single shortfall was slightly reduced but married had risen to 9,855.

The scheme that is now getting under way is designed not only to build houses but also to tackle social evils. The African must at present be housed by his employer and is often fed; his wages—the employer sometimes says—are pocket money. But few people learn to handle money wisely until they own property and face the responsibility of housing and feeding their families. So the new scheme is to pay for itself, and the occupant is to pay for and eventually to own his house. A four-roomed cottage costs about £300, which at 5 per cent is paid off in twenty years by £2 a month, to which must be added £1 a month for metered water, street lighting, roads, sewerage, administration. But about £1 a month is generally taken to be the most that the unskilled worker can find at present wage levels. How then is he to pay £3 and make a £300 cottage his own?

Encouraging Initiative

He will have to live in two rooms to begin with and let two to lodgers, who will each pay him £1 a month. (Kitchen, lavatory, shower, will be a separate block outside the main building.) When the married man can afford another room, he gives one lodger notice. Meanwhile, 6,000 married couples find homes and 12,000 single men each gets a room to himself which he hires from a friend. Of 6,000 houses, 400 will be "self-help" houses; the government builds two rooms, the buyer moves into them and builds on what he likes with his own labour or by a contractor. He may also build on to a four-roomed house; he may, when he can afford it, connect to the electric or water mains.

Many objections are voiced. The rooms are too small; water and electricity are not laid on inside the building; two rooms are not enough for a family. True, but anyone who can afford more than £1 a month can turn out his lodgers, build on, connect up; the scheme is elastic, it encourages initiative. The married man who pays £1 a month will, it is true, find himself in two rooms instead of the four he may now be lucky enough to get. But in twenty years the house will be his. The tenure is a 99-year lease, but it can hardly be doubted that the leases will be changed to freehold in less than 99 years. This is, it is true, a lower middle-class scheme; it provides for the clerk or lorry driver who is making good, not for the few but immensely influential professional men.

African criticism is directed at all these points; this is to be expected. So long as eleven out of twelve of the population feel themselves outside political power their criticism will seldom recognise that coats must be cut to fit cloth. But it is a professed object of the scheme, by creating urban African property holders, to lead for the first time to "a system of responsible local government for the African in the urban areas." Together with schools and clinics the scheme will cost £2 million. The Colonial Development Corporation is finding £1 million repayable in thirty years; half a million is coming from two insurance firms on a twenty-year basis and half from ten years' credit from contractors. But the shortfall is not mopped up; an extension of the scheme, modified in the light of experience, will be needed next year. Nothing can contribute more directly to prosperity and contentment in the Federation than good housing and this scheme embodies principles which—though they do not look startling from Europe—in Central Africa are revolutionary.

Notes from Australia

(These Notes are Contributed by Our Correspondent in Canberra)

The Labour Party's Faction Fight

FEVERISH preparations are being made for the special conference in Sydney this weekend to elect a new State Labour party executive. The purpose of the elections is to break the control of the New South Wales Labour machine, now in the hands of supporters of the industrial groups, from which the Labour party has officially withdrawn recognition. The groups, originally organised to fight Communist tactics within the unions, have become inextricably involved in the Labour party's struggle for power. The special conference this weekend represents the victory of the Labour traditionalists and left-wingers over the right-wing, predominantly Catholic faction that rose to power through the industrial groups' successes.

The victors are now divided among themselves on the extent to which their triumph should be pushed. The real leftwingers and the power-hungry, and those with scores to pay off, are all for wiping out the right-wingers completely, and are prepared to split the party in New South Wales, as they did in Victoria. The more moderate opponents of the right-wingers merely want to break their hold on the party. A complete split in the Labour movement in New South Wales would almost certainly mean the end of the Cahill Labour government, which goes to the electors early next year; and since New South Wales is the key state in federal politics, it would also seal Labour's fate at the next federal elections.

Leading members of the party's federal executive—the

body which forced the special conference to elect a new State executive in New South Wales—are now frightened of the consequences of a complete split. But even if the conference avoids precipitating such a crisis it will not solve the party's problems. Two opposed factions, with virtually irreconcilable ambitions and ideologies, have little hope of returning to genuine unity.

* * *

Rising Prices and Industrial Unrest

A WAVE of industrial unrest in Australia has been the inevitable result of efforts to reach economic stability at an inflated level. The immediate causes of the strike-wave have been first, the freezing of the basic wage by the Federal Arbitration Court in September, 1953; secondly price rises since then; thirdly the new policy introduced by the Arbitration Court and the Conciliation Commissioners, last November, of restoring much of the ground lost by skilled workers during the post-war inflationary period; and lastly, signs that the wage and salary increases are beginning to cause a new round of price increases which are aggravating the effect of the freeze on basic wages. The prices on which the basic wage was formerly adjusted have risen about 4.7 per cent since the freeze, and the standard of living of the basic wage earner has presumably declined to this extent. This situation is already having serious political repercussions.

Some State governments are attempting to limit the symptoms, without touching the causes, by reimposing recently abandoned price controls. The Commonwealth government, with a Senate election to face next year, is worried but impotent. Its reiterated policy of non-interference with the Arbitration Court, and its own sponsorship of the claims of skilled workers, leave it in the position of a mere observer of an increasingly embarrassing situation. The Australian Council of Trade Unions (equivalent to the TUC) plans an appeal to the Arbitration Court for the restoration of quarterly cost-of-living adjustments to the basic wage. In a time of over-full employment—nearly 60,000 vacant jobs are registered with the Commonwealth Employment Office—a politically alarming situation is emerging. While prices continue to rise, the alternatives before the court are to let the wage earner suffer the consequences of inflation, or to add fuel to inflation in order to protect him. With the popular tendency in Australia to blame the Commonwealth government for most troubles, the present position could have serious effects on the Menzies government's popularity, and has already ended the remarkable record of industrial peace which has favoured that government since 1949.

* * *

Impatient Backbenchers

THE classical conception of a good prime minister as "a good butcher" is not borne out by the experience of Mr Menzies. Faced with a cabinet which could be improved by some rough surgery, Mr Menzies has taken the easy course and avoided political amputations. Dissatisfaction among the bright young men of the Liberal back-bench has failed to induce the Prime Minister to retire any of the old-timers in his cabinet to make room for new talent.

Acutely conscious himself of the inadequate distribution of talent in his ministerial team, Mr Menzies recently made one effort to mend matters but has apparently retired dismayed. His gesture was to offer an overseas post to the veteran Army and Navy Minister, Mr Jos Francis, who has been a member of parliament since 1922 and has been in ministries since 1932. But Mr Francis rejected pleasant and comfortable retirement to the Australian Consul-Generalship in New York; it looks as if Mr Menzies found that the price of even a single cabinet replacement was something of the order of an ambassadorship and a knighthood.

Such appointments have accounted for two of Mr Menzies' ministers since he returned to the premiership in 1949. Otherwise there have been no changes in personnel except through a small increase in cabinet strength. The result is a ministry of mediocre average standard, and a disillusioned back-bench. The lack of opportunity for the big batch of young men who came into politics in 1949 must also have the effect of discouraging worthwhile potential recruits from going into politics at all. This is a serious prospect in Australia, where the average standard of politicians is already far from impressive.

* * *

Grim Outlook on the Waterfront

THE Australian public is still awaiting results from the undertaking given by the Federal Minister for Labour, Mr Harold Holt, at the end of last year, that the government would introduce legislation to improve waterfront efficiency. Meanwhile, the latest statistics show how big an element port costs are in the high shipping freights, about which the government, industry, and commerce are all complaining. The most recent report on invisible exports covers the six months to the end of last December, and shows that freight payments to overseas shipping companies added almost ten per cent to the cost of imports; and a remarkably high proportion of those payments were swallowed up by port charges. This wasteful expenditure in ports will obviously have to be curbed if Australia is to overcome its trade crisis.

But nothing that the Commonwealth government has done so far inspires confidence that it is prepared for the vigorous action which would be needed to make a genuine improvement in waterfront efficiency and bring down costs. After introducing legislation at the end of last year to end the monopoly of labour recruitment enjoyed by the Waterside Workers' Federation, and then sitting out the fort night's nation-wide wharf stoppage to which this gave rise, the government was not prepared to put the legislation into effect. It then set up a committee of inquiry, on whose report it was to base further reforms. (The fact that an earlier report by an English port authority, Mr Henry Basten, analysing sources of trouble and inefficiency on the waterfront, had been followed by complete inaction, was delicately glossed over.) The committee's inquiry was to be swift and further legislation was promised by the first parliamentary sittings of this year. But the committee has become another Frankenstein's monster. It is in the middle of examining a mass of witnesses (the Waterside Workers' Communist leader, Mr Jim Healy, is reported to have about fifty of his own to call) and has effectively delayed action. Meanwhile the traditional nagging local disputes which have sent waterfront costs soaring in the past are continuing, and Mr Healy is believed to be preparing to take the offensive.

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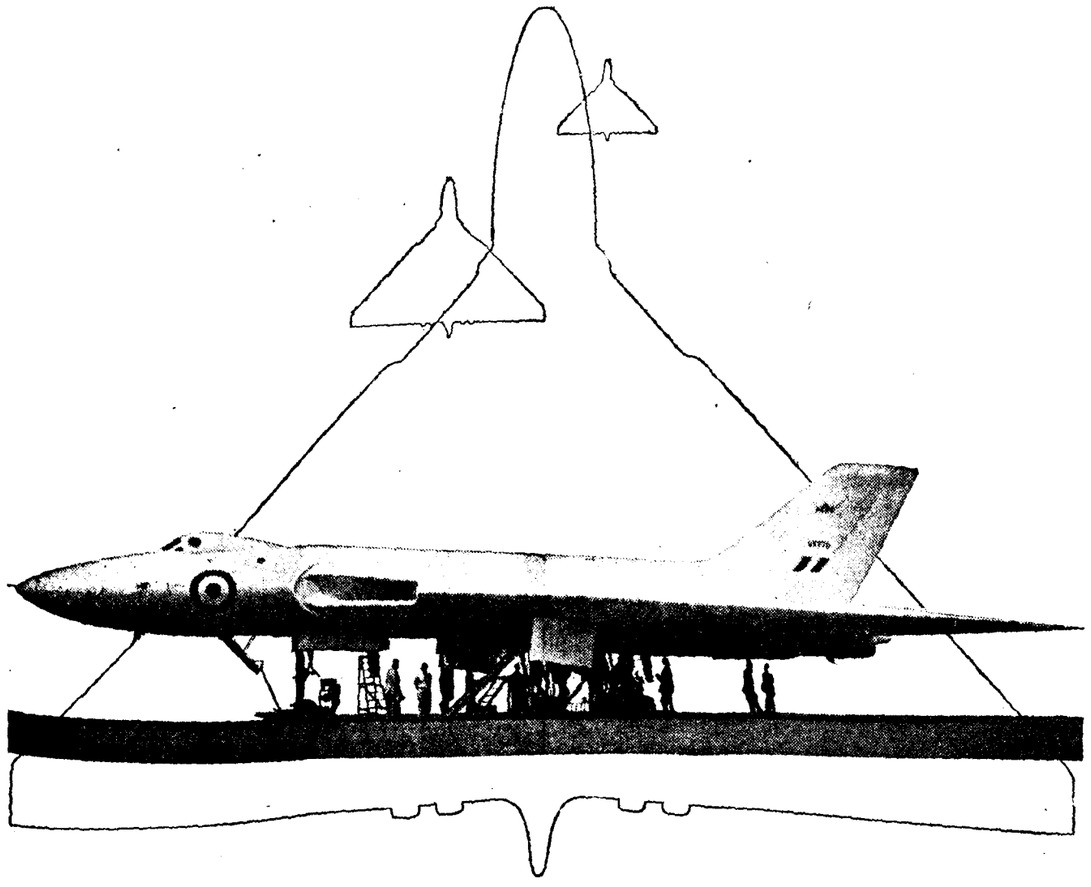

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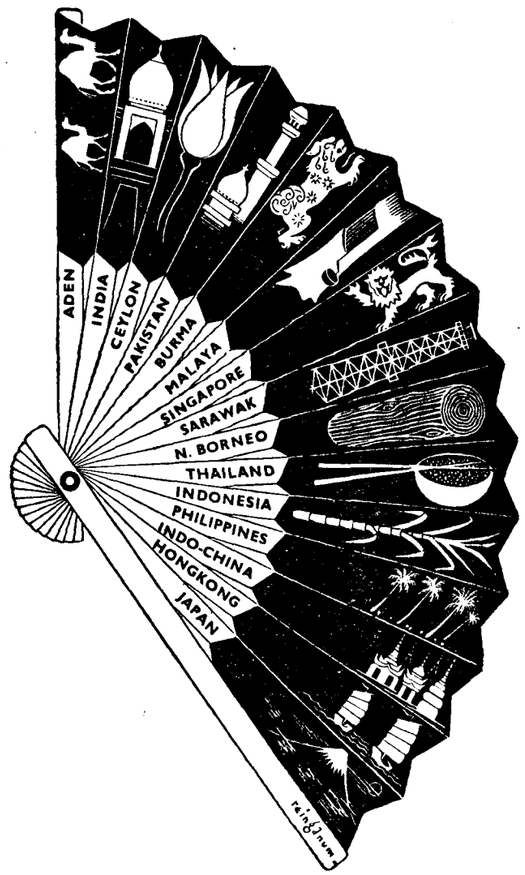

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THE BUSINESS WORLD

The Electric Shock

ALTHOUGH the Chancellor had made it very plain that the long-discussed funding issue by the Central Electricity Authority would follow hard on the heels of last month's gas loan, the announcement, when it came last Monday, took the market by surprise. After the close of another day of sagging prices it became known that the lists for £200 million of British Electricity guaranteed stock, 1967-69, offered at 98½, would open and close on Thursday. In the event applicants for up to £250,000 received full allotment, larger applicants receiving 74 per cent of their applications. Obviously the departments had taken a great deal but the extent of independent subscriptions gave the authorities satisfaction.

The measure of the market's surprise at the terms of the stock was the extent of yield recalculations upon which the gilt-edged dealers swiftly embarked. The prices quoted for Tuesday's opening showed that in some instances a full point had been added to the 1/8 or 1/4 fall experienced during official hours on Monday.

As that first response from the market testified, this new loan marks a big change in official policy from the tactics of the gas loan issued only four weeks before. The price of that issue, it will be recalled, was intended to be precisely in line with the then existing market level, but by mischance it proved in the event to be three-eights of a point above it. Not only did the "departments" have to take up virtually the whole amount, but an impression was created that they were well content to do so. In short, the conclusion to which those tactics pointed was that the authorities were abandoning their tough policy towards gilt-edged in favour of an effort to smooth the course for the fundings—gas and electricity bank advances, and the £524 million of Serial Funding stock that matures in mid-November. The wishful thinkers in the City promptly argued that the gas stock would never be pressed on the market, that if the authorities really wished to sell they would contrive a rising market for the purpose, and that they would then be the better able to avoid difficulty in the placing of the next two big issues. The culminating sophistry was the argument that such tenderness towards gilt-edged was a necessary part of monetary orthodoxy, since otherwise the departments would have to borrow on Treasury Bills to finance their subscriptions and by doing so would raise still further the banks' liquidity ratios after they had been raised by the funding of bank advances.

Such tenuous arguments as these were the foundation, four weeks ago, for the hopes that the market had touched bottom. They were sadly misplaced hopes—despite the fact that Mr Butler's resort to exhortation implied some lack of faith in that the market would do his work to reinforce the supposition that gilt-edged policy was swinging from toughness to softness. By yet another paradox of muddled thinking, the gilt-edged market found the squeeze by "request" more menacing than the squeeze by pressure on liquidity. By the eve of this electricity loan, the new gas stock stood at a discount of 3¼ points, showing a yield of virtually 4½ per cent.

Against this background, the tactics of the electricity issue make a dramatic display. Their message is a repudiation of the suppositions based on the gas tactics, and an earnest of the recent official protestations that orthodox weapons are still an indispensable part of the whole armoury. Although the gilt-edged market had weakened so sharply—to levels actually below the worst point touched in the collapse of 1951-52—and although £100 million of gas stock remained to be digested, the Chancellor has not weakened in his determination to drive the electricity authority into the market. Given the course of the recent discussions, a large and early

issue was needed simply to keep faith with the banks, quite apart from the desirability of forcing the nationalised industries to shoulder the full burden of their capital requirements. In the past their reliance on bank credit has been grossly excessive; long-term capital should be sought in the long-term market, and every effort should be made to ensure that the market issues keep in step with expenditures, instead of regularly lagging far behind. Although these principles have been urged by the banks and are now being endorsed by the Treasury, it cannot have been easy to secure the compliance of the Electricity Authority. The gross redemption yield on this new loan, even though its maximum life has been kept down to 14 years—which is relatively short for the purpose—is £4 12s. 11d. per cent to the latest date and £4 13s. 4d. per cent to the earliest. This is easily the most costly borrowing on any governmental issue since the cash tranche of the 4½ per cent Conversion Loan, 1940-44, was issued in 1930; and the 4½ per cent coupon is the only one in the present gilt-edged list, offering a flat yield of £4 11s. 4d. per cent at the issue price.

GROSS REDEMPTION YIELDS

	June 24 1952	Nov. 18 1954	Aug. 8 1955	Opening Aug. 9 1955	Aug. 10 1955
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Funding 3% 1959/69	4 11 9	3 3 3	4 14 5	4 15 3	4 14 2
Funding 3% 1966/68	4 10 10	2 19 7*	4 13 7	4 14 2	4 13 4
Conversion 3½% 1969	...	3 3 3	4 11 4	4 13 2	4 12 8
Savings 3% 1965/75	4 11 11	3 6 5	4 10 1	4 10 11	4 10 0
Brit. Elec. 3% 1968/73	4 12 4	3 4 11	4 12 0	4 12 3	4 11 10
Brit. Gas 4% 1969/72	...	3 7 5*	4 9 9	4 11 11	4 11 3
Brit. Elect. 4¼% 1967/9	...	...	...	...	4 12 11

All yields to redemption at the latest date except those marked. *

More striking still, the stock was deliberately offered below the market. By the tests of the gross redemption yield, or the gross flat yield, the difference in favour of the new stock was very marked. By comparison with the prices ruling just before the announcement, it offered 5/32 per cent more than the Gas stock, for a life shorter by three years, and over 1/16 per cent more than the 3½ per cent Conversion stock 1969—a stock with comparable life but with much greater attractions to the surtax payer. The choice of a high coupon inevitably means that the net redemption yield is relatively low; it is £2 14s. 4d. per cent to 1969, after tax at 8s. 6d., whereas the 1969 Conversion stock offered £2 19s. 8d., and the 3 per cent Funding 1966-68 (issued last November) offered £3 5s. 3d. The appeal here is to gross funds, and there is no doubt that it was meant to be a very definite appeal. Not for many years has a stock been so deliberately offered below the market—with the possible exception of the first Dalton tap stock, Savings Bonds, 1964-67.

Now, in effect, due notice has been given that the departments do not intend to be saddled with the stock if they can avoid it; and there is even a faint implication that they may not regard the Gas stock any differently. The presumption from these tactics is that a real effort will be made to ensure that these two operations—and doubtless also the one that lies ahead—cause the minimum expansion of floating debt. This means that the departments must try to sell substantial amounts of these or other stocks in their portfolios before the instalments on their new subscriptions involve them in any large payments. The instalments on the Electricity stock, like the Gas, are well spread—40 per cent on September 9th, 25 per cent at end-October and 23½ per cent at mid-December—so that if sales can be kept flowing, undue recourse to Treasury bill finance may be avoided. Obviously, the departments will prefer to sell at rising prices; but there will be no virtue in keeping down floating debt finance (and thereby limiting the rise in bank liquidity ratios) if that is achieved by bluffing the gilt-edged market into the belief that official interest requires it to be sustained. Such bluff can often work in the short run, but it would be deplorable if it were used now. The gas tactics suggested that this might happen; the electricity tactics suggest the opposite—but it is too soon to be quite sure how policy will develop.

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Meanwhile, there is one other feature of the new loan that promises a circumspect policy. Despite the costliness of this borrowing to the Central Electricity Authority, it has not been permitted, as it was last year, to borrow less than its current outstanding floating indebtedness. Like the Gas Council, it will have a margin in hand after repaying its bank loans, which at July 31st amounted to £153 million (compared with £105 million at the time of last year's £100 million issue, the 3½ per cent stock, 1976-79, offered at 100½). The margin, it is true, will not last long. Unless the current rate of expenditures really is perceptibly curtailed, both the gas and the electricity industries will need further finance by the early weeks of the new year—and electricity perhaps even sooner. If the banks succeed in sharply forcing down the limits for re-borrowing (as, in the national interest, it is to be hoped they will do) both gas and electricity will be in the market again by the spring or early summer of 1956. There will be little rest for the digestive organs of the gilt-edged market. If the principles of the credit squeeze are to be sustained, it ought to be required to swallow before the year-end the greater part of the two issues of these past four weeks and a large slice of whatever stock replaces the £524 million of Serial Funding bonds—or the equivalent in other stocks released from departmental holdings. Investment demand now shows its first signs of revival. But it is still not easy to see how the pressure of tighter money can be combined with a rising market—unless the squeeze needed upon the economy proves to be much more moderate than the Chancellor has yet suggested.

Atoms for Sale

BY OUR SPECIAL CORRESPONDENT

IN the garden of the Palais des Nations, to the left of the entrance, is a summer house almost entirely filled by a circular dais. A round sheet of glass is let into the floor and below it, submerged in 22 feet of water, is a small—a very small—working atomic reactor. Occasionally a bubble comes to the surface and the fuel elements can be made to give off a blue light that more than ever suggests a fishpond in which the sunken reactor is the plinth of a missing statue. As in all atomic plants, there is no sound and no movement—nothing but the recording instruments to show that a chain reaction is taking place down at the bottom of the water. This may not be much more than a laboratory toy, but this is the first time that any such plant has been put on public display. And it is, in its way, typical of much that is being shown and said at the atomic energy conference that the United Nations has organised at Geneva; a great many facts that have until now been secret have been revealed, but certain vital information remains concealed.

But equally there is no doubt that the participating countries, led by Britain, Russia and the United States, have approached the task of preparing exhibits and papers for the conference with the greatest seriousness. They are playing for high stakes—for atomic leadership and the untold political influence and economic reward that it promises. In a conference of this kind, attended largely by scientists, the standing of each country depends almost entirely on the amount of hard scientific progress that it is able to demonstrate. Almost, but not quite: for this is not only an exciting and expanding branch of science; it is a new industry in which salesmanship has its part. Impressions of the first days of the conference suggest that while Britain has made a remarkable showing, scientifically speaking, it has still much to learn from the United States in matters of sheer salesmanship. And the Russians, whose exhibit may look outwardly old fashioned by the day-after-tomorrow standards of this atomic age, have stolidly demonstrated their ability to equal the highest achievements attained by British and American engineers and, in some instances, to make their own improvements on them.

There are no startling scientific revelations at the conference. The one sensation has been the appearance of hydrogen fusion as a possible source of power. It was mentioned first at the opening ceremony, and grudging admissions have since been wrung, first from the British and then from the American delegations, that work on harnessing the hydrogen atom was actually in hand—a "moderate" project as the American venture was described. But in spite of this, and some radical advances in pure nuclear physics reported in some papers, no one country has been able conclusively to demonstrate that it is technically ahead of its atomic competitors. This is, perhaps, the second of Geneva's surprises. There are, naturally enough, differences of degree between the approach and the attitude of mind of the different countries, but it is remarkable that time and again their scientists, working by parallel routes, have reached the same conclusions and that the occasions on which they differ are comparatively rare.

The conference is organised in three sections. There are the scientific papers that are being read daily by members of the delegations and there are two separate exhibitions. One, in the Palais itself, is organised by the governments of the participating countries and the small reactor in the garden is part of the official United States exhibit. The second, at the other end of the town, is nominally for the public but has turned into something of an atomic trade fair. Here are the companies who design and build atomic equipment and who hope to build and sell atomic reactors. Their salesmen, especially the British salesmen, are prepared to discuss prices and delivery dates, and have in fact had really serious talks with a number of potential customers. But the conference has underlined one point, if it was not already clear—that these companies, for all their fine show of confidence, are dependent on their own atomic authorities; the attitude of those authorities will very largely decide what success the industrialists have in selling atomic plant to foreign customers.

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This fact lies behind much of the manœuvring that has taken place at Geneva during the first week of the conference. So far it has successfully steered clear of the political issues that, it was feared, some delegates might raise. The over-riding interest of the delegates is in atomic power—the need for it, the cost of it, and the methods of obtaining it. It is on power, rather to the exclusion of the other "peaceful uses of atomic energy," that the conference has concentrated. Both the Russians and the British believe that atomic power is on the doorstep. The Russian reactor of 5,000 kW, which was extensively described and illustrated in film, has some odd features to British and American eyes, but it is openly called a prototype and is being followed by a full-scale station of 100,000 kW, the operating costs of which have been put at 10 to 20 kopeks per unit. There is no reason to doubt the Russian claims to be developing a nuclear power industry; all the evidence so far in their papers and in their power station models in the exhibition shows that it is well within the capacities of Russian atomic engineering, which reaches an

extremely high standard of precision, where precision is needed, even if garbed in a clumsy looking shell.

The British atomic power programme has been amplified at the conference. In particular, the British delegates are the first to calculate openly what the civil value of plutonium is likely to be—not more than £12 a gram for the pure metal—and they calculate that it would cost 0.76d. per unit to produce electricity from the early types of atomic power stations if no credit at all is allowed for the value of the plutonium, as distinct from the calculated price of 0.6d. per unit for electricity when such a credit is allowed.

The Americans' attitude to atomic power is different. They are willing to concede that atomic power has an immense future, but they believe that it is still some way away. They are concentrating, therefore, on testing out a number of different systems in experimental reactors in the hope of evolving one that will generate atomic electricity at a price economic under American conditions.

The result of this difference of approach is that, so far as the practical development of atomic power is concerned, Britain, and perhaps also Russia, is ahead of the United States, while the Americans are testing a far greater number of esoteric systems than either of the other two countries. One of the aspects of the British exhibits that seems to drive this home to visitors is the appearance of British civil engineers at the exhibition alongside the manufacturers to co-operate in the design and building of atomic reactors. But the Americans partly succeeded in undermining the ground gained by the British when the exhibition opened by their approach to the most important matter of all—the supply of nuclear fuel.

*

When the Geneva exhibition was opened, the severely scientific approach taken by the British organisers made a big impact. They had countered the impressive effect of the American reactor actually present and working by an invitation to take delegates over the British research facilities at Harwell when the conference ended, an invitation that has been extended to the Calder Hall power station. The standard of the British exhibits, especially the models, has probably been the highest of the exhibition, though the American reactor models are basically extremely interesting, especially those of the more advanced designs. The carefully timed announcement that the experimental breeder reactor at Harwell has produced a higher proportion of fresh fuel than had been claimed for any similar reactor also made its effect.

When, on Tuesday, the Americans announced the prices at which they were prepared to sell and lease essential reactor materials like uranium and heavy water, the first impression was that this was a planned counterblast; the second was that it was the long anticipated American move to tempt customers by offering cut price fuel. The American price for heavy water, $28 a pound, was freely admitted to be below the cost of production. The prices of $40 per kilogramme for natural uranium and $25 a gramme for the lease of uranium containing an additional 20 per cent of fissile atoms also smack of a bargain offer. The American Atomic Energy Commission has been at some pains to avoid direct association with the United States companies' export drive, but there is no doubt that this announcement was intended to help American manufacturers at Geneva.

*

This was the opportunity for the British Atomic Energy Authority to state on what terms it was prepared to provide fissile material for foreign countries, the material that British manufacturers would need for the reactors that they intend to export. The opportunity was not taken and because it was missed the value of much of the real hard work that has gone into organising the British contribution at Geneva is in danger of being undone. It is highly probable that the Authority is prepared to back to the hilt the drive to sell British reactors abroad but it must say so firmly and unequivocally—otherwise potential customers will still wonder whether at the moment of delivery they may find themselves with a reactor and no atomic fuel. All that is necessary is that British firms who sell reactors, whether for power or for research, will have complete assurance that the fuel will be there for them.

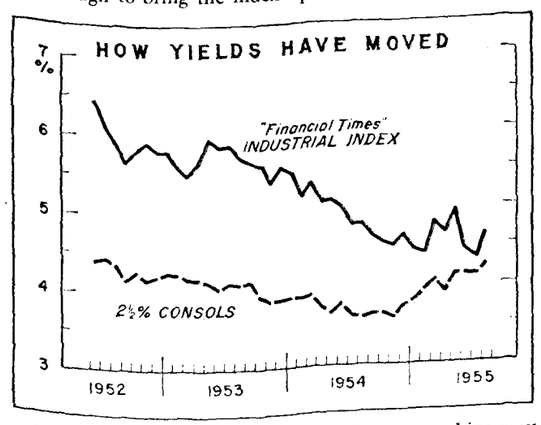
These manœuvres form the background to the conference. They have great importance in setting the environment in which atomic trade is likely to be carried out during the next decade. But the great fact of Geneva, which they cannot overshadow, is that, for the first time since 1939, atomic scientists have been able to meet and report with a real degree of freedom on the work that they have done in deep secrecy during the first sixteen years. This accounts for the atmosphere of suppressed excitement that has characterised the Conference. The real secrets are remaining secret—that is plain—but a great deal of vital information is being made public. The importance of the Conference was summed up by one of the Russian delegates when he said of reactor design that when development was being made along so many fronts, no one country could cover all fields; international exchange of results becomes an essential part of genuine progress. This perhaps is a more important fact than any plan for co-operation in atomic development that might emerge from the Conference. The atomic industry is not a form of aid to be handed out to under-developed countries. It is a basic technology that each country must eventually learn for itself. This is the lesson pointed by Geneva's thousand papers and acres of exhibits. It is a lesson learnt at the cost of aching feet and a good deal of eye strain—but all the more valuable for costing a little more than the normal effort to assimilate.

Business Notes

Sunshine in Throgmorton Street

A WEEK ago storm clouds overhung the markets, and frightened bulls were scampering for cover. They had ample excuse. Some of the bankers were believed to have spoken harshly to some of their customers. Other bank customers were wondering when their turn would come. Industrials, specially those that, like Burmah Oil, were known to have been bought on speculative account were falling heavily. On Friday of last week the *Financial Times* industrial index dipped below 200. At 198.9 it showed a fall of fully 11 per cent in just over a fortnight. It was by then becoming obvious that the Stock Exchange settlement due next Tuesday will be uncomfortable, with ugly losses to be paid. The gilt-edged market too was not happy and prices were dragging steadily downwards with the institutions right off their feed.

How has all that changed so quickly, for it has changed fast enough to bring the index up to 210.0—a 5½ per cent



rally in the first half of this week? This new sunshine may be a mere interlude between downpours, as the sudden weakening on Thursday afternoon suggests, but how does it happen that the plucky little dabbler who last week was cutting his losses was this week stepping forward again to buy for new time? There seem to be three reasons. It now seems probable that the forthcoming settlement will be less difficult than many people were supposing a few days ago. Perhaps the banker's bark has been worse than his bite? Secondly, the launching of the £200 million electricity loan on terms that were below the gilt-edged market was paradoxically a bull point for gilt-edged and therefore indirectly for industrials. The reasoning runs thus: The Bank of England rightly fixed the terms attractively enough to bid for public subscriptions even in a weak market. That suggested to some operators that the risk of something further unpleasant being needed was lessened. Bear accounts inside the house and outside it were closed, and the initial drop in the gilt-edged market after the terms were announced was largely recovered. The Government broker, on Tuesday, skilfully but none the less obviously, set to work to make the issue as much of a success as he could. It is quite wrong to suggest that he was bidding for stock; he was on balance a substantial seller, but he used the technique of egging buyers on by selling at rising prices, creating confidence out of nothing as he went.

A third long term factor that explains the resilience of the industrial market comes out clearly from the accompanying chart. A preference for ordinary shares over fixed interest securities is at work and has pulled the yield on industrials down almost to that obtainable from 2½ per cent Consols. The institutions, including the insurance companies, have been increasing their proportions of equities by more than published figures show (because of the writing down that insurance balance sheets receive). They go off feed naturally when markets look uninviting, and may have occasion to do so again, but they will also be back again whenever the sun is shining in Throgmorton Street. For issuing houses and brokers planning fixed interest issues for companies this has an important lesson. It is becoming less easy to find terms for fixed interest stocks that will attract. It may be necessary to bait more and more of them with some option on the equity.

Building Societies' Dilemma

THE building societies are not yet at sixes and sevens. They are merely at fives, five and a quarters, and five and a halves. But no one can study the decisions that the big societies have taken about their mortgage rates this week without realising that they do not know what on earth to do. The Woolwich Equitable, like the Abbey National, is raising the charge for new mortgages to 5¼ per cent; the Co-operative Permanent is to charge 5½ per cent on new mortgages. None of these societies has yet announced its new charge on existing mortgages to owner-occupiers, but the Woolwich statement implies that they, too, face an increase. No doubt existing borrowers from the Abbey National and the Co-operative will also pay more; a rise to a minimum of 5¼ per cent taking effect early next year seems a likely guess. The Halifax, as so often before, is taking a line of its own. The charge for new owner-occupiers' mortgages is to go up to only 5 per cent. Old borrowers, including those whose rate only rises from 4 per cent to 4½ per cent in October, will, if there is no material change in money rates, be charged 5 per cent from February 1, 1956.

It is no new experience for the Halifax to be the only

soldier in step. This time it has a right to that distinction; it has raised its interest paid to shareholders only from 2½ per cent to 2¾ per cent net (though it is paying a total of 3¼ per cent on £32 millions of Class I shares held by regular savers). The only question for the Halifax is, therefore, whether it can attract money at ¼ per cent less than the general 3 per cent. Two straws in the wind are encouraging. First those big societies that have in the last few weeks announced a rise to 3 per cent are experiencing a most encouraging inflow of money at the new rate. Secondly the Halifax's own half-yearly statement to July 30th shows that money was coming in freely in that period, when other societies were short; gross receipts from investors were £33.2 million compared with £26.6 million in the same half of last year and net receipts (allowing for withdrawals) were £12.4 million against £8.8 million. That was a period in which the society was paying the general rate for money but it might well be willing now to protect its reserve ratio by slowing down expansion.

For the other societies the decision on mortgage rates has been most difficult. A revised scheme for joint guarantee with the local authorities and the Treasury is now being considered. The present draft permits a mortgage charge of the minimum recommended by the Building Societies Association (5 per cent). As the wording now stands only the Halifax, the Bradford Equitable and a few smaller societies could continue to operate the scheme. What to charge existing borrowers is a still more serious problem. It is theoretically possible for most societies to charge 5 per cent for a limited period, adding little or nothing to reserve. They can and will also offer extensions of mortgage periods as an alternative to higher monthly payments. Thus the Co-operative will have some mortgages longer than 35 years and the Woolwich some longer than 30. But should the societies really be trying expedients either of still longer mortgages or of charges that leave nothing for reserve? Nearly all societies will this year have to face a depreciation on their gilt-edged holdings that should be matched by substantial additions to reserves.

The World's Dearer Money

MR BUTLER'S decision to leave his exhortations unbacked by any increase in Bank rate has been followed by an extraordinary spate of increases in official discount rates by other countries; and these in turn were an influence behind the action of the London discount houses in pushing the Treasury bill rate to just 4 per cent on Friday of last week. No fewer than five central banks have raised their re-discount rates in the first ten days of this month. First came the National Bank of Belgium (2¾ to 3 per cent), the Bank Deutscher Laender (3 to 3½ per cent) and four of the Federal Reserve Banks (1¾ to 2 per cent, and 2¼ per cent in the case of the Reserve Bank of Cleveland). At the week-end came the news that the Bank of Canada had reversed the reduction from 2 to 1½ per cent made in its discount rate in February, and this week the Bank of Japan has raised its rate, from 5.84 per cent to 7.3 per cent.

The increase in discount rates made by the Federal Reserve Banks sprang directly (as did the increases from 1½ to 1¾ per cent in April) from a rise in the United States Treasury bill rate, which went up from 1.720 to 1.850 per cent last week. The margin in favour of the London rate was still over 2 per cent, but the premium of 1 13/16-1 15/16 cents on the three months' forward dollar fully offset this and produced a slight advantage on covered arbitrage in favour of New York. This week the U.S. Treasury bill rate has risen by a further 0.04 per cent (that is, by slightly more than the London rate) but the premium on the forward dollar has narrowed by ⅛ cents to 1 7/16-1 5/16 cents. At this level the premium is approximately restored to its interest parity.

Bill Rates Higher

THE discount houses thus had ample cause for their reduction by 2d., to just £99 per cent, in their bid at last week's Treasury bill tender. The rate had remained unchanged through the seven preceding tenders, notwithstanding the sustained stringency of credit. A week previously the market had indeed raised its rates on commercial bills (by ¼ per cent on trade bills and by 1/8 per cent on all but the finest bank bills). Bigger demands for finance by many borrowers in anticipation of the tighter squeeze on advances seem to have contributed to the rise in rates. Commercial bill rates have now been raised by a further 1/32 per cent to 4 1/8 for three months' bank bills in conjunction with the rise in the Treasury bill rate.

The discount houses are now earning a handsome margin on their bill portfolios. The average cost of their money is around 3¼ per cent; they earn upwards of 4 per cent on the bills. But their position is far from happy. Quite apart from the need to guard against the losses that would follow any further rise in Bank rate, they have sustained heavy capital losses on their bond portfolios and are actually incurring running losses on the finance of their bonds, which carry coupon rates ranging from 2 to 3 per cent.

British and German Unemployment

UNEMPLOYMENT in Western Germany, as well as in Britain, is now lower than it has been at any time since the war, but there any resemblance between the two countries' labour markets this summer comes to an end. In Britain unemployment in the middle of last month was down to 185,000, only 0.9 per cent of the total number of employees, but this percentage was hardly lower than a year ago. In Western Germany at the end of July the total of about 567,000 people unemployed is officially estimated at roughly 3 per cent of the total persons employed, but it was not much more than half the percentage recorded a year ago. There are much sharper seasonal fluctuations in German unemployment than in British (this July figure is about 800,000 lower than in March, and the corresponding drop in 1954 was more than half a million). Nevertheless,

People worth cultivating

The Browns are an ordinary enough young couple, you'd say. They have been married nine years, have a son aged seven, and live in a flat in a London suburb.

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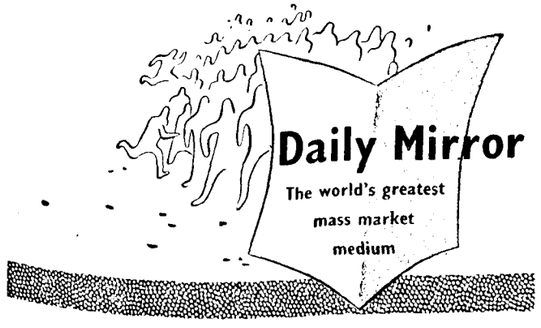

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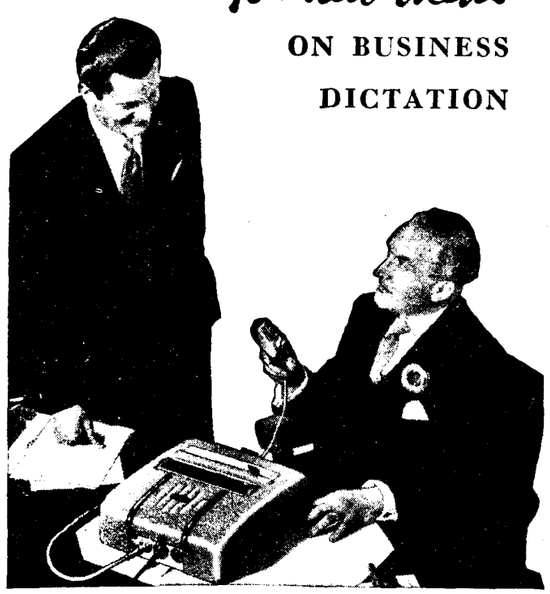

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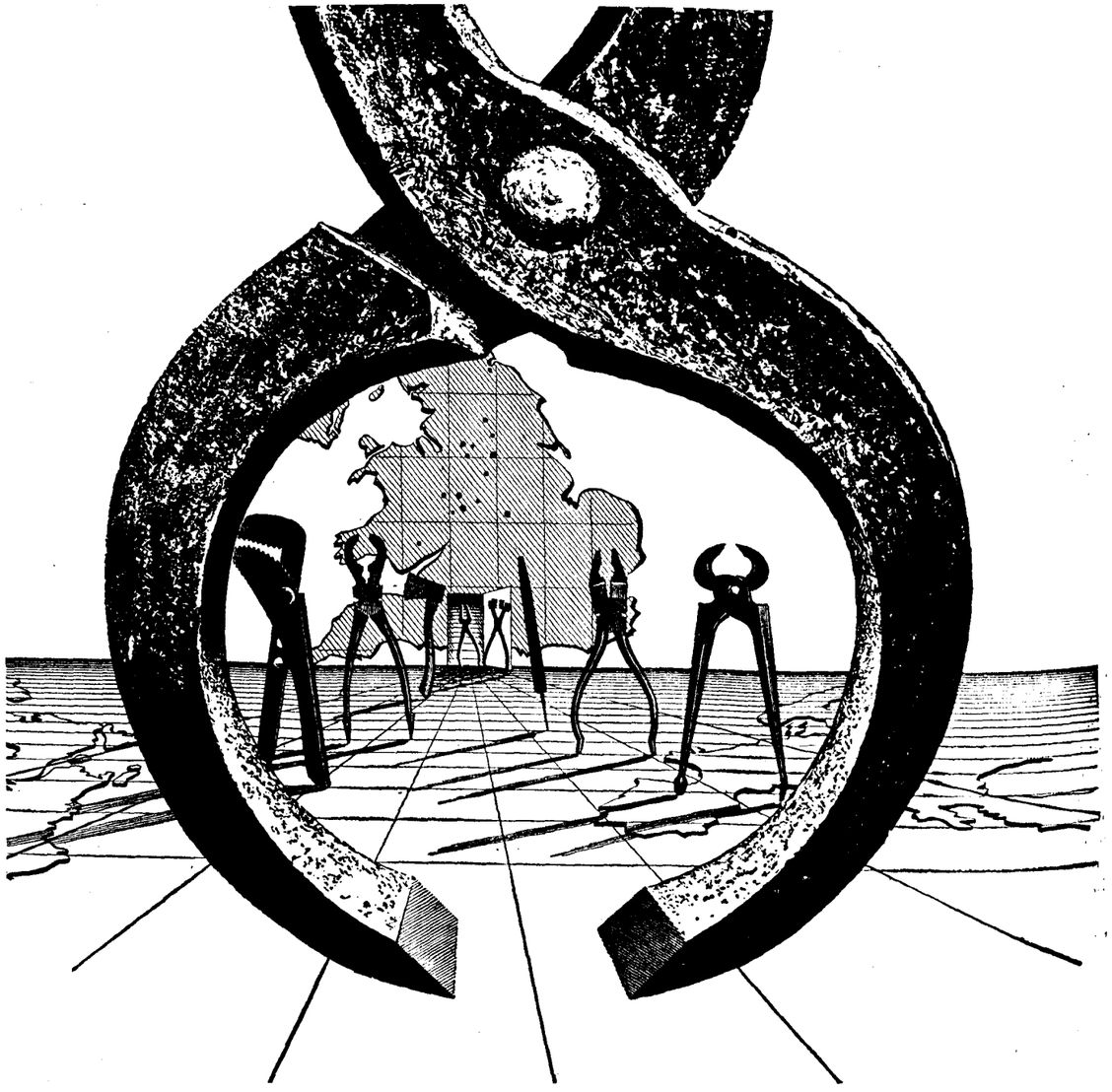


Pincer movement

Over a million pairs of pincers and pliers moved out of this country last year. With them went nearly five million files, as many assorted axes, and two thousand tons of hacksaw blades and twist drills.

These export figures for tools are a few out of many. They give some small idea of the world-wide demand for British-made steel products. Last year Britain's toolmakers alone earned £18 million for Britain.

Wherever there is steel there is British steel.

British steel leads the world

THE BRITISH IRON AND STEEL FEDERATION

yearly comparisons suggest that Germany, while still much less short of labour than Britain, is fast losing the substantial reserve of people without jobs that it has had for several years.

The other side of the penny is the phenomenal increase in the labour force that Germany has enjoyed during that whole period, as the flow of people from Eastern Germany brought it extra hands along with the extra mouths. Since 1949 it has been able to add workers to its labour force at four or five times the rate of Britain or the United States. That has undoubtedly contributed to its very high rate of increase in industrial output, though the comparison does not offer Britain many excuses ; productivity as well as total

EMPLOYMENT AND UNEMPLOYMENT: BRITAIN, THE UNITED STATES, AND WESTERN GERMANY

	1950	1951	1952	1953	1954	1955
Indices of Civil Employment (mid-years : June, 1949, 100) :—						
Britain	101	102	102	102	104	105
United States	103	104	105	106	104	107
Western Germany	103	109	112	117	122	129*
Percentage Unemployment : (mid-years) :—						
Britain	1·4	0·9	2·1	1·4	1·1	1·0
United States	5·2	3·1	2·8	2·4	5·1	4·0
Western Germany	10·0	8·3	7·6	6·4	5·8	4·0*

* Estimates.

production in Germany has been outstripping Britain during the period. Germany is unlikely to be able to continue expanding its labour force at any such rate, though it is eagerly turning to Italy for fresh recruits. It remains to be seen how much this gradual emptying of its reservoir of unemployed will push up its wages and whether it will increase German industry's labour costs. For the meantime, it is still comfortably short (for employers) of the British situation in the labour market. On the most recent figures there were still two or three people unemployed for every job vacant in Germany. In Britain there are two or three jobs for every man unemployed.

Exports Recover Some Ground

THE transport strikes were still writ large on the British trade balance last month, for it is an inevitable result of the movement and recording of cargoes that exports bear the brunt of these upsets. In July the recorded value of imports rose by £44.8 million to £338.8 million cif, and were seven per cent above the monthly average for the first half of the year. Though exports rose more sharply by £66.1 million to £223.1 million fob, they were still four per cent below the monthly average of the first half (an average that was depressed by the very low level of exports in June). Re-exports were little changed at £7.9 million, and the trade deficit fell by £21.1 million to £107.8 million ; that modest improvement still left the deficit £32.2 million higher than the average of the first half of the year.

The reasons why exports should be the orphan of the strikes are both statistical and physical. The "trade month" actually covers the last part of the previous month and ends before the calendar month expires ; and importers have fourteen working days' grace to notify Customs of the clearance of cargoes whereas exporters have only six. The Board of Trade points out that though the dock strike ended on July 3rd the flow of export documents did not return to normal until after the middle of the month, and by the end

	Imports c.i.f.	Exports f.o.b.	Re-exports f.o.b.	Trade Deficit
	(£ million—monthly averages)			
1954 :—				
1st quarter	273·8	224·5	9·3	40·0
2nd "	284·1	223·9	8·6	51·6
1955 :—				
1st quarter	335·1	247·3	10·6	77·1
2nd "	299·3	217·0	8·2	74·1
April/May	303·1	247·0	8·3	47·9
May	290·3	249·4	8·3	32·6
June	294·0	157·0	8·1	128·9
July*	338·8	223·1	7·9	107·8

* Provisional.

of the month the flow was well above normal. The physical reasons are that ships have to be unloaded before they can be loaded ; the bulk nature of import cargoes means that they can be handled faster than exports ; and ships often sail before they are fully loaded to meet commitments in other ports.

World Bank in Top Gear

THE World Bank is playing a bigger and increasingly international role in the world capital market. The time when the cynics could gibe, however unfairly, that the bank was just a channel through which United States firms could get contracts in Latin America is long past. In its financial year to June 30th last, the World Bank made twenty loans to the equivalent of $410 million—against twenty-six loans for $324 million in 1953-54. Actual disbursements, however, reached only $274 million, some $28 million less than in 1953-54. The loan of $70 million to Italy was the largest single operation of the latest year ; this will be taken up mainly in European currencies—as will loans to Austria, India, Pakistan, and other countries. All the bank's bond issues in 1954-55 were indeed sold outside the United States. These comprised four issues to a total of $88 million, including one of $50 million made in dollar bonds, and one of £5 million made in London.

The increased pace of the bank's activity is reflected in its accounts. Its gross income (excluding commissions on its loans, which are credited to special reserve) rose from $50.5 million to $58.5 million, and as its expenses were up only from $30.2 to $33.9 million, net income increased from $20.3 million to $24.7 million. This was placed to supplemental reserve against losses, which now stands at $121.5 million. Hardly a week passes when the bank does not announce some new loan. This week there have been three. A loan of $12 million in various currencies has been made to the State Railway of Thailand ; $5 million has been lent to Peru for a programme of road maintenance,

and $4.2 million to a firm in Pakistan for the construction of a pulp and paper mill in East Bengal. These bring the total of the loans made since the bank's new year started on July 1st to $67½ million.

Model T of the Fifties?

DR HEINZ NORDHOFF'S declaration that when the two millionth car comes off the assembly lines at Wolfsburg it will still be very much the same Volkswagen does not commit him for awfully long. Already 1,100 cars a day are being produced, and the company says that in eighteen months output will be up to 1,500 a day: the first million Volkswagen have taken the company more than seven years, but the second may not take three. Nevertheless, the tone of the speeches at last week's international jamboree to celebrate the millionth car suggested that Volkswagen, for "many years to come," is bent on turning out broadly the same vehicle, with detailed technical improvements as they become possible, but without change simply for the sake of styling. Volkwagen's distributor in America, Mr Stanton, took the same text this week, in celebrating the fact that Volkswagen is now selling there more than all other foreign makes put together:

> ". . . a return to the idea which inaugurated American car production—one chassis, one engine, and simplicity. We are not selling chromium, we are selling wheels—in short, transportation. . . ."

The company is not yet telling customers that they can have their Volkswagen "any colour, so long as it's black"—but it is clearly thinking of its workaday, efficient vehicle as a kind of Model T of the fifties for Europe.

Though the Volkswagen is not the cheapest car in Germany, its makers may well hope, through this dedication to one basically unchanged model year after year, to achieve successive reductions in price as the Model T did—or at least to neutralise rises in wages and the prices of materials. Last week Dr Nordhoff did cut his home prices—to the equivalent of £390 for the standard model and about £450 for the *de luxe* model. The standard Volkswagen now costs a German artisan almost exactly the same as a Ford Popular does his British counterpart, though the price of the British car includes about £115 in purchase tax; this price would represent about 49 weeks' wages for the German, while the Popular costs a British working man in manufacturing industry about 36 weeks' work. Imported into Britain, of course, the Volkswagen bears a 33⅓ per cent duty before purchase tax is calculated; the duty and the extra purchase tax arising from it probably account for well over £100 of the final price of roughly £600 for the standard model.

Hire or Hire Purchase?

REPORTS of a switch among radio and television retailers away from hire purchase and towards other forms of credit sale have revealed two directions in which retail trade can legally expand its credit facilities, notwithstanding tightened hire purchase restrictions. The first is the credit sale—not hire purchase in form and shorter than nine months in total duration. To prevent leakage in the hire purchase control order its scope was widened, when control was reintroduced last February, to include credit sales—that is transactions in which title to the goods passes to the buyer with the first instalment instead of when all payments are finished. But an exception was made for credits, even if repayable by instalments, when the total duration was less than 9 months. The exception was made deliberately, to exclude from control most of the facilities that retailers provide for their account customers, including the so-called revolving credits that are liquidated by regular payments. Television retailers have been able to do substantial sales either on 8 months' or 38 weeks' agreements. Such arrangements can be defended on the ground that the debt is liquidated reasonably fast.

The second possibility is the greater use of hiring without the option to purchase. A substantial increase in the hiring of television sets is reported by the trade. It may well be based on considerations quite other than a desire to evade hire purchase control. For example, the approach of commercial television necessitating some alteration to sets may well have prompted viewers to hire now and leave the decision as to what to buy until later. Where the hiring agreement is normal and at a level rental it is legal. More doubt arises about some recent agreements to hire at a substantial rental—say £2 or £3 a month—for a period of years, the rent dropping at the end of that time to a nominal sum of about one shilling a year. No option to purchase is mentioned. Had it been, the transaction would undoubtedly come within the scope of the control order, but it will surprise few people if an attempt is not made to test the legal status of agreements of this type.

Rubber & Rubber Shares

HAD share markets in the last two weeks not been wrung through the credit mangle a sharp revival in rubber shares could surely have been expected. Spot rubber has risen to over 42d. per lb and though that rise partly reflects a temporary shortage the strength of the commodity is real enough. In the first half of this year world consumption of natural rubber exceeded production by some 75,000 tons; and the American government has turned a commendably deaf ear to manufacturers' pleas that it should relieve the shortage by releasing rubber from the strategic stock. Between January and July the average spot price has been only a shade under 30d. per lb, and as it has recently been much higher than that the investor can face the risk of some decline and still hope for an average price in the region of 30d. for 1955 as a whole. The average for 1954 was only 20⅛d. and that was not unprofitable. Such comparisons can be pushed too far: no estate produces nothing but first-grade rubber, nor sells the whole of its production at the spot price. But the companies that end their financial years on December 31st will certainly show a big increase in gross earnings.

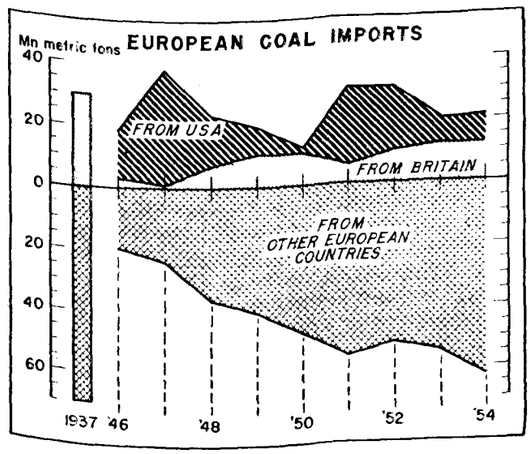
A price range for rubber of 30d. to 40d. per lb is near the optimum. Above 40d. a lb the export duty, anti-inflationary cess (which is ultimately returnable on conditions still to be settled) and other charges together take so steeply

rising a toll that the immediate gain to the companies is small. And the toll is now high enough to discourage forward sales, because the duty and cess levied not on the contract price but on the market price at time of shipment. This reluctance to sell forward accentuates instability of price, and that is good neither for the companies nor for Malaya. At a price of 28d. the tax total is 3.64d. per lb; at 36.5d. it is 7.07d.; at 42d. it is 9.94d.; and at 56d. it is 19.6d. Assuming that the average price for 1955 is about 30d. per lb the companies should be near the best earnings level that they can hope for in the near future, even though extra costs and taxes will absorb something like 4d. per lb more than in 1954.

Why then has the share market not reflected the high rubber earnings that are in prospect? Rubber at 42d. per lb is double its price of a year ago; yet United Sua Betong, to take one example, is only 58s. compared with 35s. 9d. a year ago. In a volatile market like rubber shares a bigger rise might have been expected. That it has not come seems to spring from the fact that large investors have been ready to unload whenever prices rose. No doubt they are convinced that even though the present shortage of rubber may not be overcome quickly, the long-term outlook is for somewhat lower prices. Like tea, rubber shares are a difficult and narrow market and Malayan politics are not helping them. If the commodity should be cheap when the profits for 1955 are being announced bumper dividends would not prevent the shares from falling.

American Coal for Europe

A LARGE proportion of the 12 million tons of coal that Britain is planning to import this year will come from the United States, while other countries in Western Europe may have to import another 10 million tons or so of American coal. Even so, the current volume of Transatlantic coal



traffic falls a long way short of those immediate postwar years during which Europe was bringing in 25 million tons or more a year. Next year Britain intends to slash its exports and thus to do with somewhat smaller imports. The 11 million tons a year that it is at present sending to Europe seems likely to be cut by about half; but with a prospective increase in consumption and no confidence of any increase in production, it will hardly be able to reduce its imports nearly as much. Some of the European countries that can no longer get British coal may have to make it up by buying in the United States. As the chart shows, Western Europe is now importing rather less coal from outside as it did before the war, while its internal trade is also rather below the level of 1937. To a considerable extent, during the postwar years, America has replaced Britain as the chief outside supplier—though a marginal one.

Australia and the Liners

THE liner conferences are meeting stiff opposition in Australia, New Zealand and South Africa over their proposals to increase freight rates. In Australia an increase of 10 per cent has been proposed, but the Commonwealth Government's Department of Commerce is likely to oppose an increase of more than 5 per cent. Ship operating and maintenance costs have certainly made several strides forward even in the last six months. Disregarding the costly consequences of the October and June strikes, port charges and stevedoring costs in the principal United Kingdom ports which handle Australian trade continue to rise, and British officers and crews have received wage increases varying from 7½ to 12 per cent. Shipbuilding and repairing employees are again preparing their annual wage claim; and the cost of shipbuilding steel has gone up by about 5½ per cent. The cost of fuel oil, a heavy item in voyage costs on the long fast run to the Antipodes, has just risen by 7s. 6d. per ton in sterling ports and by 15 cents a barrel in the Caribbean. If the Australians refuse to believe that these increases in cost justify 10 per cent over current rates they may be forced to rely on chartering ships on their own account, which seems scarcely an economical proposition. Even if suitable ships could be found, time charter rates are now nearly twice what they were a year ago.

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A New Contract for Copper

CONSUMERS of electrolytic copper wirebars, the form of refined copper in greatest demand, have two complaints against the London Metal Exchange: such copper is rarely obtainable on the exchange; and the settlement price is not the price that has to be paid for such copper outside the exchange. These complaints are fair, but their immediate cause lies not in any shortcomings of the present contract for copper, but in the persistent shortage of electrolytic wirebars. That is why sellers can obtain premiums on the settlement price, and why they do not need to incur the cost of putting metal into an approved warehouse in order to find a buyer on the exchange. But it is still questionable whether the present contract, against which other forms of copper can be tendered, will prove suitable for electrolytic wirebars when the shortage eases. The committee of the exchange has studied this question for some time, and it has now come down in favour of a new contract for electrolytic wirebars only. The reason is that the present contract, by giving sellers the option to deliver wirebars in any of the approved weights and from any approved warehouse, is not attractive to consumers.

The contract now proposed allows the buyer to specify the weight of wirebars required and to call for delivery at one of a number of British ports (to be extended to continental ports when trading restrictions on the Continent are removed). It would be impossible to deliver prompt metal upon these terms, nor would there be any point in introducing a purely domestic prompt quotation for one weight of wirebar in one place. Hence it will be a forward contract for delivery within about 90 days or less. The committee points out that the introduction of such a contract will have to await a more suitable time, but ample notice will be given. Its introduction does not depend wholly on an improvement in supplies; it also depends on when the Anglo American group, the major supplier of electrolytic wirebars to this country, is prepared to reserve a portion of its output for sale through the exchange. The group had suggested that a contract for electrolytic wirebars should be re-examined, and it presumably supports the one now proposed. The contract may also appeal to the Selection Trust group when it becomes a substantial producer of electrolytic copper. Limited though its objectives are, the contract should be useful in broadening the market.

Troubles in Timber

TO many timber importers pressure on bank overdrafts must seem the last straw; their backs were already bent by the disruptions of the recent dock strike. Importers finance their purchases on four months' bills; they buy the bulk of their Scandinavian supplies of softwood on fob terms, and pay, two months after the date on which the exporters stand ready to ship, whether freight is available or not. Normally the softwood is available for sale in this country well before the four months' bills fall due. The dock strike, however, played such havoc with shipments from Scandinavia that bills have become due before the timber they represent has arrived. The credits outstanding probably amount to at least £8 million.

Importers' working capital, most of which is provided by the banks, is being squeezed from other directions too. Demurrage resulting from the strike is already formidable; freight rates from the Baltic have almost doubled since the season began at the end of April; and interest charges have gone up. To cap this tale of woe, consumers are pressing for lower prices. They will almost certainly be disappointed. Though there may be some weak selling, the general trend of prices must be upward if importers are to recover their costs. Unfortunately a rise in prices would only mitigate, and not remove, the importers' difficulties. About one-eighth of this season's purchases may still be awaiting shipment when the Baltic freezes, and shipments from the Pacific coast will be late.

Peak Business for Canners

WITH several more weeks to go, Britain's fruit and vegetable canning season this year gives strong signs of being the best ever. Some fairly cold weather in the spring postponed for a week or so the ripening of the earlier crops, but the recent spell of very warm days and reasonably cool nights has brought them all on. The pea crop, the largest single pack, has been almost embarrassingly heavy for this somewhat shortened season; both yield and quality appear to be better than in the last two years. Soft fruits, such as strawberries, have been more plentiful, if a little parched and their colour and appearance may not be quite up to the canners' wishes. The stone fruits have still to come. The crops appear to be larger, though the fruit is not very full at present and some rain would not be unwelcome both for these fruits and for the root vegetables—potatoes and carrots—which are still in the ground.

By working much overtime canners have been able to cope with these heavy crops. Extra picking and factory labour has been more difficult to recruit this year than in some past seasons, but most factories are now heavily mechanised and a far higher peak turnover can now be comfortably handled. The canning industry has a number of ways of spreading its activity—and thus the overheads of its expensive plant—over the year. Most of the pea crop is allowed to dry in the pod for soaking and canning in the long off-season, and some other packs are frozen or canned in large containers for processing later. Some canneries use imported fruit; and the soup, fish, and meat packs are growing in size. Last year 115,000 tons of canned milk were produced, which compares with a total of 460,000 tons of fruit and vegetables. And pet foods have become one of the largest packs.

Tinplate supplies have been adequate for immediate needs. With home output only slightly higher than last year and not much improvement expected before next year and 1957, when extensions at existing mills and the new plant at Velindre are expected to contribute to supplies, the industry is importing heavily from the United States. Up to June these shipments amounted to 53,000 tons, nearly an eighth of home output, and a further 27,000 tons are now expected to arrive by the end of the year.

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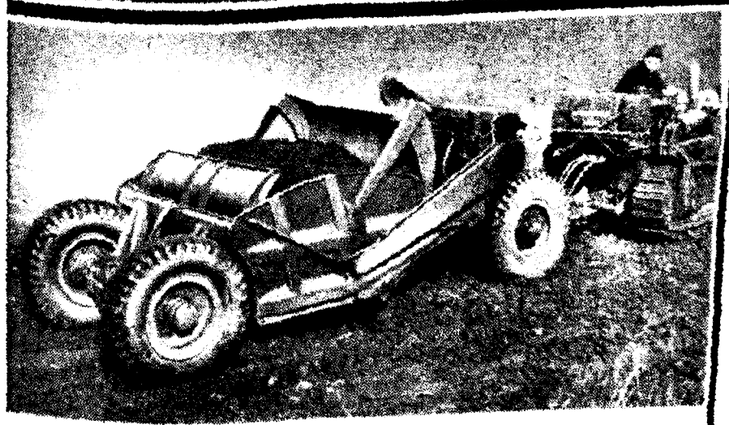
Bullgrader

Hydraulic Operation—Front-mounted pump; twin cylinders; single 4-position control lever.
Dirt 'Rolling' Action—8' 6" x 22" manganese-steel blade scientifically curved to reduce load resistance.
Wide Range of Blade Movements—from 13" below ground line to 29" above; 25° angling; 4½" tilt.
Easy Angling and Tilting—without the use of special tools.



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The new hydro-electric power station at Los Peares, N.W. Spain. Electrical equipment by The British Thomson-Houston Co. Ltd.

HIGH & LOW

AEI

At the coal face — a coal cutter, powered by a Metropolitan-Vickers flameproof motor.

Up in the hills of Los Peares is the biggest and most important of the power stations of Spain. Its electrical equipment was supplied by The British Thomson-Houston Company, one of the great partnership of British Companies which is Associated Electrical Industries Ltd.

Down in the mines of the world, electrical equipment made by another famous partner—Metropolitan-Vickers Electrical Company — is helping the miner's output. There are twelve famous Companies of A.E.I. Together, they make electrical equipment for the world.

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The Hotpoint Electric Appliance Co. Ltd.
&
Coldrator Ltd.
&
Premier Electric Heaters Ltd.
&
Siemens Brothers & Co. Ltd.
&
Sunvic Controls Ltd.
&
Newton Victor Ltd.
&
Australian General Electric Pty. Ltd.

Competition in Polythene

THE first chemical firm to announce plans to make polythene in this country after the patent held by Imperial Chemical Industries expires next February is Union Carbide, an off-shoot of Union Carbide and Carbon Corporation in the United States. This company is one of the largest suppliers of polythene in North America, and it recently revealed that it will construct a plant at Grangemouth in Scotland that it hopes will start up in about two years' time. There has been much speculation in the chemical industry on how many firms will start to make polythene after next year, and this announcement is not expected to be the only one. The manufacture of this polythene under high pressure and at controlled temperature calls for complicated and costly plant but the rewards are high. It is one of the most versatile thermoplastics. Its insulating properties and its high resistance to corrosion make it particularly suitable for underwater and land cables. It has a rapidly growing market in industrial and domestic piping, and in the packaging industry as a wrapping, as a lining, and as flexible or rigid containers. There are also a host of new and promising applications opening up for polythene after it has been exposed to radiation from fission by-products. ICI hopes to produce upwards of 24,000 tons of polythene this year, against 12,000 tons in 1953 and about 55,000 tons in 1957. This is much slower progress than in the United States, where several firms manufacture under licence from ICI, but rapid development in Britain was held up until supplies of ethylene from petroleum refineries supplanted ethylene derived from industrial alcohol.

Union Carbide will receive its ethylene from the neighbouring plant at Grangemouth of British Petroleum Chemicals, which is jointly owned by Distillers and British Petroleum. So far the company remains silent on the cost of the new plant and on how much polythene it plans to produce, but it will sell it to fabricators and moulders through Bakelite, its British subsidiary. ICI patented a process for the polymerisation of ethylene under high pressure, but ways have now been discovered in Germany and in the United States of polymerising ethylene under low pressures. The United Kingdom rights to the German "Zeigler" process, which is named after its discoverer and uses an aluminium compound as a catalyst, have been purchased by Petrochemicals, now a subsidiary of Shell Chemical Company. The United States "Phillips" process will soon be in production, but no "Zeigler" polythene has yet been marketed and Petrochemicals have a certain amount of development work to go through first before plans for commercial production in Britain can be announced.

Coffee Prices Ease

COFFEE prices have lost some of the advance that followed the news of frost damage to the Brazilian plantations. Brazilian "superior" grade, which rose sharply from 425s. per cwt. fob to 491s., is a little cheaper at 487s., but Colombian coffee, which rose less sharply from $67½ per 50 kilos fob to $70, is now about $68½. Business is slack, mainly because buyers and sellers are waiting to see whether the Brazilian government devalues the "coffee cruzeiro" after August 20th, when its guarantee to reimburse buyers for any change in the exchange rate expires. Though growers in Parana State can hardly rejoice at the frost damage, their neighbours may feel that it is not without compensations. The damage to the 1956-57 crop cannot be assessed until the trees flower in October, but any fall in output will help to relieve the surplus.

That will be no bad thing for Brazil as a whole, so long as sellers do not try to make too much of it and provoke another bout of consumer resistance. Buyers, too, hold some cards. Thanks to a good 1955/56 crop, the exportable supply of coffee in Brazil during the next two seasons should be adequate. The stocks that consumers would normally hold as a safeguard against a squeeze in prices now lie in producing countries, but this also implies that sellers will be needing cash. And it will be only another month or two before Brazilian coffee meets competition from the crops then coming forward from other producing areas. It is not surprising, however, that Brazilian sellers should hold back a little longer in the hope that the government will grant them a higher cruzeiro rate for coffee exports.

Sterling Area Trade Deficit Grows

THE sterling area's trade deficit with the non-sterling world continued to increase in the first quarter of this year. The latest statistical summary of the Board of Trade reveals that the deficit was £241 million, compared with £201 million in the fourth quarter and with only £69 million in the first quarter of last year. Though Britain and the rest of the sterling area each do roughly the same amount

STERLING AREA TRADE WITH REST OF WORLD
(First quarter of year—£ million)

	All Non-Sterling Countries		Dollar Countries	
	1954	1955	1954	1955
UK Imports	422	565	129	208
UK Exports	363	394	91	94
Deficit	59	171	38	114
RSA Imports*	399	485	113	142
RSA Exports	389	415	99	115
Deficit	10	708	14	27
Total deficit	69	241	52	141

*Rest of the sterling area

of trade with non-sterling countries, Britain was mainly responsible for the growth in the deficit. Compared with the first quarter of last year, British imports from non-sterling countries rose much more than exports, and the trade deficit was nearly three times higher at £171 million. The rest of the sterling area's deficit with non-sterling countries was £70 million.

Britain accounted for nearly the whole of the sterling

area's deficit with dollar countries. British imports from the dollar area were over half as high again as in the first quarter of last year, but exports were almost unchanged and the deficit with the dollar area was three times as high at £114 million. The rise in the rest of the sterling area's imports from the dollar area was nearly matched by the rise in exports, and the trade deficit was only £27 million. All this does not mean that Britain was just a more improvident spender. It partly reflects the fact that prices of the manufactures that Britain sells were stable, while prices of many primary commodities that other sterling countries sell increased.

SHORTER NOTES

Plans for the construction of 53¼ million square feet of new factory floor space were approved by the Board of Trade between January and June this year. This was nearly four-fifths more than in the same months of 1954, and indeed more than in the whole of each of the previous four years. Actual construction may start many months after plans are approved, and the figures are collected still later; but provisional figures for new factories started and completed by March this year show no slackening in this growth in industrial investment.

★

As the price of raw sugar in the "free" world market has remained below the prescribed minimum of 3.25 cents a lb fas Cuba, the International Sugar Council has again reduced export quotas by 5 per cent to the limit of 80 per cent of the basic export tonnages. Allowing for the redistribution among other exporters of 87,000 tons surrendered by Czechoslovakia and Haiti, the effective quotas now total 3,732,000 tons.

★

An attempt to increase the interest of foreign investors in the New York market is announced by the Guaranty Trust Company of New York. The Trust will issue bearer depository receipts against the shares of 13 leading American companies, apparently with coupons attached. The scheme, it is thought, may appeal to some continental investors. It is not designed to attract British investors. The British preference for registered stock is well known; and it is not certain that the depository receipts will be good delivery in the London market.

★

Following the report of a special committee the Indian government has decided to restrict shipments of North Indian tea for sale in London to 140 million lb this year, compared with unrestricted shipments of 167 million lb last year. The government did not accept the committee's suggestion that a minimum portion of the crop should be reserved for sale in London; the quantity will be decided each year.

★

In the first quarter of this year cinema attendances were about 5 per cent lower than a year before, but with higher seat prices the gross takings at the box-office were hardly diminished, at £27,645,000. Entertainments duty, moreover, was about three-quarters of a million pounds less; and the exhibitors' net takings, £11,800,000, were half a million pounds up on the year.

Company Notes

FURNESS WITHY. There is not enough detail in the preliminary announcement, and no comment, for members to judge whether they can wholeheartedly share the board's confidence, shown by a year's dividend of 14 per cent, against 12 per cent including a 2 per cent bonus. Total profits for 1953-54 were 20 per cent below 1952-53, and only half those of 1951-52.

Group profit for the year to April 30th was £1,583,587, against £1,285,182, after depreciation, British tax and tax equalisation charge of £971,452 net against £1,238,810, and after overseas taxes and minor expenses. This increase of 23 per cent may well understate the true benefit to total profits—from expanding trade and higher freight rates—for an undisclosed amount of special depreciation has been provided on new vessels delivered during the year. The new deliveries presumably include the "Southern Cross," launched a year ago.

The balance attributable to the holding company is £773,961 against £692,936. It is the group's practice for the subsidiaries to hold much of the retained profits; consolidated equity earnings, after estimating the minority share and allowing for profits tax on a full distribution, appear to be equivalent to nearly 35 per cent on the parent's £1 units.

Once more the whole of the undistributed profits of the holding company is placed to Fleet Replacement Account, which again receives £250,000. Although by April, 1954, the group's outstanding capital commitments for new tonnage were below their peak, they amounted almost to £10 million. The relentless demand for modern vessels at rising costs seems to be competing strongly with the shareholder's claims for a more liberal dividend policy, this year's dividend increase notwithstanding. That is a problem that constantly confronts the big liner groups. At 50s., the £1 units yield £5 12s. per cent.

JOSEPH TETLEY. Tea producing companies have recently been showing the highest profits within living memory—profits that reflected last year's boom, but only come to light after the market had broken and common tea in London had fallen from over 7s. to under 4s. a lb. Joseph Tetley fared differently. It is a firm of blenders and merchants—(sponsor of the tea bag) and has had to announce its decision not to pay, because of stock losses, the half-year's 5½ per cent preference dividend due August 31st—a matter, in cash, of some £5,000 gross.

The company, though in existence for nearly fifty years, was not introduced to the investing public until 1951. Since then it has published satisfactory profits with a 10 per cent ordinary dividend for 1953-54, on a capital increased by a 5 per cent scrip and a cash issue. That distribution was covered 4 times by earnings.

Perhaps investors needed some such reminder of the hazards of a merchant's business, when his profits come from small margins on large inventories. Stocks a year ago stood at £1,256,084, financed largely by bills and loans totalling about £924,000 (though a £150,000 unsecured note issue was under consideration last February). A fall in price of roughly 45 per cent, which is that cited by the company in its references to common teas, on only a third of a stock of that size is enough to wipe out the whole of the gross amount earned for dividend.

Fortunately the greater part of the dear stock has now been realised, tea consumption seems not to have decreased, and sales by weight are not expected to compare unfavourably with last year. Thus it is hoped that from September onwards—from the beginning, that is, of the new financial year—trading will again be profitable. The 5s. ordinary shares stand at about par, but there is no recent marking in the preference, the middle price of which remains at 21s. 3d.

★

BRITISH MATCH CORPORATION. Though modest by some standards, the 12 per cent increase in Bryant & May's 1954-55 profits before British taxation is satisfactory in a steady going, fully-developed, industry, where the smallest increase in business or reduction in costs is hard to achieve. The rise in the group profits of the parent—British Match Corporation—is not so great, but it must not be inferred that the other interests of the parent company have necessarily done less well. As the preliminary balance is struck after crediting investment income and after charging depreciation, overseas taxation (normally an important element) and expenses, minor variations in these items can conceal the trend of trading results.

A substantial sum out of each year's income accrues to the minority interests, and there remains, attributable to the parent, a 21 per cent increase in net profit, if special credits, which were substantial in 1953-54, are excluded. Equity earnings, allowing for profits tax on a full distribution, amount to 17 per cent on British Match ordinary capital, out of which the dividend is again 9 per cent. In October last, the interim was increased, with the warning that it was intended merely to reduce the disparity between interim and final payments.

Exchange risks are, however, an intrusive factor in this company's finances. In the previous year, the Exchange Adjustment Account received no less than £167,745 out of retained profits, and was debited with £66,885 to cover conversion losses on overseas subsidiaries' currency net assets. This year the debit is £89,803.

	Years ended Mar. 31, 1954	1955
	£	£
Consolidated earnings:—		
Group profit, *less* overseas taxes	1,466,469	1,561,833
UK taxation	660,000	622,221
Minority interests	221,068	231,216
Net profit	*584,801*	*708,396*
Ordinary dividends	306,281	314,789
Ordinary dividend (per cent)	9	9
Retained profits	262,639	377,425
Other credits	99,705	*Dr.12,968*

British Match is almost unique among major British companies in not having altered its nominal ordinary capital since 1928, and dividends, though they have slowly moved upwards, were last increased at the end of the war. These considerations explain the relatively high yield of £6 4s. per cent on the Corporation's £1 ordinary shares, at a price of 29s.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices (Dec. 29, 1950=100) July 27, 1954	April 26, 1955	May 31, 1955	June 28, 1955	July 26, 1955	Average Yields (per cent) July 27, 1954	April 26, 1955	May 31, 1955	June 28, 1955	July 26, 1955
2½% *Consols*	95·6	86·5	84·9	83·8	80·8	3·70	4·09	4·17	4·22	4·38
Debenture stocks:										
Industrial	90·0	85·1	84·4	83·3	82·2	4·57	4·83	4·88	4·94	5·00
Investment trust	92·0	88·5	87·8	86·9	84·7	4·48	4·66	4·70	4·75	4·88
Preference stocks:										
Industrial	93·9	90·3	89·6	87·4	85·4	4·84	5·05	5·08	5·22	5·34
Investment trust	92·0	85·0	84·5	83·3	81·9	4·79	5·19	5·21	5·29	5·38
Ordinary stocks:										
Banks	104·8	106·5	108·0	110·0	104·1	4·29	4·46	4·40	4·32	4·58
Industrial insurance	126·3	127·4	136·9	145·8	151·2	4·73	4·99	4·64	4·36	4·21
Investment trust	171·2	202·6	216·0	247·7	256·0	4·55	4·46	4·33	3·91	3·82
Electrical engineering	131·9	151·4	159·0	168·5	174·9	4·79	4·77	4·62	4·36	4·26
Engineering	155·1	176·0	192·7	211·3	207·1	4·35	4·44	4·15	3·83	3·95
Motors and aircraft	160·6	174·7	195·0	212·4	214·5	4·93	5·11	4·14	3·81	3·72
Breweries	113·4	117·4	118·7	116·4	112·6	6·37	6·35	6·24	6·40	6·61
Chain stores	210·2	258·5	272·3	290·3	280·1	3·60	3·56	3·64	3·41	3·54
Cotton textiles	120·1	109·5	113·5	118·0	115·9	7·29	7·93	7·92	7·74	7·88
Household goods	145·2	151·1	159·1	161·6	170·4	4·97	6·05	5·82	5·73	5·85
Rayon	80·3	72·0	73·2	78·9	75·4	5·89	7·83	7·71	7·42	7·82
Tobacco	83·4	88·4	85·9	81·5	82·3	7·66	7·48	6·35	6·73	6·65
Wool textiles	117·6	117·5	120·3	129·3	123·9	5·72	6·46	6·30	5·92	6·41
Chemicals	176·4	194·4	210·6	238·3	239·6	4·16	4·40	4·16	3·80	3·78
Oil	153·4	187·9	200·0	220·1	252·8	6·52	5·96	5·87	5·33	4·67
Shipping	127·3	151·6	158·9	166·6	175·0	5·85	5·41	5·29	5·06	4·86
Total (capital goods)	*147·3*	*167·6*	*180·6*	*194·7*	*196·6*	*4·97*	*4·91*	*4·53*	*4·26*	*4·24*
Total (consumption goods)	*126·2*	*133·2*	*136·7*	*139·5*	*137·4*	*5·77*	*6·05*	*5·76*	*5·73*	*5·84*
Total industrial (all classes)	**136·7**	**149·9**	**156·9**	**165·9**	**168·0**	**5·48**	**5·55**	**5·29**	**5·10**	**5·07**

LONDON STOCK EXCHANGE

Next Account begins: August 24th
Next Contango Day: August 24th
Next Settlement Day: August 16th

MARKETS rallied well to close the three-week account on Tuesday after the tempestuous atmosphere of last week. *The Financial Times* industrial index has shown a continual rise this week to 210.0 on Wednesday, from the 198.9 low point touched last Friday. The Gilt-Edged market was quietly firm on Monday but the announcement of the new Electricity 4½ per cent loan for £200 million at 98½ redeemable 1967-9 announced after hours, caused falls of up to a point at the opening on Tuesday. From that point, bear-closing and a little buying resulted in a recovery of most of the losses by the close on Wednesday.

Dealings started in Burmah Oil ex their one for one scrip issue and in a firm market put on 3s. 6d. at 87s. 6d. Shell Transport rose 3s. 1½d. to £7 and Trinidad Leases 3s. 9d. to 42s. 6d., though there were signs of weakening by Thursday afternoon.

Kaffirs have joined in the general recovery and there has been a good demand for lead-zinc shares, with Mount Isa 59s. 3d. and Consolidated Zinc at 55s. 3d. showing gains of 3s. 3d. and 4s. 6d. respectively. Nigerian tin shares have been lower on doubts for the future of columbite mentioned by the chairman of Bisichi. Underwriters to Wiggins Teape 4½ per cent 2nd Debenture 71/81 issued at £96 per cent were called upon to take up approximately 80 per cent. Dealings started at 1½ discount and later sagged to 2¾ discount. Developments in the baking industry have been the offer by Allied Bakeries of £5 million 5 per cent unsecured loan stock 1966-70 at 97½ to holders of preference and ordinary, followed by Spillers announcement that they have formed a subsidiary, United Bakeries with a capital of £1½ million.

Among tobacco shares BAT has declared a second interim of 5 per cent while Gallaher having acquired over 77 per cent of the ordinary capital of Benson & Hedges is now offering 15s. a share for the remaining ordinary and 10s. a share for the preference.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
Aug. 3	208·7	103·99	4·23	4·66
" 4	204·5	103·91	4·22	4·76
" 5	198·9	103·78	4·23	4·89
" 8	204·6	103·39	4·31	4·75
" 9	207·6	103·57	4·24	4·69
" 10	210·0	103·53	4·25	4·63
1955, High	223·9 (July 21)	115·97 (Jan. 7)	Total bargains 1955	
" Low	175·7 (Mar. 15)	103·39 (Aug. 8)	Aug. 3	11,805
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	" 4	12,276
" Low	131·1 (Jan. 1)	111·78 (Jan. 5)	" 5	13,017
			" 8	14,256
			" 9	13,686
			" 10	13,369

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Aug. 10 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 3 1955	Price, Aug. 10, 1955	Net Yield, Aug. 10, 1955 § £ s. d.	Gross Yield, Aug. 10, 1955 £ s. d.
100 9/16	96 3/4	Funding 2 3/4% '52-57	97 1/4	97 1/8	3 1 1	4 7 0 l
100 1/2	97 5/8	War Bonds 2 1/2% '54-56	97 31/32	98 3/16	3 7 6	4 8 10 l
100 11/16	94 13/16	War Loan 3% '55-59	95 1/4	95 1/16	2 17 9	4 6 2 l
100 21/32	99 3/4	Serial Funding 3% 1965	99 23/32	99 23/32	1 11 3	4 0 6
100 1/4	96 1/2	Serial Funding 2 1/2% 1957	96 1/4	96 3/32	2 17 11	3 19 7
99 27/32	92 1/16	Conv. 2% 1958-59	92 3/16	92 1/4	3 11 10	4 10 0 l
97 3/4	90	Exchequer 2% 1960	90 1/16	90 1/16	3 11 1	4 9 1
104 1/4	94 5/8	Exchequer 3% 1960	94 1/2	94 3/8	3 0 4	4 6 3
100 11/16	87 1/4	Savings Bonds 3% '55-65	88 1/8*	87 7/8*	3 3 2	4 10 7 l
100 3/8	89 1/4	Funding 2 1/2% '56-61	90 1/16	90 1/4	3 9 2	4 13 3 l
97	83 7/16	Funding 3% '59-69	84 1/8	83 7/8	3 4 11	4 14 2 l
103 7/16	94 1/2	Funding 4% '60-90	95 5/8	95	3 12 2	5 9 8 e
96 3/8	81 1/2	Savings Bonds 3% '60-70	82 1/2*	82 1/4*	3 4 3	4 12 9 l
102 3/8	91	Exchequer 3% '62-63	91 5/8	91 1/4	3 0 6	4 8 1 l
99 3/16	85 3/4	Exchequer 2 1/2% '63-64	86 1/4	85 7/8	3 7 2	4 11 2 l
95 1/16	80 5/8	Savings Bonds 2 1/2% '64-67	81 1/16	81 3/8	3 8 5	4 13 2 l
94 3/16	79 1/2	Savings Bonds 3% '65-75	80 1/2*	80 1/8*	3 0 11	4 10 0 l
105 1/2	94 1/2	Victory 4% '20-76	95 3/8*	94 5/8*	2 16 0	4 10 11 †
98 1/4	83 5/8	Funding 3% '66-68	84 1/16	84	3 5 0	4 13 4 l
103	88 3/4	Conv. 3 1/2% 1969	89 1/2*	88 1/2*	3 0 11	4 12 8
98 3/4	84 1/2	Treas. 3 1/2% '77-80	85 1/8	84 1/2	2 18 3	4 11 9 l
99 5/16	84 1/8	Treas. 3 1/2% '79-81	84 1/2*	84 3/8*	2 17 7	4 10 9 l
88 1/4	74	Redemption 3% '86-96	75 1/2	74 3/4	2 15 9	4 7 9 l
95 1/16	83	Funding 3 1/4% 1999-2004	83 5/8	83 3/8	2 12 6	4 6 8 l
97 3/8	86 3/8	Consols 4% aft. Feb. '57	88 1/8	87 3/4	2 12 6	4 11 4 f
88 9/16	77	War L'n. 3 1/2% aft. Dec. '52	78 1/2	78 1/4	2 11 8	4 10 3 f
89 1/16	77	Conv. 3 1/2% aft. April '61	78 13/16	78 1/8	2 11 9	4 10 8 f
78 1/2	67	Treas. 3% aft. April '66	68 1/2	68 3/8	2 10 11	4 9 2 f
66 3/4	57	Consols 2 1/2%	59 1/4	58 7/8	2 8 11	4 5 4 f
66 3/4	56 3/4	Treas. 2 1/2% aft. April '75	58 3/4	58 1/2	2 9 7	4 6 10 f
94 13/16	80 3/4	Br. Elec. 3% '68-73	82 1/8	82	3 2 1	4 11 10 l
93 15/16	79 5/8	Br. Elec. 3% '74-77	81 1/2	79 1/4*	3 0 3	4 9 5 l
109 1/16	96 1/2	Br. Elec. 4 1/2% '74-79	97 3/8	96 5/8	2 13 9	4 11 10 l
98 13/16	84 1/2	Br. Elec. 3 1/2% '76-79	85 3/4	85 1/4	2 17 10	4 11 5 l
105 5/8	93 1/2	Br. Gas 4% '69-72	94 1/2*	93 1/2	2 15 8	4 11 1 l
102 1/4	87 1/4	Br. Gas 3 1/2% '69-71	88 3/8*	87 3/8*	2 19 11	4 11 11 l
88 7/16	75	Br. Gas 3% '90-95	76 1/4	75 3/8	2 15 1	4 6 7 l
94 13/16	80 3/4	Br. Trans. 3% '68-73	82 1/8	82	3 2 1	4 11 10 l
105 1/16	92	Br. Trans. 4% '72-77	93 1/2	92 1/2	2 15 9	4 12 0 l
88 7/16	74 1/2	Br. Trans. 3% '78-88	76	75 5/8	2 17 9	4 8 8 l

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend. † Assumed average life approx. 12 years. § Less tax at 8s. 6d. in £.

Prices, 1954 High	Low	Prices, 1955 Jan 1 to Aug. 10 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 3, 1955	Price, Aug. 10, 1955	Yield, Aug. 10, 1955 £ s. d.
97 7/8	90 5/8	94 5/8	82	Aust. 3 1/2% '65-69	85 1/2	83 1/2	4 18 2 l
101 3/4	97 1/2	101 1/8	91 1/2	Ceylon 4% '73-75	95 1/2	92 1/2	4 11 9 l
106 3/4	98 1/2	103 1/2	91 3/4	N. Zealand 4% '76-78	93 1/2	92	4 12 3 l
79 3/4	71 1/2	75 1/2	64 1/2	L.C.C. 3% aft. 1920	65 1/2*	65 1/2	4 11 7
99 3/4	95	99	85 1/2	Liverpool 3% '54-64	85 1/2	85 1/2	5 0 6 l
87 3/4	80 1/4	84	69	M. Wtr. 'B' 3% '34-2003	70 1/2*	70 1/2	4 10 3 l
104 1/4	100	102 1/2	97 1/2	Agric. Mort. 5% '59-89	98 1/2	98 1/2	5 1 8 l
109 3/4	71 3/4	122 3/4	91	German 7%	121	117 1/2	...
168 1/2	102	213	149	German 5 1/2%	211 1/4	205 1/2	...
171	132 1/4	200 1/2	160	Japan 5% 1907	199 1/2	198 1/2	...
198 1/4	167	244 1/4	190	Japan 5 1/2% Conv 1930	244 1/4	241	...

Prices, 1955 Jan. 1 to Aug. 10 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, Aug. 3, 1955	Price, Aug. 10, 1955	Yield, Aug. 10, 1955 £ s. d.
		%		%	BANKS & DISCOUNT			
58/7 1/2	48/9	7	*b*	5	*a* Barclays £1	50/6*	51/-	4 14 1
76/7 1/2	59/4 1/2	15	*c*	6	*a* Lloyds 'A' £5, £1 pd.	61/-	60/6	4 19 2
89/3	74/9	18	*c*	9	*a* Midland £1, fully pd.	77/-*	77/-	4 13 6
87/-	72/9	18	*c*	9	*a* N. Prov. 'B' £5, £1 pd.	76/6	73/6	4 18 0
96/10 1/2	78/6	8	*b*	8	*a* Westmstr 'B' £4, £1 1/2 pd.	82/6	80/3	4 19 8
69/-	48/3	8 3/4	*b*	3 3/4	*a* Alexanders £1	50/6	48/6	5 3 1
58/6	47/6	7	*b*	5	*a* Nat. Disc. 'B' £1	50/-*	50/-	4 16 0
60/-	49/-	12 1/2	*c*	6 1/2	*a* Union Disc. £1	52/6*	51/-	4 18 0
40/1 1/2	32/10 1/2	4	*b*	4	*a* Barc. (D.C.O.) £1	37/6	36/-	3 14 0 *s*
51/9	42/3	7 1/2	*a*	7 1/2	*b* Chart. Bk. of India £1	42/6	44/-	6 16 4
					INSURANCE			
21 3/4	14 1/2	50	*a*	110	*b* Leg. & Gen. £1 5/- pd.	20	20 1/2	1 19 1
28	20 1/2	20 †	*a*	45 †	*b* Pearl £1, fully pd.	26 1/2	25	4 10 5
55 1/2	41 1/2	112 1/2 †	*c*	117 1/2 †	*c* Prudential 'A' £1	53 1/2	50 1/2	4 0 10
					BREWERIES, ETC.			
141/-	122/6	33	*b*	10	*a* Bass £1	127/6	125/-	6 17 7
34/9	22/-	10	*a*	10 1/2	*b* Distillers 6/8	27/9	28/-	3 18 7 *h*
49/6	40/3	15	*b*	8	*a* Guinness 10/-	45/7 1/2	45/7 1/2	5 0 10
93/9	72/6	7	*a*	14	*b* Whitbread 'A' Ord. £1	76/3	75/-	5 12 0

Prices, 1955 Jan. 1 to Aug. 10 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, Aug. 3, 1955	Price, Aug. 10, 1955	Yield, Aug. 10, 1955 £ s. d.
		%		%	STEEL & ENGINEERING			
46/6	35/9	17 1/2	*c*	4	*a* B.S.A. £1	44/-	42/-	4 3 4 *p*
13/10 1/2	10/-	3 1/4	*a*	10 1/2	*b* Cammell Laird 5/-	13/-	12/9	5 9 11
39/3	27/-	...		3	*a* Colvilles £1	33/-	33/-	5 9 1 *o*
36/7 1/2	23/-	...		8	*c* Dorman Long £1	34/6	33/-	4 17 0
54/-	31/2 1/2	5	*a*	15	*b* Guest Keen N'fold £1	48/-	50/-	4 0 0 *m*
79/9	42/-	12 1/2	*c*	5	*a* Stewarts & Lloyds £1	73/3	71/6	3 9 11
47/-	27/6	6 3/8	*b*	4	*a* Summers (John) £1	41/6	40/7 1/2	4 18 5 *m*
50/-	28/6	6	*b*	4	*a* United Steel £1	45/6	44/-	4 10 11
47/10 1/2	35/9	2 1/2	*a*	6	*b* Vickers £1	42/-	42/6	4 0 0
					TEXTILES			
30/4 1/2	21/7 1/2	6	*b*	4	*a* Bradford Dyers £1	22/6	22/-	9 1 10
35/-	26/-	3	*a*	7	*b* Brit. Celanese £1	27/6	27/6	7 5 5
29/6	23/-	2 1/2	*a*	6 1/2	*b* Coats (J. & P.) £1	25/-	25/3	6 18 7
55/3	35/-	4	*a*	6	*b* Courtaulds £1	47/3	48/3	4 2 11
34/1 1/2	26/6	7 1/2	*b*	5	*a* Lancs. Cotton £1	28/9	28/-	8 18 7
36/0 3/4	28/-	2 3/4	*a*	10	*b* Patons & Baldwins £1	31/6*	30/9	8 2 7
					MOTOR & AIRCRAFT			
22/11 1/4	17/4 1/2	3 1/4	*a*	6 1/2	*b* Bristol Aeroplane 10/-	22/3	21/6	4 13 0
15/9 1/2	9/10 1/2	8 1/2	*b*	4	*a* British Motor 5/-	14/-	13/9	4 10 11
27/10 1/2	21/3	7 1/2	*c*	Nil	*c* De Havilland £1	24/9	25/6	Nil
60/-	37/-	5	*a*	10	*b* Ford Motor £1	50/-	49/4 1/2	3 0 9 *v*
70/9	43/1 1/2	7 1/2	*b*	5	*a* Hawker Siddeley £1	61/3	61/3	4 1 8
52/9	33/6	25	*c*	30	*c* Leyland Motors £1	48/9	46/3	4 6 0 *m*
133/1 1/2	71/3	5	*a*	12 1/2	*b* Rolls Royce £1	120/7 1/2	126/3	2 15 6
12/3 3/4	6/10 1/2	12	*c*	12	*c* Standard Motor 5/-	11/-	11/10 1/2	5 1 1
					SHOPS & STORES			
21/7 1/2	12/6	10	*a*	17 1/2	*b* Boots Pure Drug 5/-	19/9	18/-	3 16 4 *t*
47/6	36/9	7 1/2	*a*	20	*b* Debenhams 10/-	42/-	40/-	6 17 6
62/6	43/9	15	*a*	45	*b* Gt. Universal 5/-	49/6	51/6	5 16 6
114/-	97/6	5	*a*	17 1/2	*b* Lyons (J.) 'A' £1	101/6	97/6	4 12 4
76/-	58/6	15	*a*	30	*b* Marks & Spen. 'A' 5/-	71/-	69/6	3 4 9
71/9	55/3	36 3/4	*b*	20	*a* Woolworth 5/-	60/3	61/-	4 1 11 *d*
					OIL			
139/-	68/6	5	*a*	14	*b* British Petroleum £1	121 10 1/2	126/3	2 7 6 *f*
93/5 1/2	50/-	7 1/2	*a*	13 1/2	*b* Burmah £1	82 9	86/3	2 4 11 *i*
£62 3/4	£50 3/4	6	*a*	10	*b* Royal Dutch 100 fl.	£61	£59 1/2	2 10 4
158/9	109/9	5 †	*a*	10 †	*b* Shell Reg. £1	138/9	139/4 1/2	3 14 11
44/6	26/9	15 †	*b*	5 †	*a* Trinidad L'holds 5/-	40/-	41/9	4 4 11
					SHIPPING			
37/3	25/10 1/2	5	*a*	7	*b* Cunard £1	28/-	27/6	7 5 5 *m*
61/-	45/-	12	*c*	14	*c* Furness Withy £1	55/6	50/6	5 10 11
38/6	27/6	3	*a*	13	*b* P & O. Def. £1	34/6	34/-	4 14 1 *n*
					MISCELLANEOUS			
97/6	61/3	14	*c*	2 1/4	*a* Assoc. Elect. £1	87/6	92/6	3 0 6
135/-	88/9	5	*a*	15	*b* Assoc. Port. Cem. £1	123/9	118/9	3 7 4
111/6	67/-	7 1/2	*a*	15	*b* Bowater Paper £1	100/7 1/2	98/9	3 12 11 *u*
56/3	44/1 1/2	2 1/2	*a*	7 1/2	*b* B.I.C.C. £1	51/-	48/6	4 2 6
58/3	35/6	4	*a*	8	*b* Brit. Aluminium £1	55/-	53/-	4 10 7
61/3	47/10 1/2	15 †	*c*	10 †	*a* Brit. Amer. Tob. 10/-	57/6	56/-	4 13 2
$64 1/4	$51 3/4	3	*b*	3	*a* Canadian Pacific $25	$62	$59 1/2	4 12 3
48/9	31/4 1/2	41 3/8	*b*	14 3/16	*a* Decca Record 4/-	43/1 1/2*	37/6	4 0 0 *r*
33/4 1/2	27/-	4	*a*	10	*b* Dunlop Rubber 10/-	29/6	29/6	4 14 11
87/3	54/1 1/2	4	*a*	8 1/2	*b* English Elect. £1	77/6	83/-	3 0 3
81/-	51/3	4 1/2	*a*	9 1/2	*b* General Elect. £1	70/-	72/6	3 17 3
61/6	38/3	4	*a*	6	*b* Imp. Chemical £1	53/6	54/4 1/2	3 13 7
65/10 1/2	57/9	12 1/2	*b*	8 1/2	*a* Imp. Tobacco £1	61/6	62/-*	6 15 6
$142 1/2	$105 1/2	$2·90	*c*	$1·75	*a* Inter. Nickel n.p.v.	$142 3/4	$135 1/2	3 16 11
77/-	57/6	1 1/4	*a*	10	*b* London Brick £1	70/-	68/9	5 1 10
38/6	26/-	6 3/4	*a*	15 3/8	*b* Monsanto Chemicals 5/-	31/6	32/-	3 10 4
81/3	60/3	3 1/2	*a*	14 1/2	*b* Tate & Lyle £1	78/6	76/3	4 4 8 *g*
109/6	72/6	10	*b*	10	*a* Tube Investments £1	100/-	97/6	4 2 1
118/6	95/6	17 1/2	*b*	5	*a* Turner & Newall £1	112/-	111/3	4 0 11
100/6	69/3	6	*a*	9 1/2	*b* Unilever £1	93/9	93/-	3 7 9
44/1 1/2	34/3	7 1/2 †	*b*	1 1/2 †	*b* United Molasses 10/-	39/4 1/2	38/9	5 14 1 *q*
49/9	34/-	2 1/2 †	*a*	27 1/2 †	*b* Cons. Tea & Lands £1	44/3	43/9	23 17 2
3/4 1/2	1/10 1/2	10	*c*	15	*c* London Asiatic Rbr. 2/-	3/-	2/9	11 3 4
63/6	38/9	7 1/2	*a*	20	*b* United Sua Betong £1	58/9	58/1 1/2	9 9 3
					MINES			
9 1/32	7 3/16	20	*a*	50	*b* Anglo-Amer. 10/-	8 3/8	8 3/8	4 0 0
143/3	106/10 1/2	80	*a*	120	*b* De Beers 5/- Bearer	126/3	122/6	8 3 3
126/3	78/9	...		...	Free State Geduld 5/-	87/6	88/9	...
70/9	51/7 1/2	10	*b*	10	*a* Randfontein £1	56/10 1/2	55/-	7 5 6
10/3	6/8 1/2	24	*c*	28	*c* London Tin 4/-	9/5 1/2	9/6	11 15 10
44 1/2	31 1/4	200	*b*	50	*a* Rhokana £1	43 3/4	42 3/4	5 16 11

New York Closing Prices

	Aug. 3 $	Aug. 10 $		Aug. 3 $	Aug. 10 $		Aug. 3 $	Aug. 10 $
Balt. & Ohio	51 3/8	49 3/4	Am. Smelting	52	52	Inter. Paper	107	104 1/2
Can. Pac.	34 1/4	32 3/4	Am. Viscose	59	58 1/4	Nat. Distill.	21 3/4	21 1/2
N.Y. Cent.	47 3/8	44 1/4	Cel. of Am.	24 1/8	24 1/4	Sears Roebuck	95 3/4	95 3/4
Pennsyl.	27 1/8*	26 7/8	Chrysler	90 1/2	82 3/8*	Shell	59 1/4	60 3/4
Amer. Tel.	184 3/4	183 1/4	Gen. Elec.	50 3/4	50 1/4	Std. Oil of N.J.	140 1/4	130 1/8*
Stand. Gas	9 3/8	9 1/8	Gen. Motors	135 1/8*	129	U.S. Steel	52 3/4	50 5/8
United Corp.	6 3/8	6 1/8	Goodyear	56 5/8	54 7/8	Westinghouse	65 3/8*	63 1/4
W. Union Tel.	24 3/8	23 1/8	Inter. Nickel	79 3/4	74 3/4	Woolworth	50 3/4	49 3/4

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 16 1/2%. (*i*) On 10 1/2%. (*j*) On 15%. (*l*) To latest date. (*m*) On 10% (*n*) On 8%. (*o*) On 9%. (*p*) On 8 1/2%. (*q*) Yield basis 22·10% gross. (*r*) On 37 1/2%. (*s*) On 6 2/3%. (*t*) On 13 1/2%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7 1/2% (*x*) On 12 1/2%.

Statistics

The following list shows the most recent date on which each statistical page appeared.

BRITISH		OVERSEAS	
Prices and Wages	Aug. 6th	Western Europe	
Production and Consumption	This week	Production and Trade	Aug. 6th
Manpower	July 16th	British Commonwealth	This week
External Trade	July 30th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	July 16th
Industrial Profits	July 23rd	United States	July 30th
		World Trade	July 23rd

UK Production and Consumption

M=Monthly averages or calendar months. W=Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1952	1953	1954	1954 April	May	June	1955 Mar.	April	May	June
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948=100	114	121	129	124	133	128	141	132	139	137-138
Mining and quarrying		"	109	109	110	107	117	107	118	105	108	...
Building and contracting		"	103	110	111	109	112	112	105	...	...	...
Gas, electricity and water		"	127	132	142	136	131	123	172	141	139	...
Manufacturing, total		"	115	123	133	128	138	133	147	139	146	...
Engineering, shipbuilding, electrical goods		"	127	129	140	133	143	138	163	...	...	...
Vehicles		"	124	138	155	144	160	156	190	175	...	...
Chemical trades		"	132	151	166	163	171	168	179	...	...	...
Textiles and clothing		"	99	114	116	116	123	113	126	116	...	...
Food, drink and tobacco		"	108	114	116	118	126	122	115	118	...	...
BASIC MATERIALS												
Production of:												
Coal (1) (3)	W	'000 tons	4,332	4,300	4,298	4,189	4,591	4,212	4,614	4,114	4,290	4,171
Pig-iron	W	"	202	215	229	232	231	233	241	238	242	217
Steel, ingots and castings	W	"	310	339	356	368	374	372	395	393	402	364
Sulphuric acid	M	"	125·5	156·3	170·2	176·8	169·9	165·5	183·6	173·6	173·8	...
Newsprint	W	"	10·32	11·60	11·77	11·83	12·47	12·47	12·77	12·05	12·07	...
Electricity (1)	M	mn. kwh	5,166	5,459	6,075	5,634	5,592	5,090	7,795	6,102	6,214	5,636
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	14·82	17·97	19·17	18·66	20·78	17·36	19·11	16·31	18·18	14·92
Worsted yarn	M	"	14·84	18·40	18·80	17·87	19·08	18·08	20·13	16·64	18·28	...
Rayon and synthetic fibres, total	M	"	23·59	34·94	37·30	35·97	37·81	37·38	42·21	39·95	40·48	39·86
" " " " staple fibre	M	"	10·59	16·85	19·00	17·25	18·75	19·21	21·64	21·31	20·38	19·59
Cotton cloth, woven	W	mn. yds.	32·5	35·2	38·3	38·2	41·0	39·0	39·8	35·3	38·9	..
Wool fabrics, woven	M	mn. sq yds	31·5	34·3	34·5	31·4	33·0	33·2	37·9	30·1	31·5	...
Engineering production:												
Passenger cars and chassis	W	'000s	8·62	11·44	14·79	14·56	16·13	14·71	18·63	16·92	18·28	17·19
Commercial vehicles and chassis	W	"	4·65	4·61	5·17	4·53	5·14	4·89	6·45	5·80	6·72	6·32
Metal-working machine tools	M	'000 tons	12·58	12·63	11·39	10·54	11·51	11·35	14·30	11·11	...	...
Internal combustion engines	M	'000 BHP	331	311	356	352	342	333	423	435	421	...
BUILDING ACTIVITY												
Permanent houses completed: (1)												
Total	M	'000s	19·99	26·56	28·97	27·26	31·37	30·97	37·92	21·50	24·93	27·19
For private owners	M	"	2·86	5·24	7·55	7·01	7·70	7·63	8·60	8·84	9·25	9·89
For local housing authorities	M	"	16·11	19·91	19·58	18·19	21·61	21·10	27·53	11·71	14·91	16·50
Other	M	"	1·03	1·41	1·83	2·07	2·06	2·24	1·80	0·95	0·78	0·80
WHOLESALE SALES (1)												
Textile houses:		Av. value										
Total home sales		1950=100	90	95	95	99	90	75	114	96	88	79
Women's and children's wear		"	90	96	96	102	92	72	118	98	89	75
Men's and boys' wear		"	82	91	90	99	88	77	112	94	83	79
Piece-goods		"	68	66	63	65	61	52	77	60	60	47
RETAIL SALES (1)												
Large retailers:		Weekly av. value										
All merchandise		1950=100	117	124	132	126	128	129	132	136	140	...
Clothing and footwear		"	110	113	125	123	130	129	116	135	138	...
Household goods		"	102	110	125	111	118	111	130	119	129	...
Independent retailers:												
Clothing and footwear		"	95	94	97	99	103	98	84	105	104	...
Household goods		"	109	120	132	117	123	111	128	131	129	...
STOCKS												
Basic materials:												
Coal, distributed (1)		'000 tons	15,801	17,626	15,682	12,514	13,350	14,682	10,534	10,838	11,640	13,205
Steel		"	817	1,112	899	1,032	1,010	1,098	876	917	937	...
Copper (4)		"	131·9	55·3	61·5	60·1	65·3	68·1	67·6	60·8	58·5	...
Sulphur		"	211·8	66·8	67·2	70·4	68·4	79·8	80·7	83·8	92·3	...
Newsprint		"	189·7	110·6	97·5	95·0	98·6	105·6	114·9	130·9	113·2	...
Textiles:												
Wholesale houses, total (1)		Av. value 1950=100	74	89	95	114	112	110	115	109	107	104
Large retailers, clothing and footwear (1)		"	92	102	107	126	127	121	133	129	130	...

(1) Great Britain. (2) Provisional estimate. (3) 1954 figures exclude all screening losses normally amounting to around 5,000 tons a week. (4) Excluding government stocks from August, 1953. (5) Average for first quarter.

British Commonwealth

PRODUCTION OF FUEL AND POWER (1)

Monthly averages or calendar months	Coal: Australia	Coal: Canada	Coal: India	Coal: S. Africa	Crude petroleum: Canada	Crude petroleum: Pakistan	Electricity: Australia	Electricity: Canada	Electricity: India	Electricity: N. Zealand	Electricity: S. Africa
	'000 tons						million kwh				
1938	973	987	2,362	1,335	72	...	363	2,168	...	...	478
1953	1,535	1,032	2,987	2,335	889	19·3	1,079	5,457	552	286	1,112
1954	1,644	953	3,064	2,404	1,062	21·4	1,206	5,761	625	312	1,220
1954, December	1,482	1,169	3,503	2,557	1,278	21·4	1,189	6,556	683	302	1,221
1955, January	900	1,032	3,153	2,461	1,321	...	1,162	6,547	668	287	1,246
„ February	1,565	902	3,249	2,366	1,209	...	1,164	5,973	626	281	1,252
„ March	1,605	1,034	3,304	2,778	1,265	...	...	6,635	696	322	1,334
„ April	...	758	...	2,613	...	...	...	6,363	...	308	1,293

PRIMARY PRODUCTION (2)

Monthly averages or calendar months	Copper: Canada	Copper: N. Rhodesia	Rubber: Ceylon	Rubber: Malaya	Tin: Malaya	Steel: Australia	Steel: Canada	Steel: India	Steel: S. Africa	Gold: Australia	Gold: Canada	Gold: S. Africa
	'000 tons									'000 fine ounces		
1938	17·7	17·7	4·2	30·0	5·31	100	96	78	25	132·7	394	1,013·4
1953	16·0	28·4	8·2	47·9	5·20	171	306	126	106	89·6	338	994·7
1954	19·5	28·8	7·8	48·7	5·93	185	237	140	117	93·0	364	1,102·3
1955, February	19·7	14·8	4·5	50·5	4·62	156	287	139	119	77·0	352	1,115·0
„ March	21·3	25·8	4·9	52·5	7·10	170	343	...	131	...	372	1,210·5
„ April	20·2	29·9	7·0	44·7	5·40	149	322	...	130	...	370	1,193·0
„ May	20·3	31·4	5·4	49·8	5·33	...	...	...	...	...	...	1,220·5
„ June	...	...	5·8	50·5	...	...	...	...	...	...	...	1,217·7

EXTERNAL TRADE (3)

Monthly averages or calendar months	Australia: Imports	Australia: Exports	Canada: Imports	Canada: Exports	India: Imports	India: Exports	New Zealand: Imports	New Zealand: Exports	Pakistan: Imports	Pakistan: Exports	S. Africa: Imports	S. Africa: Exports
	mn. £A		mn. C$		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1938	10·6	11·8	56	71	...	...	4·62	4·76	...	...	7·97	2·71
1953	42·5	70·9	365	348	477	442	16·01	19·61	112·6	125·8	35·45	28·33
1954	56·6	67·9	341	329	528	486	20·45	20·33	92·8	107·2	36·94	26·48
1955, January	76·0	63·8	307	310	528	548	22·5	13·4	111·5	114·7	36·8	25·9
„ February	69·8	67·7	308	301	592	504	...	19·3	93·9	140·2	38·8	31·1
„ March	77·6	77·5	376	355	577	473	...	30·4	85·4	94·4	...	...
„ April	73·2	57·1	383	341	512	396	...	...	65·3	114·4	...	...
„ May	...	...	435	373	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES (4)

	Gold and Foreign Exchange Holdings: Australia	Canada	India	New Zealand	S. Africa	Cost of Living: Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1948 = 100						
1938	281	220	485	41	259	69	66	35	72	...	68	71
1953	1,361	1,826	1,765	204	295	178	120	108	134	112	130	136
1954	1,133	1,955	1,782	174	416	180	121	104	141	110	133	137
1955, February	...	1,848	1,777	161	405		121	97		105	136	137
„ March	...	1,883	1,780	160	392	181[5]	120	97	143[5]	105	137	137
„ April	...	1,881	1,749	159	368	...	121	93	...	104	136	138
„ May	...	1,894	1,739	168	345	...	121	...	...	...	...	138
„ June	...	1,940	...	...	338	...	...	...	...	...	...	...

(1) Petroleum production in Canada in 1938 includes natural gasoline. 1938 figure of electricity production in Australia is for 12 months ended June 30th; figures for New Zealand represent about 87 per cent of total generation. (2) Copper and tin refer to metal production. (3) General trade (including re-exports) except for Canada, which is special trade only. Imports are c.i.f. except for Australia, Canada and S. Africa which are f.o.b.; exports are f.o.b. Trade for India and Pakistan includes that going by land; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. (4) Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for Pakistan is based on 12 months ended March, 1949, as 100; for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. Annual figures for Australia are for year ended June 30th. (5) Figures for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended August 6th there was an "above-line" surplus (after allowing for Sinking Funds) of £55,157,000 compared with a deficit of £9,084,000 in the previous week and a surplus of £26,391,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £24,116,000, bringing the total cumulative deficit to £326,025,000 (£260,408,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to Aug. 7, 1954	April 1, 1955 to Aug. 6, 1955	Week ended Aug. 7, 1954	Week ended Aug. 6, 1955
Ord. Revenue					
Income Tax	1877,400	338,296	354,630	20,526	23,585
Sur-tax	136,000	25,900	23,700	700	600
Death Duties	185,000	63,000	65,900	3,200	3,300
Stamps	74,000	24,300	26,000	1,600	2,200
Profits Tax & EPT	180,000	56,100	59,400	4,300	3,600
Excess Profits Levy	25,000	81,100	11,100	1,100	200
Special Contribution and other Inland Revenue	1,000	500	150	50	...
Total Inland Rev.	2478,400	539,196	540,880	31,476	33,485
Customs	1131,700	388,451	391,404	18,122	18,391
Excise	796,050	259,140	274,760	34,765	54,155
Total Customs and Excise	1927,750	647,591	666,164	52,887	72,546
Motor Duties	80,000	13,911	16,212	2,863	3,263
PO (Net Receipts)	...	1,850	...	1,850	...
Broadcast Licences	25,000	4,700	5,300	...	...
Sundry Loans	24,000	5,896	11,739	55	5,579
Miscellaneous	175,000	36,985	28,405	308	8,380
Total	**4710,150**	**1250,129**	**1268,700**	**89,439**	**123253**
Ord. Expenditure					
Debt Interest	600,000	169,827	186,603	18,310	21,244
Payments to N. Ireland Exchequer	53,000	16,855	19,601	1,747	2,007
Other Cons. Fund	10,000	3,847	4,971	...	125
Supply Services	3862,875	1146,669	1125,223	42,400	43,840
Total	**4525,875**	**1337,199**	**1336,398**	**62,457**	**67,216**
Sinking Funds	36,000	10,303	9,685	590	880
"Above-line" Surplus or Deficit		**– 97,373**	**– 77,383**	**+ 26,391**	**+ 55,157**
"Below-line" Net Expenditure		163,035	248,642	13,591	24,116
Total Surplus or Deficit		**– 260,408**	**– 326,025**	**+ 12,800**	**+ 31,041**
Net Receipts from:					
Tax Reserve Certificates		159,650	42,999	3,330	53
Savings Certificates		4,800	11,300	– 100	– 700
Defence Bonds		– 8,449	664	– 47	– 433

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954 Aug. 7	3,280·0	1,447·7	285·3	...	5,013·0
1955 May 7	3,260·0	1,769·1	258·5	...	5,287·6
„ 14	3,270·0	1,760·7	275·8	0·8	5,307·2
„ 21	3,270·0	1,768·8	295·7	...	5,334·5
„ 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
„ 11	3,240·0	1,903·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
„ 16	3,260·0	2,020·0	293·8	...	5,573·7
„ 23	3,270·0	2,019·6	286·1	...	5,575·7
„ 30	3,280·0	2,049·0	265·5	...	5,594·6
Aug. 6	3,300·0	1,999·1	272·1	...	5,571·2

THE MONEY MARKET

THE discount houses raised their bid by 2d. to £99 per cent at the Treasury bill tender on Friday of last week. This raised the market rate by 1/32 per cent to just 4 per cent; the average rate of discount on all bills was up correspondingly, by nearly 7½d. to £4 0s. 0.42d. per cent. Applications for the £240 million of bills again on offer rose slightly, by £6.6 million to £350.8 million, and the market's allotment fell from 60 to 56 per cent.

Credit was continuously short in Lombard Street in the week to Wednesday last. On Monday only small help was given, and three or four houses were "in" the Bank for a small amount. Market supplies of credit were just adequate on Tuesday, but on Wednesday a fair amount of special aid was again necessary, and one house was in the Bank, though only for a trifling amount.

The spot sterling rate has been steady at around $2.78¾ through the week, but the forward discount has narrowed appreciably—from 1 13/16—1 11/16 cents on the three months dollar last week to 1 7/16—1 5/16 cents by Wednesday. In the gold market dealing was active on Wednesday; the price at the fixing rose by ¾d. to 251s. 3¼d. an ounce, and later moved up to 251s. 4½d.

The Bank return shows a further post-holiday reflux of notes of £23.2 million. Discounts and advances are up by £16.7 million to £26.5 million, reflecting the week's borrowings at the Bank.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates** Bank bills: 60 days	4 1/32-4 3/32
Deposit rates (max)		3 months	4 1/32-4 3/32
Banks	2½	4 months	4 1/16-4⅛
Discount houses	2¾*	6 months	4¼
Money Day-to-day	2¾-4½	Fine trade bills: 3 months	4½-5
Short periods	2¾-4¼	4 months	4¾-5¼
Treas. bills 2 months	3 31/32	6 months	5-5½
3 months	4		

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 Aug. 11	1955 Aug. 3	1955 Aug. 10
*Issue Department** :			
Notes in circulation	1,695·5	1,857·8	1,834·6
Notes in banking dept.	54·9	17·5	40·8
Govt. debt and securities*	1,746·3	1,871·3	1,871·2
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department :			
Deposits:			
Public accounts	13·7	25·6	24·0
Treasury special account	1·7	2·2	2·3
Bankers	270·8	216·4	230·1
Others	63·2	72·4	68·1
Total	349·4	316·6	324·5
Securities:			
Government	289·6	289·6	257·6
Discounts and advances	7·6	9·8	26·5
Other	13·6	15·6	15·7
Total	310·8	315·0	299·8
Banking department reserve	57·1	19·9	43·1
	%	%	%
"Proportion"	16·3	6·2	13·2

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,875 million from £1,825 million on July 20th, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954 Aug. 6	240·0	397·6	240·0	31 3·09	46
1955 May 6	230·0	384·8	230·0	78 3·59	41
„ 13	230·0	382·4	230·0	78 4·69	46
„ 20	240·0	375·6	240·0	78 4·64	50
„ 27	250·0	389·9	250·0	78 4·37	48
June 3	250·0	370·5	250·0	78 11·80	52
„ 10	260·0	378·6	260·0	79 7·53	53
„ 17	260·0	365·6	260·0	79 5·17	65
„ 24	270·0	380·5	270·0	79 4·53	58
July 1	290·0	383·8	290·0	79 4·87	67
„ 8	280·0	403·8	280·0	79 4·60	56
„ 15	260·0	383·4	260·0	79 4·88	55
„ 22	240·0	361·4	240·0	79 4·98	55
„ 29	240·0	344·2	240·0	79 5·08	60
Aug. 5	240·0	350·8	240·0	80 0·42	56

On Aug. 5th tenders for 91 day bills at £99 0s. 0d. secured about 56 per cent of the sum applied for: higher tenders were allotted in full. The offering yesterday was for a maximum amount of £240 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

Market Rates: Spot

	Official Rates August 10	August 4	August 5	August 6	August 8	August 9	August 10
United States $	2·78-2·82	2·78¾-2·78⅞	2·78¾-2·78⅞	2·78¾-2·78 13/16	2·78¾-2·78⅞	2·78¾-2·78⅞	2·78 11/16-2·78 13/16
Canadian $	...	2·74½-2·74¼	2·74 3/16-2·74 5/16	2·74¼-2·74⅜	2·74¼-2·74⅜	2·74¼-2·74⅜	2·74 5/16-2·74 7/16
French Fr.	972·65-987·35	973¾-974	974-974½	973¾-974	973¾-974	973⅝-973⅞	973¾-974
Swiss Fr.	12·15 5/16-12·33 3/16	12·17½-12·17¾	12·17⅝-12·17⅞	12·17⅜-12·17⅝	12·17¼-12·17½	12·17⅛-12·17⅜	12·16¾-12·17
Belgian Fr.	138·95-141·05	139·15-139·20	139·15-139·20	139·12½-139·17½	139·12½-139·17½	139·12½-139·17½	139·12½-139·17½
Dutch Gld.	10·56-10·72	10·62¾-10·63	10·62¾-10·63	10·62⅞-10·63⅛	10·62⅝-10·62⅞	10·62⅝-10·62⅞	10·62¼-10·62½
W. Ger. D-Mk.	11·67 3/16-11·84 13/16	11·70⅛-11·70⅜	11·70⅝-11·70⅞	11·70⅛-11·70⅜	11·70¼-11·70½	11·70⅜-11·70⅝	11·69⅞-11·70⅛
Portuguese Esc.	79·90-81·10	79·90-80·05	79·90-80·05	79·90-80·05	79·90-80·05	79·95-80·10	79·95-80·10
Swedish Kr.	14·37⅝-14·59⅜	14·39⅛-14·39⅝	14·39⅜-14·39⅝	14·38⅞-14·39⅛	14·38⅞-14·39⅛	14·39⅛-14·39⅜	14·39-14·39¼
Danish Kr.	19·19½-19·48½	19·33¾-19·34	19·33⅞-19·34⅛	19·33⅞-19·34⅛	19·33⅞-19·34⅛	19·33¾-19·34	19·33½-19·33¾
Norwegian Kr.	19·85-20·15	19·99½-20·00	19·99¾-20·00¼	19·99¾-20·00¼	19·99¾-20·00¼	19·99¾-20·00¼	19·99¼-19·99¾

One Month Forward Rates

	August 4	August 5	August 6	August 8	August 9	August 10
United States $	¾-⅝c. pm	¾-⅝c. pm	¾-⅝c. pm	11/16-9/16c. pm	⅝-½c. pm	½-⅜c. pm
Canadian $	¾-⅝c. pm	¾-⅝c. pm	¾-⅝c. pm	11/16-9/16c. pm	⅝-½c. pm	9/16-7/16c. pm
French Fr.	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis
Swiss Fr.	3-2½c. pm	3-2½c. dis	3-2½c. pm	3-2½c. pm	3-2½c. pm	2¾-2¼c. pm
Belgian Fr.	½-¼ pm	7/16-5/16 pm	7/16-5/16 pm	⅜-⅛ pm	⅜-⅛ pm	⅜-⅛ pm
Dutch Gld.	3½-3c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm
W. Ger. D-Mk.	2¾-2pf. pm	2¼-1¾pf. pm	2¼-1¾pf. pm	2¼-1¾pf. pm	2¼-1¾pf. pm	2¼-1¾pf. pm
Swedish Kr.	1ö pm-par	1ö pm-par	1ö pm-par	1ö pm-par	1ö pm-par	1ö pm-par
Danish Kr.	Par-2ö dis	Par-2ö dis	Par-2ö dis	Par-2ö dis	Par-2ö dis	Par-2ö dis
Norwegian Kr.	½ö pm-½ö dis	½ö pm-½ö dis	½ö pm-½ö dis	½ö pm-½ö dis	½ö pm-½ö dis	½ö pm-½ö dis

Gold Price at Fixing

	August 4	August 5	August 6	August 8	August 9	August 10
Price (s. d. per fine oz.)	251/2	251/3	...	251/3	251/2¾	251/3¼

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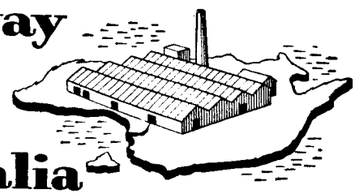

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Chief Manager: MICHAEL W. TURNER
London Office: 9, Gracechurch Street, E.C.3

London Managers: S. A. Gray, M.C., A. M. Duncan Wallace, M. D. Scott.

BRANCHES

BURMA: Rangoon
CAMBODIA: Phnom-Penh
CEYLON: Colombo
CHINA: *Shanghai
DJAWA (JAVA): Djakarta, Surabaja
EUROPE: Hamburg, Paris
HONG KONG: Hong Kong, Kowloon, Mongkok
INDIA: Bombay, Calcutta
JAPAN: Kobe, Osaka, Tokyo, Yokohama
MALAYA: Cameron Highlands, Ipoh
MALAYA—contd.: Johore Bahru, Kuala Lumpur, Malacca, Muar, Penang, Singapore, Singapore (Orchard Rd.), Sungei Patani, Teluk Anson
NTH. BORNEO: Brunei Town, Jesselton, Kuala Belait, Sandakan, Tawau
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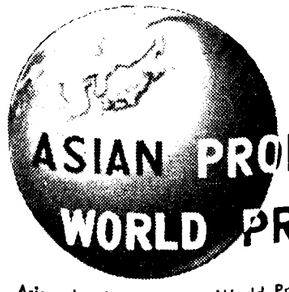

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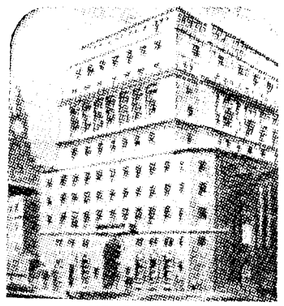
NEW YORK BRANCH: 111 Broadway, New York 6, N.Y.
LONDON REPRESENTATIVE OFFICE:
82, King William Street, London, E.C. 4

DECENTRALISATION



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COMPANY MEETINGS

FIRTH CLEVELAND LIMITED

WIDESPREAD ACTIVITIES

MR C. W. HAYWARD'S SURVEY

The second annual general meeting of Firth Cleveland Limited was held on August 5th at 8 Cleveland Row, St. James's, London, S.W.1, Mr D. G. N. LLOYD-LOWLES presiding in the absence abroad of the Chairman, Mr C. W. HAYWARD.

The following are extracts from the Chairman's review of the Company's activities circulated with the report and accounts for the year to October 31, 1954:

THE FIRTH COMPANY LIMITED, WARRINGTON

Founded in 1885, The Firth Company Limited has a long and successful history as a producer of steel wire and wire products. For 70 years it has manufactured wire for an almost infinite variety of uses and although production methods have changed considerably in that time, the skill of the craftsman is still an important factor.

Because there is hardly an industry in the world which could work for a week without using wire, customers' wants are innumerable.

For all its age and traditionalism The Firth Company Limited is constantly seeking new outlets and modernising its plant.

FIRTH CLEVELAND (MACHINE TOOLS) LIMITED, WOLVERHAMPTON

There are two separate works, one devoted to the manufacture of "Wandess" garage equipment, and the other to jigs, tools and fixtures for every sort of medium and light engineering. "Wandess" cylinder boring bars, lathes, drilling machines and brake lining riveters have established a high reputation for precision and efficiency and are being marketed in most countries of the world.

SIMMONDS AEROCESSORIES LIMITED, TREFOREST

Simmonds is the largest and the most diversified of the engineering companies in the Group. Activities commenced in 1928 although the present Company was registered in 1949. It has grown with remarkable speed into one of the most important suppliers of accessories to the motor, aircraft, engineering, chemical and many other industries.

Simmonds is known throughout the world for its range of fastenings—embracing self-locking nuts and an ingenious spring steel fastener known as the Spire Speed nut. It is justifiably claimed by Simmonds that its range of electronic, electrical and mechanical contents gauges can record the quantity of any kind of liquid in any kind of tank.

Such is its standing in the industry that it is frequently awarded development contracts by the Ministry of Supply and it works in close collaboration with the Royal Aircraft Establishment. Fram oil, petrol and water filters are made under licence from the well-known American Corporation of that name.

STENOR LIMITED, RICHMOND, SURREY

This Company has been manufacturing and marketing electrical vulcanising equipment for the past eighteen years. In the garage trade throughout the world the Stenor Vulcaniser is accepted as a standard item of equipment. The armed forces and transport undertakings are all very large users of this equipment.

More recently Stenor Limited has entered the field of industrial vulcanisation. Its Cable Vulcanising Machines command a growing market, which already includes such organisations as the Army, Port of London Authority and Bradford Dyers' Association.

The "Weldbelt" Vulcaniser, for repairing and maintaining conveyor belts of all types, has been installed by the National Coal Board at many Belting Repair Depots, is used by the British Electricity Authority, many well-known contractors, and is installed in quarries throughout this country. A substantial volume of export business has been built up.

BRITISH LEAD MILLS LIMITED, WELWYN GARDEN CITY

Known to the trade as B.L.M. British Lead Mills Limited is one of the largest producers of lead products in this country. Although lead is now facing the competition of copper, and to a lesser extent plastic, lead sheet is the material most in demand for proofing against weather in the form of flashings and damp-proof linings. Lead pipes are still considered the best medium for the conveyance of water, waste and gas.

The production of chemical sheet lead and pipe is B.L.M.'s speciality.

The control and quality required by nuclear physicists is no less exacting than the chemical trade, and B.L.M. supplies Atomic Energy Establishments with their requirements, such as work benches of solid lead, store boxes for radioactive isotopes, bars, bricks, tubes, etc. B.L.M. also supplies material for protection against X-rays.

R. E. ROBERTS & SON LIMITED

Since the end of the financial year B.L.M. has considerably increased its potential by the acquisition of R. E. Roberts and Son, Limited, manufacturers of lead sheet and pipe, occupying modern works in Bolton, Lancs. Apart from the increase in output, the acquisition is of considerable geographic importance, as it enables B.L.M. to offer distribution by the most economical means.

KEETON SONS AND COMPANY LIMITED SHEFFIELD

Typical of the old-established family businesses to be found in the industrial Midlands is the firm of Keeton Sons & Company Limited. Through the years such firms have made a notable contribution to the nation's engineering skill and, indeed, to its trade. If Sheffield knows anything, it knows about steel and its manipulation.

It is not surprising, therefore, to find Keetons producing a wide range of high-quality sheet metal working machinery in the form of guillotines and shearing, folding, bending, swaging and cropping machines

CHARLES COOPER (TIPTON) LIMITED, TIPTON, STAFFS

A very recent and most valuable addition to the Group's resources is provided by the acquisition of this firm. Cooper's specialises in the manufacture of all classes of cold rolled and tempered steel strip of finest quality, and is exceptionally well equipped to produce this high-class material within fine limits and with absolute uniformity of production.

RICHARD HILL LIMITED, MIDDLESBROUGH

As Charles Cooper (Tipton) Limited was acquired with a view to safeguarding supplies of strip steel for Simmonds Aerocessories Limited, so also the Group have now acquired the whole of the issued capital of Richard Hill Limited, an old-established hot rolling mill, which will produce rod for The Firth Company, Limited, thus ensuring ample supplies of raw material for that company.

LANDMASTER LIMITED, HUCKNALL, NOTTS

A long-standing appreciation of the need for increased food production throughout the world, and a firm belief in the principle of "rotary tillage" as a means of restoring and maintaining soil structure and fertility, led to the acquisition of this Company during the past financial year. The Landmaster range includes 2 h.p., 3 h.p., 4 h.p. and 5-6 h.p. machines, all of which are available with useful ancillary equipment in the form of a tool bar, cutter bar, plough, ridger, seeder, hedge trimmer and trailer.

MAX STONE LIMITED

I will now deal with the member companies of the Group which comprise our retail section, namely, Max Stone Limited and Wolfe and Hollander Limited. The acquisition of these retail companies with approximately 100 branches was in accordance with our plans relating to outlets for the production of our manufacturing plants.

The large turnover achieved by Max Stone Limited results from sales of radio, television, electrical goods and domestic appliances, and the manufacturing side of the Group has laid down plans and will commence production of certain of these lines by the autumn of this year.

In 1953 the Company acquired the well-known and old-established business of Wolfe and Hollander Limited, since when the volume of that Company's Hire Purchase trading has been considerably expanded. The Max Stone organisation, still trading as J. & M. Stone, now comprises ninety-six branches engaged in the retail sale of radio, television, lighting and domestic electric appliances.

WOLFE AND HOLLANDER LIMITED

The business was founded in 1896 in Tottenham Court Road and has established a high reputation as complete house furnishers.

The Company stocks carpets, furniture and furnishing fabrics, household linens, china, glass and turnery, wireless, television and electrical goods and a complete range of office furniture and equipment. The Company also supplies carpets and soft furnishings to hotels and restaurants.

PRESENT FINANCIAL YEAR

Almost without exception, every member of the Group is enjoying increased business and turnover, and it would appear that the total turnover of the Group will exceed, in this financial year, twelve million pounds. Orders in hand are satisfactory and indicate a continuance of the present activity and, subject to no unforeseen circumstances, the profits of the Group should be well in excess of the previous year's profits of £900,974.

Shareholders will be interested to know that the total floor area occupied by members of the Group amounts to no less than 1,250,000 square feet, and that it employs over 4,500 people in its British and overseas establishments, receiving in salaries and wages nearly £3 million annually.

The report and accounts were adopted.

CARTER & COMPANY LIMITED

IMPROVED RESULTS AND PROSPECTS

The Forty-seventh Annual General Meeting of Carter & Company Limited was held on August 11th in London, Mr C. Cyril Carter, the chairman, presiding.

After referring to the loss suffered by the company in the death last November of Mr A. L. Crampton Chalk and to the appointment to the board of Mr R. G. Cole and Mr W. D. Cash-Reed, the chairman said:

At our meeting last year I said that work done towards improving efficiency had not been reflected in the accounts for that year, but that benefits were becoming increasingly operative. That statement has been borne out by the accounts before you now. The general picture is much healthier, much more promising. Results are better, but they are not as good as we should like them to be and as we believe they can be. We have planned for the first of two new firing units to be working in nine months' time in a building in which space will also be provided for another gas-fired tunnel kiln of the same type. Meanwhile, lesser items of improvement and equipment have been undertaken at a cost of some £16,000 and our forward commitments will increase this figure by another £71,000. The pottery company has again made a very valuable contribution to the year's results.

In this time of full employment competition for labour is increasingly keen in all areas with which we are concerned. In addition to an overall increase in wages during the year, we have also had to meet increased fuel costs. The prospect of further increases in the cost of gas and electricity, which, with labour, form so large an element in our production costs, is disturbing and may affect future results. The extent to which increased costs can be met, other than by increased efficiency of management and plant, remains to be seen.

There has been a strong upward trend this year in export business and the demand remains firm. At home, building activity of the kind in which we are chiefly interested is increasing and Government announced intentions for school building, power stations, hospitals and so on should be in our favour.

The report and accounts were adopted.

W. H. SMITH AND SON (HOLDINGS), LTD.

ANOTHER SUCCESSFUL YEAR'S TRADING

THE HONOURABLE DAVID J. SMITH'S REVIEW OF PROGRESS

The sixth annual general meeting of W. H. Smith & Son (Holdings), Limited, was held on August 5th at the Registered Office of the Company, Strand House, Portugal Street, London, W.C.2.

The Honourable David John Smith (the chairman) presided and the following is his statement which was circulated with the report and accounts:

The Group has had another successful year's trading and sales have increased on both the wholesale and retail sides of the business. During the year negotiations for increased wages for the staffs who are responsible for packing and despatching goods from our Head Office and Wholesale Houses were satisfactorily concluded. The Wages Council which was set up by statute in November, 1947, to settle wages for the employees of retail booksellers also announced new wage rates which affect our Retail staffs. These new rates of wages, together with increased carriage and cartage rates, have again largely absorbed the greater Gross Profits earned by your Group.

WHOLESALE TRADE

All sections of this part of the business have made good headway and costs are well under control. Our trade customers throughout the country have continued to give us support. Plans for the rebuilding of our Birmingham and Hull Wholesale Houses on excellent new sites have now been approved and work has been started. The site in Birmingham covers an area of 13,500 square feet and the building will consist of five floors and will also house all the vehicles needed for the distribution of goods. The Hull building will cover an area of 25,500 square feet, and apart from a small portion in the front will be a one-storey building. Both these Wholesale Houses when rehoused will be able to give an improved service to their customers.

RETAIL BRANCHES

We have continued to modernise our shops and bookstalls wherever we considered it necessary and advisable, but careful watch has been kept on the costs entailed in all alterations. We are now considering a new form of shop fitting which will bring about considerable savings in the future and will also allow of greater flexibility in display.

New businesses have been acquired or opened in Fence Houses, Cromer, Horncastle and Woodhall Spa. A contract has been signed for bookstall rights at London Airport, as a result of which two bookstalls have been opened in the new buildings.

HEAD OFFICE

Our two main head office buildings, Strand House and Bridge House, have become overcrowded and the handling of the large volume of goods despatched from them is now increasingly difficult. Fortunately, it is possible to build an additional floor on each of these buildings, and further building on some spare land adjoining Bridge House, and on a site which we own in the Fetter Lane district should solve our space problem for some time to come. This building programme has already started.

OVERSEAS BUSINESS

Our export business has continued to expand and there is a large and constant flow of newspapers, magazines and books from Strand House to all parts of the world.

I have myself recently returned from a visit to Canada, where we now have shops in Toronto, Montreal and Ottawa, and was satisfied that real progress was being made. During my visit negotiations were concluded to buy a well-established retail book and stationery business in Kingston, Ontario, and this should prove a very useful addition to our Canadian undertaking.

ACCOUNTS

The full effect of the liquidation of the property-owning company, Hambleden Estates Limited, referred to in my statement last year, is reflected in the present Accounts of the Group: the assets formerly owned by that Company were transferred to W. H. Smith & Son Limited during the year under review. Thus, a full year's interest on the Debenture Stock now payable by the Holdings Company appears in these Consolidated Accounts. I feel that I should explain the reason why there is a sum of £30,000 under the heading of "Debenture Stock Sinking Fund Charge" in respect of the year under review as compared with Nil for the previous year: the Hambleden Estates Limited Debentures were in the process of being redeemed at the end of the financial year 1953-54 and therefore no Sinking Fund Charge was necessary for that year.

The profit shown in the Consolidated Profit and Loss Account, after charging a non-recurring item of Depreciation of £60,402, referred to in the Notes on Accounts, and an additional amount of £20,000 under the heading of "Supplementary Payment to Staff Superannuation and Pension Funds," is £1,774,365.

Arising from the agreement of taxation liabilities of the Group, it has been possible to credit £65,000 as representing provisions for previous periods no longer required (as against £40,000 for the previous year). After taking into account this credit, the charge for taxation is £972,753.

After charging taxation, the Consolidated Net Profit for the year shows a small increase of £26,105, at £801,612: out of this amount £441,000 has been transferred to Revenue Reserves and £5,237 has been added to the balance of profit carried forward. The total net dividends on the Preference and Ordinary Shares of W. H. Smith & Son (Holdings), Limited, amounted to £355,375.

The movements in the Reserves of the Consolidated Balance Sheet are shown in the Notes on the Accounts on page 12.

Properties, Plant, Motor Vehicles, Fittings and Fixtures have increased during the year by £114,751 after deducting depreciation and sales. The gross capital expenditure under these headings amounted to £385,133.

The surplus of Current Assets over Current

Liabilities increased during the year by £338,181.

THE DIVIDEND

The Directors have had pleasure in recommending a further increase of 1 per cent in the final Ordinary Dividend, making 15 per cent in all for the year.

STAFF TRAINING

We have decided to open a Staff Training College and suitable accommodation has been found in London. This College will be opened as soon as possible and will be used as a Training Centre for both our retail and wholesale staffs.

STAFF

I should again like to express our appreciation of the hard work and loyalty of the Staff. The recent railway strike called for emergency measures and a considerable amount of improvisation. The staff rose to the occasion in a remarkable way and showed their determination to maintain the Company's reputation of being "First with the News."

PROSPECTS

The current year has not started well for your Company, which has been seriously affected by two industrial disputes. The Newspaper strike was a severe blow and was followed by the Railway strike, which not only affected sales, particularly at our railway bookstalls, but also greatly increased the cost of distribution. We believe, however, that there is a good chance of making good the major part of these losses in sales during the last eight months of the financial year.

The report and accounts were adopted.

OHLSSON'S CAPE BREWERIES

The sixty-sixth annual general meeting of Ohlsson's Cape Breweries, Limited, was held on August 4th in London, Mr Geoffrey Dent (the Chairman) presiding.

The following is an extract from his circulated statement:

I referred in my Review of last year's accounts to the removal of price control, and the increase in the retail price of beers which had become necessary to meet rising costs of production and distribution. I indicated that there was likely to be a fall in consumption. This decrease has been fairly substantial throughout the Union and has to some extent offset the benefits of the price increase.

If the downward trend in beer consumption is to be arrested, it is essential that there should be a reduction in the heavy Excise Duty, and it is earnestly to be hoped that this may receive consideration in next year's Budget.

During the year we have continued our policy of extending our trade wherever favourable opportunities have presented themselves.

Profit on trading and rentals amounted to £694,483, an increase of £53,579. The net profit for the year is £265,636 and with the balance brought forward from last year of £138,895 there is an available balance of £404,531. The Directors recommend a final dividend of 9½ per cent on the existing Ordinary Share Capital. This, with the interim dividend payment of 5 per cent on the old Ordinary Share Capital (£780,000), represents 12 per cent for the year on the existing Ordinary Share Capital of £1,560,000. The report was adopted.

EDGAR ALLEN & CO.

IMPROVEMENT IN EARNINGS

MR W. H. HIGGINBOTHAM'S ADDRESS

The fifty-sixth annual general meeting of Edgar Allen & Co. Limited was held on August 11th at Sheffield.

Mr W. H. Higginbotham, FSAA, FSS (the chairman), in the course of his speech, said:

The combined operating surplus (or "Group Profit") of the Company and its Subsidiary Companies (exclusive of non-recurring charges in respect of Increase of Capital) was, before Taxation, £635,359, and showed an increase of some 14 per cent over that of the previous year. The ratio of untaxed current earnings to fully paid Share Capital was 36 per cent, and to the total of Share Capital and Reserves (being the Balance Sheet valuation of proprietors' capital employed) was 19 per cent. After deduction of Taxation (at an overall rate of 54.7 per cent) Net Taxed earnings showed ratios of 16.3 per cent and 8.7 per cent respectively.

INCREASED SALES

The improvement in earnings has been achieved despite increased costs (coupled with difficulties and delays in securing compensating additions to selling prices—which have affected especially the Steel Castings section of the business); the principal contributory factor is an increase of 7 per cent in total of the Parent Company's Sales, raising this to a level slightly higher than its previous "peak" of 1951-52, with an improvement of the order of 1 per cent in the ratio of profit earned. To these results the Engineering and Trackwork division has made an impressive contribution by a very considerable increase in both Turnover and Profits. A somewhat sharp fall in direct export sales is accounted for partly by intensified competition at lower prices from foreign producers, but more especially by the Engineering Department's greater preoccupation during the year with "Home" contracts.

Sales by Subsidiary Companies (including this year those of Buell (1952) Limited) have also increased in total by some 4 per cent; the trading results of that Company and of the British "Rema" Company were both very satisfactory. Those of the overseas subsidiaries (due to adverse trading conditions) have been less so; the overall ratio of Subsidiaries' profits to turnover has consequently declined, although they have still together contributed net taxed earnings of £47,650 to the combined total earnings of the Group.

STRONG FINANCIAL POSITION

The outstanding features of the commendably strong financial position of Parent Company and Subsidiaries are: the increase of 7.3 per cent in value of Total Assets, to £4,969,386; of 8.9 per cent in the surplus (£3,597,322) of those Assets over the total of Liabilities; of 7.4 per cent in values of Current Assets, to £2,982,671 (with a simultaneous improvement in their liquidity); and an increase of no less than 10.9 per cent in the Group Surplus of Current Assets alone over total Liabilities—this now being £1,810,607.

The proposed increase in Ordinary Dividend distribution is recommended after careful consideration of the immediate commitments and prospective needs of the Company and its Subsidiaries; the gross distribution is of the order of 6 per cent on the Balance Sheet valuation of the Ordinary Shareholders' equity or interest in the business. It will be observed, incidentally, that the whole of this increase in distribution derives from the improvement in current earnings—and further, that of the additional appropriation this year to General Reserve (£49,657), provisions for Doubtful Debts and for Deferred Taxation (made out of profits in earlier years and now no longer required) account for £46,000. In this connection I must mention that the Company now insures against loss on its "Home" Book Debts; its foreign Book Debts have for many years been insured with the Export Credits Guarantee Department.

SUBSIDIARY COMPANIES

The Subsidiary Companies' Sales last year represented 23 per cent of the total Sales of the Group—those of the "Rema" and Buell Companies being roughly 7½ per cent. The new Subsidiary (J. H. Humphreys and Sons Limited) took over as from May 18th last; the accounts now before you include nothing, therefore, in respect either of its profits or of the cost of acquisition, in respect whereof, and since the date of the Balance Sheet (as you have been informed) the purchase consideration payable by the Parent Company has been partially discharged by the issue (as fully paid) of 30,000 £1 Ordinary Shares of that Company. As these were issued at or near the current market price, they were necessarily entitled to rank for future dividends equally with the ordinary shares of the Company already in issue; on the other hand, a substantial premium has accrued to the Parent Company in consequence.

As between the various Subsidiaries and the Parent Company there is a very full interchange of technical and sales information, with a common financial policy. As time goes on, this inter-relationship—already effective—may be expected to become closer and more beneficial to the operations of the group.

In the establishment of new Subsidiaries, and the acquisition of already established businesses, the Company is not adopting a new policy; it is reverting to one of development and expansion which, many years ago, led to the acquisition of what is now its Engineering and Trackwork business; to the acquisition of the French Company; and to the establishment of the other overseas Subsidiaries. Pursued with caution, and with due regard to community of interest, this policy may well have considerable effect on the growth and future prosperity of the Company and the group.

Continued attention has been given this year to the maintenance of the Company's undertaking, and to the improvement and development of its plant and equipment—in respect to which a carefully planned but flexible programme has been formulated, to be carried out during the ensuing five or six years. In 1955-56 and 1956-57 expenditure in execution of this programme is expected, in the case of the Parent Company, to be at least £100,000 more, in each year, than the amount of its depreciation provision.

As befits its record of achievements in the field of technological research and development, and though this year there are no outstanding or spectacular results to report, the Company has maintained a high degree of activity, both in its laboratories and in its various Departments.

The report was adopted.

SOCIÉTÉ ANONYME DES AUTOMOBILES PEUGEOT

Paris

The annual general meeting of the Société Anonyme des Automobiles Peugeot was held in Paris on June 29th, and the following is a summary of the report presented by the Board:

1954 was one of the best years the motor industry has ever known. The number of vehicles built in the Company's plants rose by 12.7 per cent compared with the previous year, from 380 units a day in January to 440 units in December, and more than 500 today.

Model 203 was improved still further during the year, and current orders exceed the total in hand at the end of 1953.

The year's main task was the laying down of production lines for the new model 403. This has entailed a great deal of work, but the model's first reception augurs exceedingly well for the future.

The French motor industry as a whole delivered 458,874 vehicles to the home market during 1954, representing 76.5 per cent of its total output. Peugeot's share amounted to 77,206 vehicles, or 73.6 per cent of the Company's output, compared with 75 per cent in 1953.

Net profits for the year amounted to Frs. 1,420,088,642. It was proposed to pay dividends amounting to Frs. 2,403 net for shares fully paid-up at the beginning of the year, and Frs. 2,273 net for shares paid-up during the course of the last financial year only.

The report and the resolutions put forward by the Board were adopted.

KEPONG (MALAY) RUBBER ESTATES, LIMITED

DIVIDEND DOUBLED

The fiftieth annual general meeting of this company was held on August 8th in London, Mr T. J. Cumming, chairman, presiding.

The following is an extract from his circulated statement for 1954:

The Report and Accounts now presented show a satisfactory result of the year's working, and it is pleasing to be able to recommend the payment of a final dividend of 10 per cent, less tax, making 15 per cent, less tax, for the year, which is just double that of the 7½ per cent, less tax, paid for the previous year. The crop did not quite come up to expectations, but there was a welcome increase in the market price combined with a reduction in expenditure which accounts for the increase in profit.

The crop harvested was 9,876,177 lb against an estimate of 10,272,750 lb, and in addition 461,283 lb of field latex were purchased and processed through our Centrifuging plants and included in our marketing. Failure to reach the estimate was almost entirely due to the upsetting of the tapping routine on the large properties in Johore through terrorist activity. Taking everything into account the result is not unsatisfactory.

For 1955 the Estimate is set at 10,004,260 lb, but crops will have to improve considerably in the next few months if this figure is to be reached.

There will be some benefit from the Government's replanting scheme even if the rate of export duty is to be increased to meet it.

PARKLAND MANUFACTURING COMPANY

GROUP'S RECORD OUTPUT

The fifty-second annual general meeting of Parkland Manufacturing Company Limited was held on August 4th at Bradford, Mr George F Hanson (the chairman) presiding.

The following is an extract from his circulated statement:

During the year to February 28, 1955, we have reorganised some of our Mills. Further new plant has been installed; some in the business we acquired at the beginning of 1954. Our weaving plants are now almost entirely composed of post war machinery. This reorganisation has enabled us to sell, during the year, our oldest mill and since February 28, 1955, we have also disposed of the smallest weaving plant of those purchased last year. As a result, the mills in the Group have become more efficient, but while the output has already been substantially increased thereby, we are still disposed to consider the acquisition of further sound businesses with good management.

TRADING CONDITIONS AND PROFITS

Our mills have again been fully employed during the year, but competition has continued to be increasingly keen. On the other hand, production and sales have been substantially higher and the output was a record for the Group. This was achieved in spite of the serious dock strikes in the autumn of last year which interfered both with our exports of cloth and imports of wool. About the same time, too, there was a sharp fall in the price of Merino wool.

The net profit of the Group for the year amounted to £766,340 against £751,545, the latter figure including profits of Smith Bulmer & Company Limited for eighteen months. This year's charge for Taxation of £400,201 is rather less than last year's figure of £435,486.

The balance which then remains is £366,139 compared with £316,059 and there is, this year, an addition of £24,256 for excess provision for Taxation in previous Accounts.

Balance Sheet: Current Assets total £3,196,009 compared with £3,066,626 a year ago. The principal item is stocks on hand and work in progress at £2,385,747 against last year's figure of £2,247,291. Current liabilities are £1,469,636 against £1,540,797 and the liquid surplus is £1,726,373 an increase of about £200,000 over the corresponding figure for last year

During the year £198,000 of the Capital Reserves of the Parent Company has been capitalised in the form of 792,000 "A" Ordinary Shares of 5s. each. In spite of this, the total of the Group Revenue and Capital Reserves at February 28, 1955, is £1,184,574 compared with £1,120,385 at the end of the previous year. Thus, over £200,000 has again been ploughed back into the business.

An Interim Dividend of 7½ per cent actual has already been paid upon the Ordinary Shares and it is now proposed that there should be a Final Dividend at the same rate as last year's Final Dividend, that is 25 per cent actual, less Tax, on the Ordinary Shares and on the "A" Ordinary Shares.

Since the end of our financial year trading conditions have suffered interference from a variety of causes. There have been serious strikes at the Docks and on the Railways. Despite these adverse factors, our turnover has been well maintained and we have a satisfactory order book but our increased productive capacity now enables us to give quicker delivery. The report was adopted.

CLIFFORD MOTOR COMPONENTS LIMITED

IMPROVED TURNOVER

The annual general meeting of Clifford Motor Components Limited will be held on September 7th in Birmingham.

The following is an extract from the circulated statement of the chairman, Mr S. C. Joseph:

The Trading Profits of the Group amount to £589,647 compared with £466,664 last year.

The charge for Taxation totals £284,895, and there is left a Net Profit to the Group of £304,752 (last year £211,723).

The balance of Group Profits brought forward is £413,650, which, added to the Net Profit of the Group for the year, gives a figure of £718,402 (last year £573,737).

After the deduction of Dividends paid and proposed by the Parent Company £87,952 (£60,087) and transfer to Reserve £150,000 (£100,000) the Undistributed Profits of the Group remain at £480,450.

The following is an extract from the Report of the Directors:

In the past year our turnover was improved by increased demands from our main customer, the Motor Industry, and we hope for a continuation of this trend. The repercussions of foreign competition, the effect of strikes in other industries, raw material shortages and rising costs, create considerable problems with which it is our duty to deal. These are not new problems.

We have embarked on a more extensive Capital programme to enable us economically to meet potential additional demands of the Automobile and Aircraft Industries. This expenditure will be met from our own resources.

With the extended activities and volume of trade in our manufacturing Subsidiaries, heavier duties have fallen on your Directors. We therefore decided to appoint Mr S. W. Lewis to be Joint Managing Director with Mr Cyril S. Joseph. I shall continue to act as hitherto, but with the title of Executive Chairman.

DE WENDEL & CIE SA

(PARIS)

IRON AND STEEL PRODUCTION

The Annual General Meeting of de WENDEL & Cie SA was held in Paris on June 24th, with Count Emmanuel de MITRY in the chair.

The Chairman opened the meeting by paying a warm tribute to the memory of Monsieur Humbert de WENDEL, Deputy Chairman of the Company, who died in November, 1954. He reviewed the deceased's life stage by stage, and recalled his outstanding services both in directing and managing the undertakings in his charge and in defending the general interests of the country and the industry.

The following is a summary of the report presented by the Board of Directors:

The year 1954 was marked by an economic recovery throughout the country; this development did not affect the iron and steel industry, however, until the second half of

the year, and has not had the full results that could have been expected, owing to Government intereference in the field of prices. This intereference was also contrary to the principles of the European Coal and Steel Community. The lack of uniform transport costs has also led to Lorraine industry having to bear heavy charges.

Iron-ore output of Société de WENDEL & Cie SA totalled 4,168,655 metric tons during the year and was 2.21 per cent up on 1953. Cast-iron production reached 1,516,592 tons, an advance of 14.67 per cent on the preceding year, whilst steel output dropped by 3.44 per cent compared with 1953, and amounted to 1,382,392 tons only.

This reduction resulted from deliveries of cast-iron to Société Sollac in accordance with contractual obligations towards that concern as well as towards its associated companies. Turnover totalled Frs. 56,583,940,730. Sales rose mainly in the case of rolled steel products, with a volume of 491,427 metric tons.

MODERNISATION PROGRAMME

The Company's modernisation programme continued, and capital expenditure during 1954 amounted to Frs. 4,738,596,149. The highest single item of expenditure concerned the erection of a new continuous wire-rolling mill which is expected to be ready for service half-way through 1955. Further important advances were made by the completion of a new coke-oven battery, the reconstruction of a blast furnace, and by progress in the erection of a new Martin furnace, in the extension of a tinplate mill, and in a housing scheme for the Company's personnel.

Société Sollac, a company in which Société de WENDEL & Cie SA has a considerable interest, progressively put its various sections into service: the Thomas installation, a cold rolling mill for light-weight plates, the cokery, as well as the electrolytic plating plant began production during the year.

PROFIT AND DIVIDEND

The balance sheet at December 31, 1954, showed a total of Frs. 25,794,085 in respect of current assets, as against short-term liabilities of Frs. 18,442,563,054. Fixed assets totalled Frs. 29,352,747,523.

Profits for the year, after allowing Frs. 3,191,453,377 for amortisation, totalled Frs. 431,825,607.

It was proposed to distribute dividends of Frs. 400 gross for Frs. 5,000 shares fully paid-up on January 1, 1954, and of Frs. 382,876 gross for Frs. 5,000 shares fully paid-up since February 20, 1954.

The report and the resolutions put forward by the Board were adopted.

NATIONAL COAL BOARD

WEST MIDLANDS DIVISION

Applications are invited for the post of Secretary to the West Midlands Divisional Board.

Their Headquarters are at Himley, Near Dudley, Worcs.

The starting salary will be according to qualifications and experience, but not less than £2,000 p.a. Applicants should have experience of administration in large organisations.

Applications, giving particulars of age, present salary, qualifications and experience, with names of two referees, must reach the Staff Director, National Coal Board, West Midlands Division, Himley Hall, Dudley, Worcs., not later than August 22, 1955.

A GRADUATE ASSISTANT is required by the commercial research department of a firm of national repute which markets branded household, toilet and pharmaceutical products. The post will involve contact with all aspects of market research and especially with the planning and reporting of sample surveys. Statistical training or experience would be a useful qualification and some knowledge of market research techniques is desirable, but not essential. The appointment will be an interesting one to a man with a lively mind and an analytical approach, who can see through figures to the practical human and commercial problems beyond. Applications will be treated in confidence and should be addressed to Box 156, in writing, stating age, qualifications, and experience.

APPLICATIONS are invited for the post of Technical Director to the FBI. With the help of a range of expert committees and a small but specialised staff, the Technical Director takes charge of formulation and promotion of industrial policy in relation to education and research, transportation, fuel, water supply and effluent problems and all technical legislation and of services to members in these fields. The applicant should have experience in committee work, and be able to speak and write with clarity. Salary range £2,500 to £3,500, age not exceeding 45.—Applications should reach the General Secretary, FBI, 21 Tothill Street, S.W.1, not later than August 31st.

PUBLIC RELATIONS. Mathew Crosse, Managing Director of Mathew Crosse Limited, the public relations consulting firm, is looking for a man aged about 30 to act as his personal principal assistant on the work of a group of Industrial, Commercial and Political clients of the firm. Must be experienced and justifying a good salary in present post. This is a unique opportunity for the right man. Apply by letter only in first instance to Mathew Crosse Ltd., 55 York Terrace, N.W.1. Mark envelope "P.P.A./M.C." No telephone calls.

MARKET INFORMATION SERVICES LIMITED requires a highly experienced Research Executive as Assistant to the Technical Director. Applicants must be fully skilled in all consumer research techniques and have considerable administrative experience in the market research field. This is a senior position of high responsibility, carrying a commensurate salary.—Apply in fullest detail to The Technical Director, Market Information Services Limited, 24 Brooks Mews, W.1.

A PRACTICAL Cost Accountant is required to take charge of the Cost department of a leading firm of Building and Civil Engineering contractors. Applicants should be A.C.W.A. and must have a background of engineering and/or contracting experience. Salary not less than £1,250 per annum. Apply, stating full details of experience, to Box 157.

FEATURE WRITER required by large Petroleum Company. Appointment would be on a full-time basis for qualified man preferably with experience in interpretation of technical matter but full scope of subjects is wider than this. An attractive opportunity for a man wishing to work in an international industrial organisation. Salary in accordance with qualifications and Pension Fund rights.—Examples of printed work should accompany written applications to Box ZL 880, Deacon's Advertising, 36 Leadenhall Street, London, E.C.3.

NATIONAL TRADE ASSOCIATION invites applications from men of personality to initiate a business consultancy service for its members. Applicants should be Qualified Accountants and should have held responsible posts in industry. Capacity for dealing with people at all levels is essential. Remuneration will be high.—Box 170.

EXECUTIVE DEVELOPMENT. Excellent opportunity for outstanding man to lead a new Organisation and Methods department for a rapidly expanding group of companies.

This opportunity to work with a progressive management team will offer considerable scope for personal development and subsequent advancement.

Good personality, clear thinking, understanding of human relations, tact and persistence are essential qualifications. Previous experience in Organisation and Methods or equivalent work essential.—Please write to Personnel Director, Solartron Electronic Group Ltd., Thames Ditton, Surrey.

CHAIRMAN of medium sized group of Machine Tool Companies (Home and Abroad with London Headquarters) invites applications for post of Assistant to the Chairman and Liaison Officer to the Group. Age 25 to 35; education at a leading Public School essential; some legal or commercial knowledge desirable, e.g. Barrister or Chartered Accountant not finally set on a professional career. Good salary and exceptional prospects. Send full details to Box 159.

BRITISH-BORN AMERICAN BUSINESS MAN with many years' experience in American industrial marketing, interested in making connection or investment in British Companies desirous of improving their export position in the United States.—Box 162.

ECONOMIST/STATISTICIAN (30), first class honours degree Economics and other qualifications, seeks responsible business post. Five years' experience research, analysis of financial accounts and writing reports.—Box 166.

RECENTLY retired Captain RN, eight years as naval attache in four capitals, nine months general commercial experience since retirement, wants job in connection with exports or representing foreign company or interests. Keen to travel.—Box 163.

FINANCIAL ADVISER to an Asian Government, retiring shortly, invites suggestions for interesting employment from organisations or firms wishing to avail themselves of his wide experience and high level contacts in India, S.E. Asia and Far East.—Box 169.

EXPORT SALES MANAGER.—Man aged 30, who has understanding of a large number of Export Markets in which he has achieved successful sales results, now wishes to reside in UK, and has ambition to obtain the post of Export Sales Manager, for which he feels his knowledge, energies and administrative ability are most suited. Particular experience advertising and marketing of branded products.—Box 168.

EXPERIENCED EXECUTIVE with plenty of drive and initiative, sound engineering background, and proved administrative and sales ability, seeks position with scope. Present position restricts.—Box 158.

JUNIOR EXECUTIVE (26), university education, languages, with four years' experience in the Middle East in industrial administration, including budgeting and development planning over a wide and varied field, seeks similar work in this country. Highest references.—Write Box 172.

BUSINESS MAN, wide experience as General Manager of Companies trading and manufacturing at home and overseas in products for Transport and Engineering Industries, with allied experience Currency, Finance and Exchange Regulations in Commonwealth, Continental and American Markets. Member I.S.N.A. Familiar sales techniques, promotion, advertising, both home and abroad. Under 40, proved administrator, able, with plenty of drive, seeks London appointment. Finance available for Director's Shareholding. Free September.—Box 167.

YOUNG man (28), with excellent academic qualifications and extensive commercial experience, seeks interesting and responsible post in first-class British industrial organisation operating in the Rhodesias or South Africa.—Please reply Box 171.

YOUNG JOURNALIST, enterprising and imaginative, degrees in Economics and Politics, two years American experience, seeks opening in industry or commerce where talent can be exercised.—Box 164.

FOR SALE OR LEASE

OLD ESTABLISHED CANADIAN COMPANY engaged in the manufacture of general hardware.

The Company is located in a city of 35,000 population approximately 60 miles from Metropolitan Toronto.

The Company has a well equipped foundry together with a machine shop, small woodworking shop and an assembly plant.

The plant consists of two main single storey buildings, containing a total of 80,000 square feet, a three storey factory building containing 30,000 square feet and a modern office building containing 5,000 square feet. All buildings are located on an area of approximately 10 acres served by a railway siding.

This company recently disposed of one division of its business but has retained its hardware business. Its hardware lines are disposed of through jobbers and distributors throughout Canada.

This would be an ideal opportunity for a U.S. or foreign company wishing to establish manufacturing facilities in Canada or a Canadian company wishing to expand its operations.

Arrangements may be made for the purchase of the business as a whole or of the plant and equipment. Consideration will also be given to leasing the facilities to responsible parties.

Inquiries should be addressed to:

J. D. Woods & Gordon, Limited,
Management Consultants,
15 Wellington Street West,
Toronto, Canada.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited. Dept 99, Lenham, Maidstone, Kent Harrietsham 381

A BLAZING SUMMER in an "odd" year . . . is the postwar pattern completed by an economic crisis, too? The full background to Mr Butler's new measures appears in the August issue of "The Banker." Gilt-edged versus the Squeeze—the task for monetary policy; Sterling under Strain—diagnosis of Britain's external weakness; Disinflation through Coal?—the challenge to the Government.

SHOULD the Treasury Bill Tender be freed? Two detailed and considered articles also appearing in the August issue of "The Banker" debate the pros and cons of breaking up the "syndicate." A further important article in this issue is India's Second Five Year Plan, in which Dr T. Balogh makes a full and critical appraisal of the draft for the next and most exciting phase of India's development programme. "The Banker" is obtainable from 72, Coleman Street E.C.2, price 2s. 6d., or 30s. per annum, post free.

THE CHARTERED INSTITUTE OF SECRETARIES.—Directors requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute, 14 New Bridge Street, E.C.4.

THE ECONOMIST and Economic Journal.—Bound volumes, each complete with index, covering the following important periods offered for sale: The Economist, 14 volumes, 1945 to 1951, at best offer over £25; Economist Journal, 10 volumes, 1942 to 1951, at best offer over £10.—Box No. 868, Dorland Advertising Ltd., 18-20 Regent Street, London, S.W.1.

THE BSc(ECON) DEGREE of London University is open to all, without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations, at reasonable fees. More than 1,000 Wolsey Hall Students have passed London BSc(Econ) (Final) exams. since 1925.—Prospectus from C. D. Parker, MA, LLD, Director of Studies, Dept. P17 WOLSEY HALL, OXFORD.

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FOR SALE.—The Economist 1951/1954 complete.—Box 165.

WHAT OFFERS?—The Economist, January 15, 1944, to date. International Affairs, April, 1944, to date.—Box 173.

EXPERT POSTAL TUITION

For Examinations—B.Sc.Econ., LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

AUSTRALIAN NATIONAL UNIVERSITY

RESEARCH FELLOWSHIP: DEPARTMENT OF ECONOMICS

Applications are invited for appointment to a Research Fellowship in the Department of Economics from persons wishing to undertake research work in the fields of economics, economic history or economic statistics.

The appointment will be for three years, though a shorter appointment could be considered, and the salary will be within the range £A1,200—£A1,800 per annum. Reasonable removal expenses will be paid, and superannuation on the F.S.S.U. pattern is provided.

Further details are available from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in Australia and London, is September 26, 1955.

AUSTRALIA—THE CANBERRA UNIVERSITY COLLEGE

Applications are invited for appointment to the position of SENIOR LECTURER OR LECTURER IN LAW.

Salary ranges are: Senior Lecturer, £A1,498—£A1,748 p.a.; Lecturer, £A1,098—£A1,448 p.a. (including a cost of living adjustment, at present £A198 p.a.). Commencing salary will be determined in accordance with the qualifications and experience of the applicant.

Further particulars, conditions of appointment and the summary form which must accompany applications may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on September 12, 1955.

UNIVERSITY OF WESTERN AUSTRALIA

Applications are invited for the post of DIRECTOR OF ADULT EDUCATION. The status of the Director shall be equivalent to that of a member of the teaching staff with the rank of Reader and Head of a Department.

The salary range for the position is £A2,068 to £A2,318, and the commencing salary will be determined on the basis of the qualifications and experience of the appointee.

An allowance is made towards travelling expenses.

The successful applicant will be expected to commence duties at the earliest possible date.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in Australia and London, is September 30, 1955.

UNIVERSITY OF CAPE TOWN

Applications are invited for the post of SUPERVISOR OF FIELD WORK in the School of SOCIAL SCIENCE AND SOCIAL ADMINISTRATION.

The salary scale is that for a lecturer, viz. £850 x £50 to £1,150. There is also a temporary cost-of-living allowance for a married man (at present £234 per annum).

The post is vacant from February, 1956.

Applications (with copies of testimonials) should state age, qualifications and experience, and give the names of two referees to whom the University may refer. Two copies of the application and testimonials should reach the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1 (from whom memoranda giving the general conditions of appointment and details about the post of Supervisor of Field Work should be obtained), not later than September 30, 1955. An additional copy should be sent direct by air mail to the Registrar, University of Cape Town, Private Bag, Rondebosch, Cape Town, South Africa, by the same date.

CENTRAL OFFICE OF INFORMATION require SAMPLING OFFICER for Social Survey work. Should have mathematical or statistical qualifications of degree standard and be familiar with sampling theory and practice. Post graded Temporary Information Officer. Salary £860 to £1,030 (men); £757 to £890 (women). Write, giving date of birth, education, full details of qualifications and experience of posts held (including dates) to AB/AC.525, Appointments Officer, Ministry of Labour and National Service, 1-6 Tavistock Square, W.C.1, by August 20, 1955. No original testimonials should be sent. Only candidates selected for interview will be advised.

ECONOMICS INTO ACTION—that is how the Ford Motor Co. Ltd., of Dagenham, Essex, conceive Market Analysis. Their £65 million expansion has created excellent vacancies for young, active economists who want a career in this type of work. These are not the last opportunities which will arise, and by seizing the advantage now you can prepare yourself by adding Ford knowledge to your professional experience.

Our Salaried Personnel Department will be glad to hear from you. Please quote reference AW/FP/2.

HALEX—WORKS MANAGER

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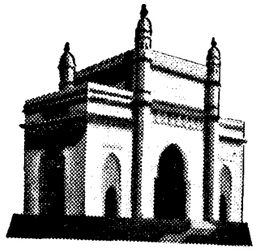

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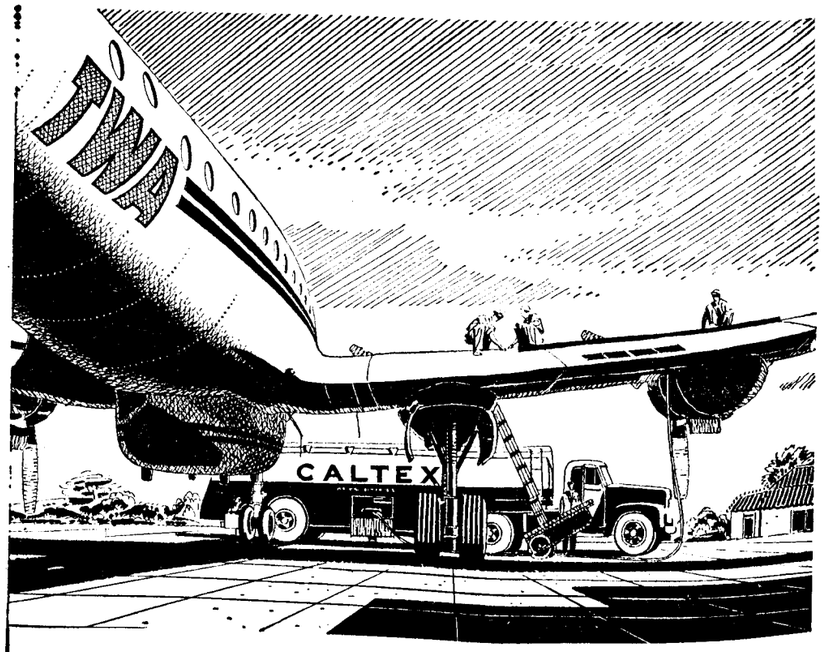

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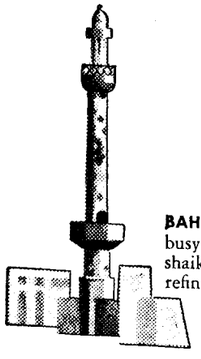

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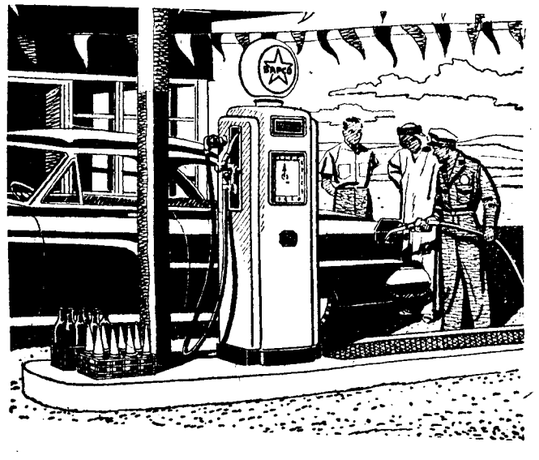

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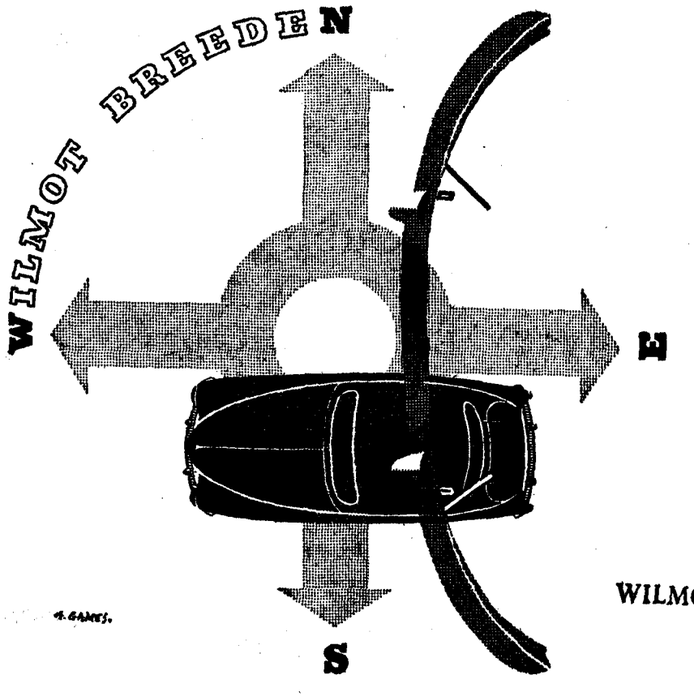

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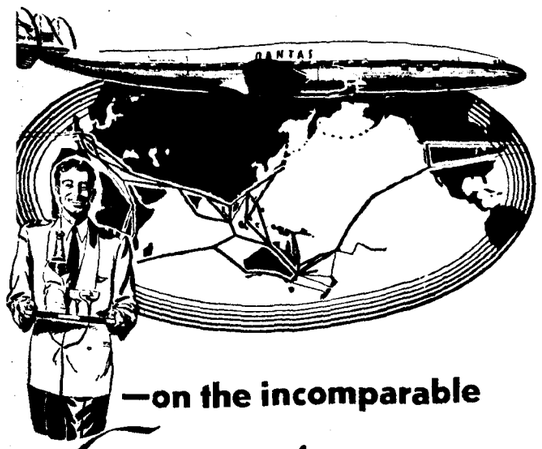

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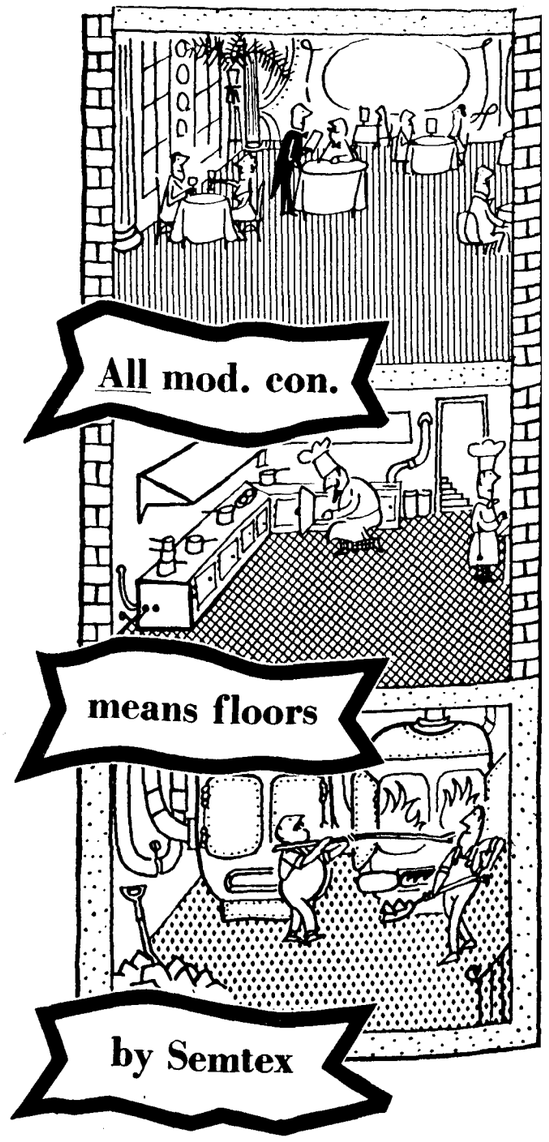

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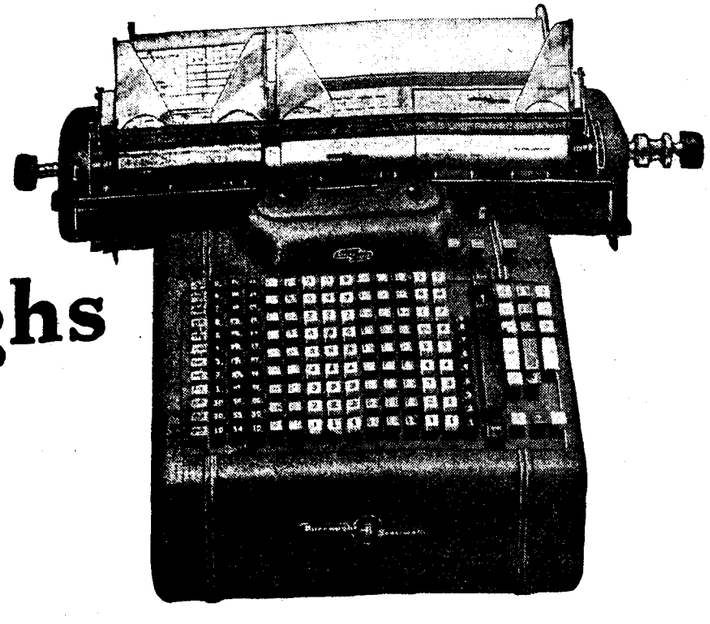

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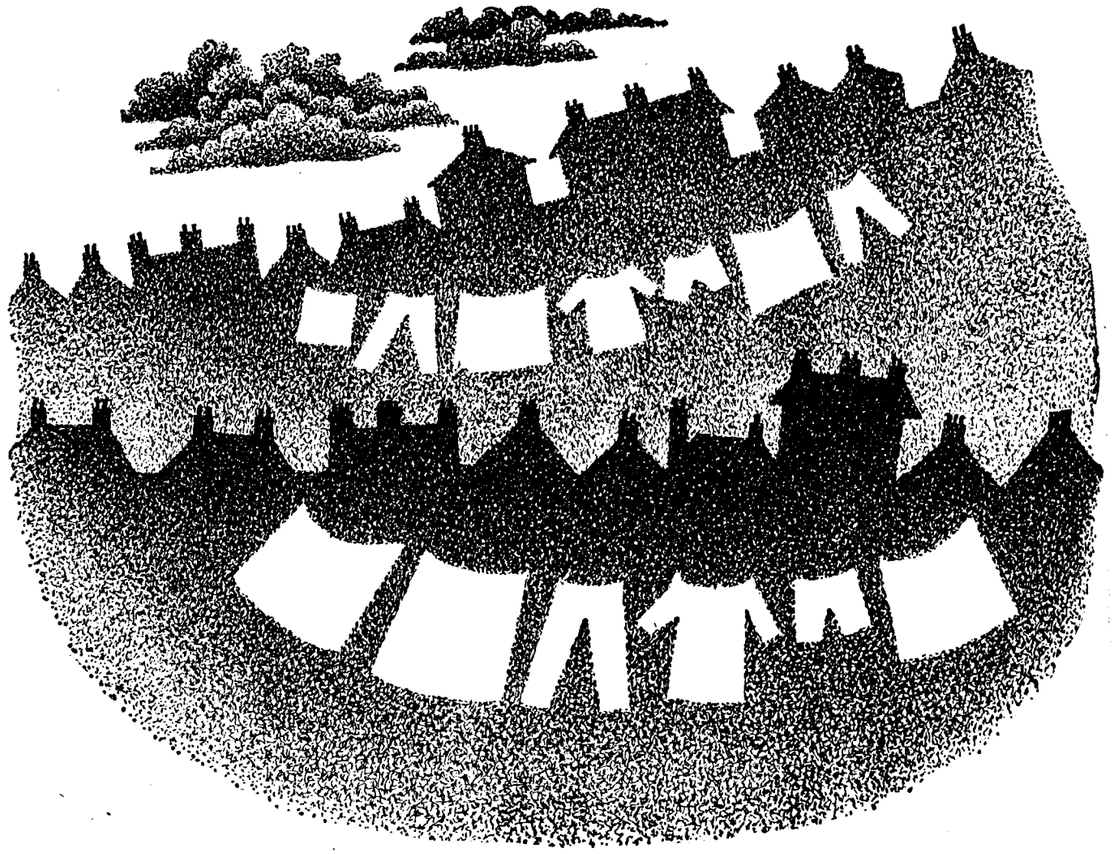

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Wages or Prosperity?

IN the first six months of this year nearly ten and a half million workers were given wage increases. Already, in mid-August, the majority of those workers have formulated their claims for another rise. This is perhaps the most graphic and disturbing feature of the British economy in 1955. It is now normal for the major unions to demand a new wage increase immediately the old one has been granted. The country has been moving towards this state of perpetual wage inflation for a long time, and now it has arrived.

What has caused the torrent of claims this year? The weight behind them has not really been worry about the cost of living, although the claims themselves make it likely that this will be the motive force behind the next round of claims to come. Nor is there any ground for the union leaders' story that wage earners are merely following the wicked example of too high dividends. Since the war, wages have always won that race, and if stock market prices are about to turn down, it is quite obvious that wage claims are not going to turn down with them. Instead, there seem to have been two broad psychological bases for this year's demands. One is the general feeling of prosperity; there has been more talk about prosperity this year as a result of the election, and the vague idea that it would be nice to double one's standard of living in this generation has made some impress on the factory floor. The other is brimfull employment; with three times as many vacancies as there are people looking for jobs, the worker feels (albeit still with a certain good humour) that he can make the boss jump through the hoop. The bases of this year's claims are feelings of confidence and power.

Both feelings, by themselves, are good things. The carrot of a constantly rising standard of living is the most essential piece of vegetation in a happy country; and most people—apart from a few disciplinary martinets—would prefer a community in which the boss is wary of the bargaining power of his workers to a community in which the workers are terrified of the economic power of their boss. Even from a purely technical standpoint, progress is likely to be most swift when an employer has to treat his labour as the most precious of his resources. But, unfortunately, an economy of the sort that Britain has now achieved can be viable only under two conditions. They are not now being fulfilled.

The first condition is that annual wage demands—or rather the compromises that workers will accept in settlement of those demands—should be kept within the bounds that can be met out of each year's increase in production. There should be no pretence that this condition can be satisfied in the present climate. An increase in trade unionists' basic wage rates is, and can be, only one of several claims upon increased production. Part of any production increase is reflected automatically in workers' earnings, even if basic wage rates remain unchanged; this is an inevitable and proper consequence of piece work and longer overtime. Another part of the increase has to provide a

return on the £2,000 to £3,000 million a year of gross new investment in Britain, from which the increased output itself partly stems. Again, more than half the workers of Britain do not belong to trade unions, and the rewards of these unorganised workers cannot fall impossibly out of line with those of the organised—slowly, and perhaps imperfectly, social and economic stresses will see to that.

There can be room for debate about how great an increase in production will be available this year to satisfy these various claimants ; but it is a debate which may be conveniently cut short by taking note of a single statistic. The sum of more than £200 million that was added to the nation's annual wage bill in response to the unions' demands in the first half of this year was nearly 80 per cent greater than the amount added in the first half of last year. And nobody who reflects upon the course of relative costs in Britain, Germany and America last year can doubt that this is more than 80 per cent too much.

Most of the claims that have been put forward in the past few weeks have not specified amounts ; the usual formula has been to call merely for a "substantial" rise. But it is clear from the unions' current temper that to meet present wage demands with offers of increases which would be little more than half of those granted to them in the last round of increases would be regarded by the workers concerned as analogous to tipping with coppers ; even if there is no indignant head of steam behind the present claims, this sort of offer would almost certainly provoke strikes. An *impasse* has therefore been reached. So long as present circumstances in the labour market persist, Britain is faced either with eventual bankruptcy through inflation, or with early near-bankruptcy through widespread strikes. The prospect is for a steady depreciation of the currency if these demands are met, or for recurrent interruptions to production if they are refused. The only sensible, though sad, conclusion is that present circumstances have got to be changed, and the present definition of full employment with it.

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The second condition under which Britain might be able to maintain the present sort of bargaining in the present brimfull labour market is that the unions should not exercise their power to impede increases in production. On this point, too, experience this summer has been profoundly depressing. The present crop of demands for shorter hours, uttered in the same breath as the demand for more money, is not perhaps quite such a serious threat to production as it may appear ; usually, although not always, this is not a demand that there should be less work, but that more of it should be paid at overtime rates. But there have been some more direct attacks upon the whole rationale of a fully employed economy. By their reaction to the proposal to import Italian workers, the Yorkshire miners have, in effect, issued a *ukase* that so long as other industries are bristling with unfilled vacancies the country will not get enough coal. The railway workers have shown that they regard the signing of one paper agreement that associated an increase in wages with an undertaking to increase productivity as merely the starting point for agitation for a new one. And the reaction of some unions to the prospect of automation has been appalling in a country where one had hoped that the idea of a steady pull to prosperity had at last begun to burgeon.

There is a special reason why the labour movement, in particular, should feel bitterly disappointed at these developments. The unions' demands in the past few weeks spell the end of an experiment. This year, for the first time since the war, Britain has pushed its rate of unemployment below even one per cent of the labour force. There are some people who will say that this economy at the gallop could not have been maintained, even if the unions had not kicked over the traces that were supposed to harness it. This is open to debate ; in some respects, at any rate, what may be called the "flat-out economy" came much nearer to success than many people had expected.

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Some of the achievements have been striking. Buoyant production has not led to any interruption in the flow of raw materials. The impulse given to investment, since Mr Butler deliberately risked inflation to encourage it, has been heartening. Overtime working has not proved uneconomic, when allowance is made for the spread of overheads affected by it. It has even proved possible to withstand and defeat some strikes under these conditions, although only at the cost of losing valuable production. Finally, it has not necessarily been proved true that under-one-per-cent unemployment, by itself, would have stimulated too much consumption and too little savings ; without the strikes, and without the latest crop of wage demands, external payments might still have been brought back to balance by enforcing economy in the use of stocks and by encouraging shifts in a few plainly redundant labour forces alone.

There will be those who will refute these arguments of so-nearly-might-have-been ; but for the present, at any rate, the lesson is clear. Whether or not it would have been possible, in other circumstances, to run a viable economy on an unemployment rate as low as the present 0.9 per cent, the experiment has now run aground on the trade union rock. The rate of unemployment at which this country must seek equilibrium may not be as high as seemed likely to be necessary just after the war ; it may not even be as high as the rate that was actually reached in 1952. But, unless living standards are to be eroded by inflation and obstructionism, it seems that the rate will have to be higher than the present level. The unions have decreed it.

Prospect of Disarmament

A NEW phase has opened in the search for international disarmament that has now dragged on dishearteningly for so many years. That can fairly be said ; but one must be clear what it means. It is not that a radiance of sweetness and light from Geneva has dissolved the problems which previously baffled the world. Indeed, the directive from the "summit" to the disarmament talks that begin on August 29th in New York could hardly have been less helpful ; it merely drew attention to the unreconciled views expressed by the heads of government last month and urged the United Nations sub-committee of five to keep trying. However, some of the statements made at Geneva in July continued the process set in train by earlier events—including the London talks last spring, and the general reassessments of defence made both in the West and in the Soviet world after the advent of the hydrogen bomb—and the upshot is that while the problem remains, its shape is very noticeably changed.

On the whole, the shift is towards simplification ; and for this men may give thanks, for the intricacies accumulated during a decade of argument in the United Nations had become baffling to the lay eye. Since May 10th, when the Russians performed, if not a somersault, at least some brisk handsprings, the powers have found a measure of new common ground. The Khrushchev-Bulganin government has abandoned its predecessor's insistence on "proportional" reductions in armed forces that would leave Soviet preponderance intact ; and it has given way, too, on the relative priorities of nuclear and conventional disarmament, modifying the old demand that nuclear weapons should be first to go, a demand that likewise amounted to an insistence on Soviet superiority. On paper, or at any rate on one side of it, the Russians now accept the idea of rough equality between the forces that East and West would retain after carrying out an agreed disarmament plan.

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The obstacles that still confront the world, and will confront Mr Nutting and his colleagues in New York in nine days' time, arise less from mathematics than from ideology, and there is a good deal in the argument that they are too broad for the scope of a sub-committee set up to deal only with disarmament. This argument has been used, perhaps too freely, to justify the sub-committee's summer of inaction. Certainly, the five delegates cannot be expected to overcome the major obstacles now before them, or even to shape a way of overcoming them, before the UN Assembly opens up a broader field of debate only three weeks after they meet. But they may manage to clear away some obscurities and drag some hard facts into the open, and it is a pity they did not begin doing so earlier. Owing to the delay, the numerous obscurities in the Russian statement of May 10th have not yet been made the object of any serious cross-examination at all.

The peculiar obscurity of the whole Soviet system is, indeed, one of the two great obstacles on the road to disarmament. It could not have been more vividly illustrated than by this week's Moscow announcement that 640,000 men are to be released from the Russian forces by December. There is no means of knowing whether this cut will in fact be made. It may even have been made already, to provide a labour force for the present hectic agricultural drive and for the industries which Marshal Bulganin described last month as facing imminent manpower difficulties. This week's announcement, so obviously timed for propaganda effect on the eve of the disarmament talks and of the German negotiations in Moscow, may concern a past, a future, or an imaginary action. Not even the Soviet peoples can assess its significance, for they are as ignorant of the precise strength of their government's forces as outsiders are.

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It is indeed striking that the Soviet rulers tacitly recognise their own peculiar furtiveness. They do not question western figures of armed manpower, evidently appreciating that in free countries a combination of MPs, journalists and indignant mothers would baffle any minister who tried to distort such facts. They must thus be aware that since the Korean war the United States has cut its armed manpower from nearly 3,700,000 to 2,940,000, and plans a further cut to 2,280,000 by next June—a reduction twice as large as the one announced by Russia, and already more than half accomplished. Even if the announced Soviet cut is taken at full face value, it is still dwarfed by the western reduction ; and, according to the most accepted estimates made in the West, it will still leave some four million in the Soviet forces, as well as over a million in satellite forces.

All such estimates are consistently derided not only by the Russians, but by Communists in the free world ; but both, equally consistently, dodge the question what Soviet strength really is. Secrecy, in fact, remains Russia's particular secret weapon, enabling it to play on other governments and peoples, hinting now at conciliatory reductions, now at alarming strength. Its value to Moscow is obvious ; but, while it continues to be used so sweepingly, how can the world approach the atmosphere of "trust" which the Soviet leaders claim to seek ? There is a sound basis for the argument, now increasingly advanced in the West, that the disarmament problem will be solved only in the closest connection with the destruction of the barriers that prevent free movement of both people and information across the frontiers of the Communist world.

There is, however, one other great obstacle to disarmament to be surmounted. It arises from the Russians' insistence on linking the approach to a

balanced reduction in arms to their campaign to destroy the unity of the free world. In their May 10th terms, which they reiterated at the "summit" conference, they made the whole programme of reduction dependent on the total abolition of all "bases on foreign soil" and the withdrawal of every nation's forces within its own frontiers. The effect of this superficially fair proposition would be to destroy the whole balance at which the disarmament planners aim. If the Russians persist in this demand, no serious progress will be possible.

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Why is this so? As seen from Moscow, American bases abroad do no doubt represent, as a Communist writer put it this week, "the greatest threat to the Soviet Union." But they also represent vital protection for other countries, including many on whose soil there are no such bases, including even "neutrals." Two factors—geography and democracy—make them vital. Geography has placed oceans between the United States and the free nations in Europe and Asia that are overshadowed by the Communist monolith. Universal withdrawal of all forces to home territory would mean that the Russians retired only to Königsberg and the mouth of the Danube, the Chinese only to the Yalu, while the Americans crossed the ocean and even the British force in Germany had to cross the Channel. On the Continent, the French and smaller western armies would face overwhelmingly stronger Soviet and satellite troops. In the Middle and Far East, small and ill-armed nations would be abandoned to irresistible pressure from their giant neighbours. Any morning might reveal a local *fait accompli* which presented the free allies with the agonising choice between meekly letting the rot set in or plunging the world into full-scale nuclear war.

Democracy makes it impossible for the free nations to play cards such as the Russians hold. For free peoples, the natural state is fragmentation; their alliances and joint defences are created only under pressure, and usually too late, and if dissolved now, they would not be revived in time to check any sudden move by the permanently vigilant, mobilised, monolithic Soviet system. And which of the countries of western Europe or of free Asia, if stripped of all protection, would not find itself engulfed in a new wave of *sauve qui peut* neutralism such as infected Europe before 1949? The Russians, in contrast, would be withdrawing mainly from countries where they would leave a trustworthy Communist apparatus and satellite armies that have been drastically purged and filled with indoctrinated youngsters. They could even tear up the Warsaw treaty of alliance, and things would go on in Eastern Europe just as they did before the treaty was signed a few months ago.

Thus, for the free allies to agree to abolish all "foreign bases" would amount to a slow surrender. It may be that as the Russians learn a little more about the outside world they will begin to understand that these bases are essentially defensive; but it can be expected that for some time they will keep up their pressure on what is, in any case, a good propaganda thesis for them. Meanwhile the western negotiators, anxious not to seem unreasonable, may be tempted to seek fresh weapons for the propaganda battle themselves. Yet they should not be led into losing sight of certain essentials which are admittedly not attractive from the propaganda point of view. They should remember that peace is more secure while the nuclear balance lasts than it would be if a retreat to conventional arms only produced a dangerous unbalance. Likewise, to base defence on the deterrent power of hydrogen bombs alone, as is now urged in some quarters, would be to increase the risk of local *faits accomplis* to which the only possible reaction would be either meek acceptance or nuclear world war. Again, although it is now fashionable to deride the possibility of any far-reaching international control and inspection scheme for arms, the planners will be wise if they consider any project for limited inspection in the light of its value as a stepping stone towards a bigger scheme. Neither total inspection nor total disarmament will be possible at least until the nature of the Soviet system suffers a radical change; but every interim step taken should be based on the need to maintain balance, on the assurance that each western move is duly matched, and on the possibility of drawing back if bad faith on the other side is revealed.

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We may, indeed, be nearing the point at which the Soviet rulers finally see reason on disarmament at least to the extent that they have already seen reason in regard to Austria and Jugoslavia. The hydrogen bomb, their economic troubles and newly articulate public, and perhaps a dawning realisation that their dogma of worldwide victory is nonsense, may all contribute to a further change in their attitude. But at present, just as in the case of Jugoslavia, everything suggests that they will stall as long as they possibly can before conceding anything that really hurts. They will not be got finally to see reason on disarmament by arguments in committee, but by more real pressures such as have prompted their other recent changes of policy. The committee sessions should go on, if only to probe Russia's latest intentions further. Meanwhile, the most important thing for the other powers is to hold fast to essentials, not to cry off at this new and hopeful stage, but to maintain their insistence on a disarmament plan that will be truly balanced and adequately covered by inspection and control, and to reject patiently but firmly all irrelevant propaganda thrusts and all the flimsy paper assurances and gimcrack devices which, as Marshal Bulganin admitted last May, merely lull people into a dangerous sense of false security. And, in this respect, there is nothing new about the present perspective of disarmament.

Through Irish Eyes

This article, by our correspondent in Dublin, sets down an Irish view of the problem of partition and the threat of a recurrence of violence that has arisen from it. An editorial view on what the British Government should do now is expressed in Notes of the Week on a later page.

THE processes of Parliament have joined with armed raids to direct attention to Irish partition. Not indeed that the parliamentary processes are themselves normal; it is not every day that treason-felons are returned to Westminster. That apart, the situation in the constituencies of Mid-Ulster and of Fermanagh and South Tyrone is basically the same as it always has been since partition came into effect in 1921. These areas, which replace and still largely correspond to the older constituencies of Tyrone and of Fermanagh, comprise two of the six counties of Ulster that are comprised in Northern Ireland. For the last thirty years they have regularly returned members opposed to partition. Formerly, these members favoured the use of constitutional methods. In May this year, however, Mr Healy and Mr O'Neill were replaced by two representatives who were then and are now serving terms of imprisonment for their part in the raid on the barracks at Omagh in October last. It seems that this change is not wholly welcome to the nationalists of the area. The anti-partition majority in both constituencies was down heavily (and through nationalist abstentions) in May; it was not much better in the second Mid-Ulster election ten days ago. But the majority was provided. The seats were not yielded to the Unionist candidates, and the two counties have again proclaimed that they want to join with the Republic to the south.

These matters are only part of the wider issues raised by the emergence of a new Irish Republican Army in the last twelve months. This is not wholly due to events in Northern Ireland, though its growth has been encouraged thereby; its strength and membership are drawn from a wider area than either part of Ireland. It is not due to any change in official policy in the Republic. Official relations between Dublin and Belfast, in the necessarily narrow field of co-operation that seems possible, have been increasingly close in recent years. Joint action has been taken in matters such as transport, drainage and electrification, and fisheries. All this is as it should be.

But in other respects relations seem to have degenerated in the last couple of years. The extremists on both sides have become more active. In the north, the passage and administration of the Flags Act of 1953 was bitterly resented by the nationalist minority, which has also been embittered by police measures such as those taken in the village of Pomeroy last autumn. These things are not always premeditated, often they are not particularly important in themselves; but they emphasize the already obvious division between governors and governed.

On the nationalist side there has been the revival of the Irish Republican Army, which, to judge by its activities so far, is well organised and resourceful. It claims continuity with the Republic proclaimed in 1916; it refuses to recognise the government in Dublin any more than the government in Belfast. In its manifestoes, the treaty of 1921, the constitutions of 1922 and 1937 and a series of general elections are thus spaciously dismissed. It claims that partition is enforced by the British forces in the north; its policy is to attack them, as at Armagh in the summer and at Omagh in the autumn of 1954. It is not yet clear how the raids on camps in Britain this week fit into this policy; how far, that is to say, they were for propaganda or for ammunition or both. What is clear is the aim of ending partition by physical force. A revived romanticism and a refusal to face unwelcome facts thus combine to produce a dangerous policy.

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The attitude of the government of the Republic was made clear as long ago as last October. At that time, just after the raid at Omagh, the Dail debated a motion that the parliamentary representatives of the Six Counties should be granted a right of audience. This was an attempt to provide an official forum for activist propaganda, and the latest of a long series of moves towards this end. Mr Costello made it plain that methods of physical force would delay reunion indefinitely. "If by force legitimately employed," he said, "the Six Counties could be restored to territorial unity with the rest of Ireland, partition would still remain unsolved." And again: "If it lay within our power to achieve the unity of our country by force of arms . . . it would, in my judgment, still be the course of wisdom to pursue a policy of peace and reconciliation." This attitude was fully endorsed by Mr de Valera. The motion was defeated by 100 votes to 21, the two main parties, *Fine Gael* and *Fianna Fail*, voting together.

The Republican government has been criticised by Unionist speakers in the north for not entering into arrangements for the extradition of persons who engage in armed activities. Leaving aside the question whether these matters come within the scope of the Belfast government, the Republic has an answer to this argument. Extradition is usually applied only in respect of acts that are clearly criminal in the strict sense. It is not applied to acts of a political nature; otherwise the totalitarian regimes of the 1930s and later could have claimed its facilities. It may be assumed that Mr Costello's government is not indifferent to IRA

activities within the Republic, though the amount of, and importance of, drilling and "recruiting" meetings are not so great as Unionist speakers believe or affect to believe. In all these things, there is a great deal of windy words. The fact that the IRA do not recognise the state may seem to constitute a ground for action; but prosecuting people for such matters alone has not been conspicuously successful, either during the British regime or later.

The true problem is that events of this kind are almost certain to happen from time to time. Partition constitutes a standing challenge to Irish nationalism, which will excite the young and generous and will be used by those who are neither. Equally, it cannot be ended by force, and any attempt to do so would end in worse than failure. The very basis of the claim for unity is that all people living in Ireland are Irish; a resort to physical force involves a civil war that, having regard to religious divisions, would be exceptionally bitter and fruitless. All this has been recognised; though it probably has not been said often enough or clearly enough in the Republic. But, against this, there are some things that are said too often and too clearly in the north. If Mr Costello or Mr de Valera speak, as they have spoken, of some eventual agreement to be reached by consent, it is only too probable that they will be answered by a declaration that under no conceivable circumstances will Northern Ireland join with the rest of the country. Every time that the doors are slammed and bolted against any form of agreement at any time, fresh strength is given to the policy of force.

The three governments, in Dublin, Belfast and London, cannot divest themselves from responsibility. In Dublin, Mr de Valera has properly said that partition cannot be modified or ended without "a union of wills." On this, it is increasingly recognised that a simple merger of north and south, even if possible, would create fresh troubles. But there has been no hint that any arrangement which would apply to the special circumstances of Belfast and its hinterland has been studied. The ending of the present position is practically unthinkable without such an arrangement: a suppressed partition would do far more harm to Ireland than the present state of affairs. In Belfast, it has to be admitted that force is not a sure remedy and that the nationalist border areas cannot be retained indefinitely against their will. For London it is not enough to say that the north should not be coerced to join with the Republic; it is equally true that communities now in the north should not be coerced to remain there.

None of these remarks will be welcomed in the three capitals, nor do they supply any present remedy. But partition is a long term problem to be approached with long-term remedies. However the present troubles may be ended, it is certain that they will be repeated in a few years' time. All parties in this dispute are equally tenacious. In the meantime, the electors of Tyrone and Fermanagh may reflect that the doings of the IRA have brought more publicity to their desire for unity than was got by thirty years of constitutional agitation. And this is a dangerous reflection for them to be forced to have.

A Nightmare of Prisoners

TODAY, Geneva betokens Russian smiles and nuclear co-operation. It is useful to remember that Geneva also stands for a code of humane behaviour towards prisoners of war, and that this code has been continually violated behind the iron curtain. No more eloquent testimony to this fact could be found than that of the eleven airmen who have been released by China and have returned to the United States after their 30-month ordeal by torture and solitude. No more pathetic evidence of it could be forthcoming than in the guise of three American soldiers who have faced imprisonment at home rather than continued freedom in China, where they chose to go at the time of the Korean armistice.

If the first world war was a true war of soldiers and the second also a war of civilians and deportees, the war in Korea has been largely one of prisoners. On the assumption that wars between Communism and its opponents are somewhat like religious wars, involving the doctrinal allegiance of men's minds, this new role of the prisoner makes sense. He is a man who must be converted to a new truth and made to serve that truth. His harshest battle begins in the stockade and, if he is to emerge with sanity or honour, he must be as carefully equipped for that battle as he has been for armed combat. As evidence about "brain-washing" emerges, tacticians and psychologists in the West are becoming acutely aware of this new kind of struggle; faced with the perplexing problem of "turncoats" and forced confessions, the Defence Department in Washington has, this week, issued a new code to govern the behaviour of those who fight behind barbed wire.

To a Communist belligerent, the potential role of a prisoner is threefold. First, he may be tricked, tortured or cajoled into making "confessions" that will substantiate a "big lie" such as germ warfare. Second, he may be converted to Marxism and displayed in a country such as China as living proof of the regime's assertion that life there is better than life in the capitalist world from which he came. This, obviously, was the role for which the Chinese had intended the twenty-odd Americans who refused repatriation in 1953. Thirdly, once a man's captors are convinced of the authenticity of his new faith, he may be sent home to bolster an already existing Communist organisation or to pave the way for infiltration.

Similarly, when a thoroughly trained Communist officer or soldier is taken prisoner, he is prepared to exchange one kind of war for another. As was shown in the island camps off Korea, Communist prisoners swiftly set up a highly disciplined and brutal organisation calculated to prevent anyone from being converted and designed to cause as much trouble as possible for their captors. Finally, it is known that some trusted and specialised Communist prisoners are deliberately ordered to pretend conversion so that they may either keep watch on those of their comrades who have actually gone over to the enemy or engage in espionage.

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In facing these various "prisoner techniques," the West has been, and will continue to be, at a real disadvantage. Converts and deserters are, of course, welcome in any war, particularly when they carry technical information. But a Chinese or North Korean soldier promenading in Britain or the United States and lecturing on the miseries of life behind the iron curtain would be of scant value. The Communist and left-wing press would merely heap abuse on him, and many an anti-Communist listener would feel that evidence from a deserter is not to be taken altogether seriously.

The same is equally true when it comes to using ex-Communists as potential agents or propagandists behind the iron curtain. In the first place, any prisoner who rashly returned to China or North Korea after being converted to western ideas would be eliminated sooner or later. But what is more important, the West simply does not have political organisations in the Communist world and has no illusions about the imminence of liberation. The real questions for western military leaders and public opinion, therefore, are how soldiers should be trained towards the eventuality of "brainwashing," and how those who have been "converted" should be judged.

Anyone who has not been exposed to the anguish of solitary confinement and near-starvation, combined with the incessant onslaught of Communist rhetoric and tantalising promises of a return to the outside world, is woefully ill equipped to lay down rules for prisoners. That is what makes the reports of civilian psychologists and the findings of certain American courts martial so unattractive. Doubtless there are men whom no amount of torture and oratory has daunted. But it is a bad idea to base one's strategy on heroes, particularly in an age of non-professional armies. Moreover, even exceptional men, such as the commanding officer of the eleven airmen, have testified that after a certain period of solitude and in the hallucinatory world of Communist interrogation they were willing "to sign anything," if only to regain contact with the living.

But it is precisely in this willingness that there may be found an answer to "brainwashing." The best way of defeating a process is to render it absurd. If all prisoners were instructed to pour forth declarations of allegiance to Communism, confessions of monstrous crimes and hair-raising accounts of life under capitalism, the Communists would soon be engulfed under mountains of valueless documentation. And if, at the same time, it had been made clear to the outside world that no statement whatever signed by a prisoner could be taken seriously, the whole propagandist aim of forced confessions would be defeated.

The obvious difficulty with this kind of idea is that it applies primarily to men with brains worth washing. It calls for a certain amount of imagination and demands a fairly adequate knowledge of the Communist vocabulary. To some extent, any man could be taught to tell his Chinese captors that he had personally lynched a dozen men or that his family had been driven from its garden in Surbiton by fox-hunting millionaires with top-hats and lacquered whips; but it is a technique which will best suit the more educated prisoner. Moreover, voluntary confessions must be so devised that no prisoner is made to incriminate other prisoners. That is a crucial point, and it is one which American military courts are emphasising when seeking to divide the broken from the guilty.

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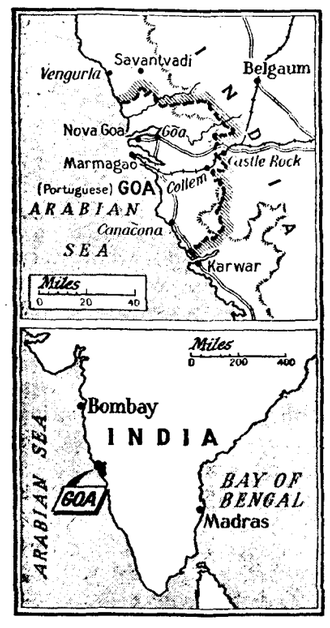
But the problem of "brainwashing" also affects soldiers long before they have been taken prisoner, for it necessitates new forms of training and places new responsibilities on those who send men out to fight Communism. A statistical survey of those men who surrendered to "brainwashing" and became converts dramatically illustrates the fact that behind their failure lay the failure of army units without cohesion and the larger failure of the communities in which these men were reared. Those American prisoners who chose to remain in China were prepared for this choice by their memories of racial prejudice, social ostracism or unemployment at home, and by the failure of their leaders to tell them just what they were supposed to be fighting for. It is a reassuring miracle that there should be so few "turncoats" in societies as varied and imperfect as those in the west.

When such unfortunate men repudiate their new utopias, however, and prefer court martial at home, Communist propaganda and the entire nightmare of "brainwashing" have been dealt a formidable blow. One cannot but question the wisdom of those who demand automatic punishment of the three Americans who have left China. The American government has carefully pointed out that they are not being tried for going to China—an act exempted from retribution by the terms of the Korean armistice—but on the ground that they "aided and comforted" the enemy during their captivity. It is to be hoped that it will be made clear, in the course of their trials, that any punishment awarded to them arises from acts by which they brought death or suffering to their comrades.

Notes of the Week

Goa Blunders

THE blood shed not only on the Goa border but also in Bombay and other Indian cities this week is on the hands of both the Portuguese and the Indian governments, of unscrupulous Indian politicians (not all of them Communists), and of the organisers of the mass border crossings (who seldom get hurt themselves), quite as much as on those of the Goa police. Use of firearms by police is always deplorable, and particularly repugnant to British minds. But when, as happened on Monday in Goa, an isolated post of ten policemen is surrounded in the dawn light by a yelling mob, surging across the frontier 2,000 strong, which defies all appeals and warnings, is anyone really surprised that it uses its arms? That same day, in Delhi, Mr Nehru was wishing success to the border crossers, and saying that no law or moral code sanctioned firing on unarmed men. Yet by Tuesday the Bombay police were repeatedly firing on unarmed men, without preventing them from attacking tram drivers, smashing doors and windows, and looting shops. And in his Monday speech Mr Nehru also referred to the police firing on crowds in Patna during the previous week's local disorders in Bihar, and appealed to the Biharis who had attacked police posts to be patient.



Mob tactics, as Mahatma Gandhi long ago recognised, have nothing in common with true *satyagraha*. As applied this week, they have fouled the moral cause for which genuinely non-violent individual Indians and small groups have willingly courted imprisonment in Goa. They have damaged the Indian government's position more than that of Portugal, and satisfied only the Communists and irresponsible opposition elements in India, whose unclean hand has been clearly visible in the more reckless acts. They have exposed their country to the charge of itself violating the principles of non-interference, respect for territorial integrity and small nations, and neighbourly co-existence in "areas of peace," that it upheld at the Bandoeng conference. They have also made it vastly more difficult for the Portuguese government to modify its attitude; in the atmosphere created by the week's unhappy events, it is hard to see Lisbon making any early move towards allowing the people of Goa to decide their future for themselves.

High Table Talk

IT should not be beyond the power of man's devising to compile a record of the "summit" conference which would meet the legitimate arguments of those who urge more publicity, without running the risk of stultifying or inhibiting future negotiations. The prepared texts of statements made at plenary sessions by the principal delegates, a summary of the main points made in the discussion, any agreements or disagreements clear enough to be recorded, and any communiqués released in the course of the sessions would seem to be the obvious ingredients. Some such record is common form in the hundreds of international meetings held each year, and it is difficult to see why "summit" meetings (on the Geneva, as distinct from the Churchillian, pattern), or foreign ministers' meetings, need be very different, or why this issue should be one to ruffle Atlantic tempers with the velocity of a Connie or a Diane. The sooner the ghost of Yalta is exorcised and the lesson of Yalta learned the better.

The only result of stretching the published record of a conference to include dinner conversation or, for that matter, verbatim accounts of exploratory and informal discussion around the conference table, would be to make the minutes kept of these conversations more personal and less accurate, so that the existence of an official record could honestly be denied. It would not stop such conversations from taking place. Nor should it, for only by the floating of trial balloons, much irrelevant conversation, and well-timed bursts of exasperation, can real understanding of another's position be gained. The opportunity for Mr Eisenhower to promise the Russians the American fleet will always exist, and no mountain of documents will ever be high enough to convince a McCarthy that the opportunity may not have been seized.

On the other hand, a democratic country has the duty to insist that important international agreements, although they may be first bruited at the dinner table, should weather the precision of official formulation in the cold light of morning and the test of public opinion. It has also the

right to an accurate summary of arguments and attitudes, as well as of decisions. If, as has been argued, to reveal that Mr Molotov behaved like Mr Molotov will anger the Russians and "spoil the Geneva spirit," it is not easy to see who loses by that fact being known.

Avoid Bloodshed

WHETHER or not there are really two thousand members of the Irish Republican Army now at large in England, together with another six thousand in Ireland, it is clear that its small bands of effectives are now working to a well-organised plan publicised with absurd bravado. The first stage of this plan is to seize guns and ammunition from military camps in England, although the gang leaders concerned appear to want to avoid bloodshed in this country if they can; if sufficient arms are stolen, they will then probably be used in some much more dangerous demonstration in Northern Ireland. The story that the IRA intends to invade Ulster and seize a town with nationalist sympathies there for a death-and-glory stand may give too much credence to a few romantics' dreams. But it is not intrinsically impossible; a few hundred well-armed men could probably carry out a raid of this sort, and make a front-page nuisance of themselves for a week.

The British Government should have two objectives. The first, of course, is to see that the gangs concerned do not manage to capture any arms, and to apprehend their members. The second, consonant with this, should be to avoid bloodshed. There has been a loud clamour this week that sentries on army camps should be more lethally armed, that they should not be asked to stand about with staves or empty rifles, while their ammunition is stored away in the guardroom. This clamour—like the recurrent cries that the police should be armed in areas where there are outbreaks of armed robbery—is a mistake. Given a proper warning system, the hordes of healthy young men at these army camps should be able to thwart and apprehend the IRA, on its present scale, by normal police methods. For the time being, at any rate, the proper remedy is not the issue of more loaded rifles to trigger-happy eighteen-year-olds, but the issue of more whistles to call out the camp. No martyrs can be created with them.

Ulster's Border

SINN FEIN has every reason to feel pleased with the advertisement of its cause in the Mid-Ulster by-election. Mr Thomas Mitchell, the Sinn Fein activist in Belfast Gaol, has been returned with a majority increased from 260 to 806. The local Unionists have now followed the example of their colleagues in Fermanagh and South Tyrone: they have lodged a petition in the High Court claiming that, as Mr Mitchell knew that as a convicted felon he was ineligible to sit in Parliament, the seat should be awarded to the man who came second (which means the Unionist candidate who was beaten) in the election. The majority of local Unionists probably regret this petition. Their view is that the constituency has now shown twice over that it does not want to be represented in the United Kingdom Parliament; and that it does not matter much whether it is not represented by somebody in gaol or by somebody out of it. To seize the seat for the Unionists by legal action, they say, will merely cause trouble in the area—and do nobody but the Sinn Feiners any good.

This view will command wide support in this country. But what of partition itself? In an article on another page our correspondent in Dublin clearly suggests that Britain should no longer connive at Ulster's retention of these nationalist areas in the south-west of the Province. The question needs probing with statistics. Outside Mid-Ulster and Fermanagh-South Tyrone, Ulster loyalist candidates piled up more than 418,000 votes in the last general election, while Sinn Feiners and other nationalists polled just over 108,000; the majority against the Republic in four of the six counties is therefore overwhelming. In Mid-Ulster and Fermanagh-South Tyrone, Sinn Fein polled 60,266 votes against the Unionists' 59,745. It is true that, if the anti-partitionist candidates had been more moderate than Sinn Feiners, the combined nationalist majorities in these two constituencies would probably have been around 5 per cent of the total vote instead of just under 0.5 per cent of it; that was the result in 1951. But the area is still desperately evenly divided, and the conclusion that liberals outside Ireland may draw from this—despite, or perhaps because of, present troubles—is apparent. It is that the emotional grievances thrust upon the nationalist half by their present exile probably weigh less, in the cold scale of human welfare, than should the more tangible harm that would be done to the loyalist half by politically inconceivable cession.

Unwillingly to Freedom

THE Government's announcement of its intention to end control of newsprint next March has brought into the open a quarrel which has been rumbling around Fleet Street for some time. All the big daily newspapers, except *The Times*, wanted to bind themselves in an agreement to limit any rise in the number of their pages once newsprint is freed. They had both a bad and a good reason for this. The bad reason was that a competition in expansion would be expensive; although journalists and some readers may have felt cramped by the thinness of postwar newspapers, the newspapers as companies have found a certain financial security in their chains. The good reason was that, although more dollars are to be allowed for imports, there is only a very limited amount of newsprint available on world

markets. With the return of freedom the contracts that the big newspapers have with their suppliers will come back into prominence ; some small local newspapers have not got such contracts, and it has been suggested that a few might have to close down through lack of supplies—if competition forces up newsprint consumption in Fleet Street itself.

For these reasons, once it became apparent that *The Times* would not join in any voluntary restrictive agreement, most newspapers wanted Mr Thorneycroft to keep official controls on paging in being. Mr Thorneycroft has decided instead to announce his scheme for freedom, although the Government will "require to be assured that adequate provision is made for those newspapers whose individual requirements are relatively small." On balance, his decision seems to be the right one. The extent of the danger that small newspapers might be squeezed out of production is open to debate. But it is for the Government, not the newspapers, to judge this, as the moment of projected freedom approaches. To leave the judgment to the newspapers would be to delegate responsibility for a difficult decision to bodies which—with the best will in the world—must find it difficult to disentangle public-spirited from private-profit reasons for hugging to controls.

Uncle Sam's Other Korea

STATE DEPARTMENT officials in Washington who have been following events in South Korea and southern Vietnam must sometimes wish that America, like Russia, had its satellites. The wayward and erratic policies of Dr Syngman Rhee and Mr Ngo Dinh Diem contrast vividly with the docile conformity of the "people's republics." Last week, it is true, Dr Rhee lifted the time limit he had laid down for the evacuation of the Neutral Nations Supervisory Commission, and when his acting Foreign Minister, Mr Cho, repeated the South Koreans' claim to the Communist-occupied area south of the 38th parallel he refrained from saying how they proposed to enforce their demands. But Dr Rhee still insists that the commission should leave the country, and he has evidently stimulated Mr Dulles into expressing American sympathy for his case ; meanwhile the demonstrations, often marked by violence, continue round the commissioners' billets. In southern Vietnam, too, Mr Ngo Dinh Diem still refuses to take the hints dropped by the western powers for his attention. He continues to ignore last month's plea from Washington, London and Paris to open discussions with the north about elections next year, and it now appears that he considers that the terms of last year's Geneva agreement will be satisfactorily fulfilled if he merely exchanges messages with the Viet Minh.

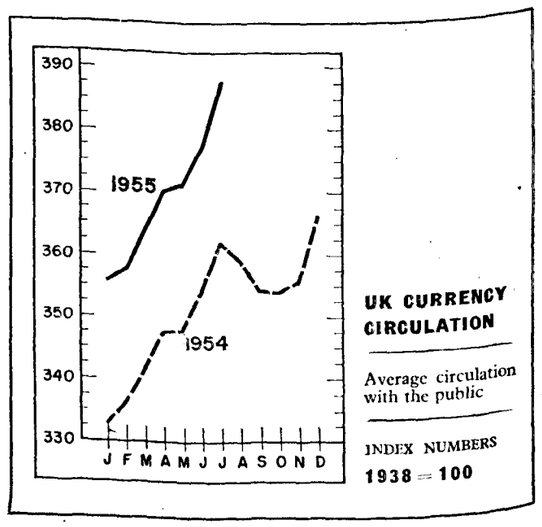
Washington's relations with Mr Diem typify the dilemma in which the Americans find themselves in dealing with their more intransigent Far Eastern allies. The regime in southern Vietnam, like that in South Korea, would collapse if the flow of American economic aid were cut off ; but the Americans know (and Mr Diem knows) that they cannot cut it off because there is no real alternative government, and therefore threats of stringent economic sanctions are quite meaningless. The Americans are in the embarrassing position of having named Mr Diem as their sole heir, only to discover that he has no filial feelings. It is likely that if Mr Diem survives the internal opposition of the religious sects he will emerge more and more as a Rhee-like figure ; stubborn, nationalistic and provocative, but at least preferable to the Communists. Perhaps the Americans' experience with the South Korean President will be a guide to them in imposing as much moderation as is possible with the strictly limited means at their disposal.

Bleak Anniversary in Morocco

TODAY is the second anniversary of the deposition of the Sultan of Morocco, and it will be a lucky day for M. Faure if it passes off with nothing worse than a Moroccan general strike and the average daily quota of bloodshed. His government has drafted in troops to guard against widespread disturbance, but should this occur he will be to blame for the gamble he took last week.

Admittedly, he was in a sad dilemma. Pressing him on one flank was his new Resident-General in Morocco, M. Grandval, with the news that, temporarily, he had cowed the local terrorists of both nationalities, banished the worst offenders among French diehards, and thus conjured up, among most of the Moroccan parties, a mood in which nationalists were ready to waive their antagonism to the act of 1953 and to set up a Regency Council, provided that France would simultaneously remove the puppet Sultan it had placed on the Moroccan throne. But M. Faure discarded this precious chance of compromise in Africa. He did so because pressing him in the opposite direction were the right-wing groups on which his parliamentary majority depends. With Marshal Juin at their back and the ageing Glaoui, Pasha of Marrakech, as their mouthpiece, Gaullist, Peasant and so-called Independent deputies threatened to resign from his cabinet if he made any change on the Moroccan throne.

One alternative confronting him was to call the right-wing bluff before today's fateful anniversary ; he seems to



have decided that such an act would entail recalling Parliament and must lead to argument in Paris that might only increase the risk of a black Saturday in Morocco. The other alternative, and the one he chose, was to temporise and to send M. Grandval back to Rabat with proposals for a representative government to be formed under the present Sultan. It was clear from the start that such a plan could get nowhere this week, if ever, with the Nationalist parties, so that the risk he took was that of discarding a chance of compromise that bloodshed to-day could banish beyond recall. Further, even if the anniversary passes without mishap, does he imagine that his piece of temporising can advance France's prospects of coming to terms with North African nationalism ? The only favourable interpretation of what he did is that he persuaded M. Grandval to try a device simply out of political guile, and because he saw no other way of persuading the Right that a change on the Moroccan throne is inescapable, and that his government is not worth upsetting in a lost cause. Meanwhile the Sultan seems to have baulked this process by agreeing to form a "representative" government, but composed of his own cronies.

Red Army in Eastern Europe

THERE is no reason to doubt the truth of the Rumanian Prime Minister's denial of western press reports that the Soviet troops now stationed in his country would shortly be withdrawing ; for no concrete evidence has been produced to support these reports and, in present circumstances, they seem to be inherently improbable. It is true that the original legal excuse for stationing Soviet troops in Hungary and Rumania will cease with the Red Army's withdrawal from Austria ; but the mutual assistance treaty signed by Russia and the satellites in Warsaw in May lies conveniently to hand to provide a new legal justification for the presence of the Red Army in Eastern Europe. As Mr Gheorghiu-Dej said the other day: "Under this treaty appropriate measures have been taken to ensure the security of the European democratic states." And he went on to underline what should already be sufficiently clear in the West—that the Russians have no intention of scrapping these measures unless they can secure in return the complete dismantling of Nato and WEU. If Marshal Tito suggested to his Russian visitors that they should withdraw their forces from Eastern Europe, it seems unlikely that he got any really firm pledge in reply.

As far as the satellite regimes themselves are concerned, it would be optimistic to assume (in spite of the upheaval in Eastern Germany in June, 1953) that the withdrawal of the Red Army would gravely threaten their stability. The knowledge that Soviet troops are close at hand may help Messrs Gheorghiu-Dej and Rakosi to sleep more soundly in their beds ; but if these troops did withdraw across the Soviet border, they would not be far away, and could very easily be brought back again should the need arise. In any case, there is little doubt that the Communist bosses of Eastern Europe rely in the first place on their own secret police and security forces to maintain themselves in power ; there are no Soviet troops in Czechoslovakia. Experience, in fact, has shown that although the actual presence or close proximity of the Red Army plays an invaluable part in hoisting a Communist dictatorship into power, its presence is not vitally necessary to maintain the regime once it is firmly in the saddle—provided that the Soviet frontier is not too far away.

Russian Soldiers to the Plough ?

THE announcement that 640,000 Russian soldiers are to be released from the forces and sent to factory benches or collective farms has focused attention on the problem of Soviet manpower. It is an illusion that the Russians still have a huge labour reserve on which they can draw at will. Before the war rapid industrialisation was made possible largely by putting surplus rural labour to work in the factories, but this process could not go on for ever and the wartime casualty lists hastened its end. During the first postwar five year plan, partly because more women were employed, the number of "workers and employees" (that is, all those employed outside collective farms) rose every year by about two million people. But when the present plan was drawn up, it had been realised that further increases in the size of Russia's national cake would depend more on raising productivity than on swelling the size of the industrial labour force.

In the event, things turned out better than the planners expected and the total of "workers and employees" has now reached the record figure of 47 million. The agricultural crisis, however, hinders further transfers from countryside to town, and the natural inflow—diminished by the "lost generations" of the war—is not enough to maintain the former rate of growth. Hence the emphasis on productivity in all the pronouncements on the next five-year plan. Marshal Bulganin's statement earlier this year about a prospective labour shortage was also made in the context of a speech about the need to raise productivity. Thus the promise of partial demobilisation, even if realised, may well have been dictated primarily by economic considerations. If it is unaccompanied by a cut in defence expenditure, it might also be a sign that the Soviet general staff has finally opted for the "new look" in atomic strategy. Last February, the Russians raised their admitted defence expenditure from 100.3 to 112.1 billion roubles, and from less than 18 to nearly 20 per cent of their budgetary outlay. Unless this process is reversed, partial demobilisation may be simply a move to save on manpower money that can more profitably be spent on improving firepower and mobility.

Towards a Selective Call-Up ?

THE debate on possible reforms in the system of call-up has become more widespread ; and it is possible that this may be one of the most lively topics at both party conferences this year. More Labour members are now seized of the argument that, because conscripts are most useful to the services in their last six months with the

colours, a cut in the two-year period of call-up would lead to a much more than proportionate cut in the effectiveness of British military forces. Rather oddly, some left-wingers have tried to translate this realisation into a "new case" against having any conscription at all.

In fact, of course, it is a case for selective instead of universal conscription. The arguments against this, triggered off again by the Government's recent proposal to exempt certain graduates for science teaching, have been of two kinds. One is the familiar argument of fair shares. As far as can be seen, and in the absence of specific public opinion polls nobody can see very far on a matter of this kind, reaction on this score has not been as fierce as might have been expected. It is significant that, during the recent and silly agitation about the cricketer who was invalided out of the RAF on perfectly respectable medical grounds, left-wing popular newspapers with their ear to the ground tried to lay part of the blame for this fuss on Conservative members, while right-wing newspapers gleefully laid the blame on Mr Dodds. And any storm in the common room about the exempted science teachers has centred not so much on the argument of fair shares, as on an argument of economics. Nobody disputes that science teachers, like the previously exempted police cadets, are essential and in short supply; but there is a danger that the Government may use this bait of exemption to attract people into any of its own forms of employment where it—the Government—is experiencing a shortage because the salaries it pays are not high enough.

This economic argument is much more soundly based than the argument of fair shares. A selective call-up in Britain might well draw upon experience in America, where young men of military age now seem to have about a three-to-one chance of avoiding the draft—but where escape depends largely on the accidents of the calendar and of regional domicile. A British system of selective call-up would probably have to be based partly on continued blanket exemptions for essential jobs; but, instead of dribbling out fresh exemptions as opportunity offers, and as new pressures demand, the Government would be wise to ponder whether it should not go forward to selective service by a more deliberate route—including some element of lottery in it as soon as it is clear that the services can get by with fewer men. The political possibility of getting a scheme of this kind accepted seems to be greater than appeared likely even a few weeks ago.

Welfare Outside the Factory

THE TUC is disgruntled because the Government has refused to implement this session all the recommendations made by the Gowers committee in 1947 and 1949; but it has managed to secure some amplification of what the brief reference to this subject in the Queen's speech portends. The Gowers committee was appointed to inquire into the closing hours of shops and into the statutory provisions relating to the health, welfare and safety of workers outside the scope of the Factory Acts. The TUC has been told that the Government hopes in the present session to include measures dealing with shop closing hours and with health, welfare and safety in agriculture, forestry and railway premises. But no firm date has been fixed for a Bill to regulate the working conditions of the ten million and more workers in shops and offices. The TUC is particularly aggrieved because the Government "has settled nothing at all" about the other big section of the Gowers report—juveniles' working hours.

The excuse usually given for delay is lack of Parliamentary time. But there is a better excuse than this. After all its trouble with the Clean Food Bill, the Government should be wary on practical grounds of plunging into "a measure of great magnitude," which, if the committee's recommendations were adopted in full, would attempt to regulate the temperatures of shops—even perhaps kiosks—as well as of offices and prescribe the numbers of lavatories and washbasins to be installed. It will be ludicrous if farmers are to be obliged by statute to do what they presumably all do in any case—allow their workers to wash in the farmhouse kitchen. The Gowers committee was appointed soon after the war, when the atmosphere was permeated with welfare and control. It was consequently almost bound by its terms of reference to make recommendations that seven years' experience of the welfare state shows up as rather ridiculous today.

The worst aspect of the affair is, however, not so much the possible intrusion of the state into kiosk and kitchen, as the further restriction on the right to work that would follow from implementing the Gowers committee's recommendations on shop closing hours. It has never been made clear why one-man shopkeepers should be subject to a compulsory closing hour at all. Now it seems that future legislation may compel them to close an hour earlier and reduce the number of exemptions from the law. Doubtless many shopkeepers will welcome an order that they should all shut up shop earlier. But why should the small shopkeeper who wants to earn more money by staying open longer be protected from his own industrious inclinations?

Monday Closing?

THE need to avoid precipitancy about a shop closing Bill is the more urgent because new ideas are germinating in the retail trade. Last week Mr Trevor Bowen, the chairman of John Barker & Co., suggested that it was time that shopworkers had a five-day week. He proposed that shops should close on Mondays, as they do in Paris, and be open all day on Saturdays instead. This week the Union of Shop, Distributive and Allied Workers has issued a statement which neither approves nor disapproves of Monday closing, but which welcomes the suggestion of a five-day week and proposes joint talks between the union and employers.

It should not, of course, be presumed that all this talk means that a five-day shopping week is imminent. The retailers are thinking much more in terms of what may be considered desirable by all concerned—retailers, shop workers and consumers—in a few years' time, and are anxious lest a new Shops Act freeze the situation for a generation or more. Consumers will certainly take a lot of convincing before they will readily accept the closing of all shops all day on Monday. But the hardship to the consumer would depend on the type of shop. For the shops themselves, the effect of being open all day on Saturday and closed on Monday would depend on the type of business. In the London area, for example, Kensington stores like Barkers, with a largely local custom, would find their Saturday morning pressure relieved, whereas stores in Oxford Street, which cater for many shoppers who do not live in London, might lose heavily by all-day closing on Monday, and would not be compensated by being open on Saturday afternoon, when their customers all go home for the weekend. From the workers' point of view, the advantage of an extra half-day of leisure might be heavily paid for if they had to work all day on Saturday when their families and friends are free. To work Saturday mornings and Monday afternoons might suit them better.

The variety of interests involved show how inappropriate it is to subject them all to a single ruling. According to the present Shops Acts, shops (except a few which are exempt) must close for 1½ days a week, and the half-day must be either Saturday or a day specified by the local authority. The shops could give a far better service to consumers if they could vary their hours and stagger their half-days. If a less uniform system led to some shopworkers working less popular hours than others, the remedy—given sensible union protection—would be simple. To attract staff, these shops would have to pay higher wages than their competitors.

To and Also Fro

THE reports that Dr Billy Graham and Miss Marilyn Monroe may soon visit Russia are interesting distillations of the "Geneva spirit." It seems that Dr Graham is asking to be allowed to conduct a full-scale campaign on Soviet soil, but even the big-hearted Mr Khrushchev is unlikely to feel ready yet to grant such sweeping facilities either to him or to Miss Monroe. An encouraging number of western journalists have been able to enter Russia in recent weeks, but their activities are still limited by the system of permits for movement within the Soviet Union, by the fantastic cost of living at the present artificial exchange rate for the rouble, by the refusal of driving licences and by a press censorship which, although somewhat eased, still bans all references to, for example, inflation. This censorship seems peculiarly futile when applied to visiting journalists, who naturally publish the banned messages as soon as they get home.

But it is really more important that people living in Communist states should be able to get out than that outsiders should be able to get in. A tiny, but welcome, chink in this part of the iron curtain appeared this week when Moscow announced that a few Soviet tourists would shortly be allowed to visit Sweden or Finland. Such opportunities will presumably be granted, at least to begin with, only to true-red trusties whose faith is considered proof against the intoxicating air of a free country. The Soviet authorities' intense fear of any alien contamination has been newly indicated by the fact that even Poland received its first postwar party of Russian tourists only a few days ago. But perhaps by the time Mr Khrushchev and Marshal Bulganin reach London next year less privileged Soviet citizens will also be allowed a longer rein than hitherto. There are few things more important to the peace of the world than that large numbers of men and women who are now cut off behind the iron curtain should have a chance to learn what life is really like in democratic countries; and, by all accounts, many Russians are itching to find out.

Perón Strikes Back

IT is now clear that President Perón has not only survived the attempted *coup* against his regime in June and the period of partial political freedom that he was compelled to allow subsequently, but that he is preparing to restore his autocracy and destroy what organised opposition there is. On August 15th, a day on which Catholics throughout Argentina were gathering to protest against the government's refusal to mark the feast of the Assumption, the *Peronista* police stole the limelight by announcing the discovery of a terrorist plot, allegedly a joint enterprise of Roman Catholics, Communists, Nationalists and "members of traditional political parties." With this story of variegated villainy as their excuse, the police have arrested scores of people and more repression is obviously on the way.

President Perón has not only his own skill to thank for the present turn of events. The opposition has been hopelessly ineffective and divided. Within the army various factions have stalemated one another and professional jealousy has kept senior officers from supporting Admiral Olivieri, a leader in the June revolt. The Radicals, for their part, have failed to use the few opportunities for free expression which President Perón was forced to allow them, and are too anti-clerical to join the Catholics in a common front. The latter, finally, seem more concerned with repairing their churches and with marking religious holidays than with trying to end the present regime.

With great astuteness, President Perón has postponed the referendum which was to decide on the separation of church and state. This means that tempers will cool even further over the next six months and that divisions among his opponents will become sharper. No doubt unrest and public demonstrations will continue in the immediate future, but it now looks as if only a decision by the armed forces to intervene at full strength could bring *Peronismo* to a quick end.

Japan and Gatt

IT is at least something gained for the Japanese that, after three years of knocking at the door, they have at last been admitted as members of the exclusive club known as the General Agreement on Tariffs and Trade. Even now, however, some of the members are less than enthusiastic about the newcomer. It is known that Britain and Australia will invoke Article 35, which means that they need neither extend to nor receive from Japan full most-favoured-nation treatment in their mutual trade. In the case of Britain, the effect of this should not be considerable since the Japanese do in fact receive most-favoured-nation treatment, as regards tariffs, in the United Kingdom and

the colonies, though as a concession arising out of the peace treaty and not as a right under Gatt. In all probability France and South Africa will also resort to Article 35.

Some Japanese are therefore beginning to wonder whether membership of Gatt will, after all, be so beneficial to them. Only 18 of Gatt's 34 members actually took part in the tariff negotiations with Japan which were held in Geneva earlier in the year. Of these only four countries, including the United States and Canada, have so far actually signed agreements with them. The concessions wrung from the Americans are much valued in Tokyo, where it is hoped that the resulting increase in exports will be of the order of $20-30 million, but the Japanese are equally conscious that the concessions which they have had to make will open up parts of their own market to foreign competition. This price is barely worth paying when the markets which they really want to enter, like the British and French colonial territories, remain partially closed to them because of quota restrictions. Moreover, membership of Gatt will not, because of the operation of Article 35, eliminate the discriminatory treatment of Japanese goods practised by Australia and South Africa, which is deeply resented.

But formal admission as an equal partner in Gatt will mean that Japan's voice will be heard with added respect in the councils of those countries whose foreign trade accounts for more than two-thirds of the world's total. But there are responsibilities as well as privileges in belonging to Gatt, and the authorities in Japan will be well advised to look again at an early moment at some of their doubtful trade practices, such as concealed export subsidies, which probably do not fall within the letter, and are certainly contrary to the spirit, of Gatt. Those countries which still feel unable to extend to Japan the full benefits of membership will be watching to see whether Japanese loyalty to the agreement merits a change of attitude. The British position, which was publicly stated in the White Paper last April, is that until the government is satisfied that Japan will practise—as well as preach—fair trading, it will not forgo its freedom to protect British interests. In the meantime Britain hopes to negotiate a long-term commercial treaty with Japan once the present discussions for a new financial and trade agreement are out of the way.

Over Forty

THE Government has set a useful example with its plan to recruit men and women aged 40 and over to the Civil Service. Special competitions will be held regularly, and the successful candidates will be appointed to established pensionable posts in the clerical grade at a salary scale (for London) of £465 to £685 a year. To begin with, some 500 vacancies will be filled in London and about 100 in Birmingham.

This plan will not, it is true, go very far towards relieving unemployment among older workers. In June of this year about 70,000 of the 113,550 men registered as unemployed were over forty; the proportion of over-forties among the unemployed women was rather smaller, but still sizeable—24,000 out of 64,000. Among these over-forties, clerical workers are one of the groups that find it particularly difficult to find work, although there is often a shortage of young clerical recruits. By abolishing a maximum age limit (other than the normal retiring age) on recruitment, the Government may encourage other employers, notably local authorities (and why not banks?), to look to the older age groups to fill their staff shortages.

Indeed, it is to be hoped that the Government's example will go further. The Ministry of Labour told the Watkinson committee on the employment of older men and women that nearly half of the vacancies dealt with by appointments offices for professional, managerial and higher executive posts carried age limits for applicants, many of the limits being under 40. If employers could bring themselves to disregard fixed age limits when recruiting staff, as they usually do where skilled manual workers are concerned, they would find it easier to fill their vacancies and would probably be pleasantly surprised with the quality of the older recruits. Unfortunately, however, not all private employers—since they are spending their own, instead of the taxpayers', money—may feel able to take such a generous view as the Government about the pensions problem.

University Entrance

WHAT is the right way to avoid over-specialisation in schools? This question is probed again in a report published last week by the Committee of Vice-Chancellors and Principals. A sub-committee of that body, representing nine university members and nine headmasters and headmistresses, presided over by Sir Charles Morris, has recommended that university faculties in accepting students, and the Ministry of Education and local authorities in awarding their scholarships, should not insist on three passes at advanced level in the General Certificate of Education, but be content with two. To ask for three, it is argued, deprives the student of time for general reading and ruins sixth-form work. The committee was not so convinced that its arguments applied to science subjects; mathematics, physics and chemistry, for example, are so obviously interrelated. But it still hoped that two special subjects could in general be counted enough, and thus save the scientist from the specialisation of which he, more than anyone, is always accused.

This report conceals a deep and familiar difference of opinion between the schools and the universities. In general, the schools object to the examination requirements of the universities, which they say cramp their curriculum and turn education into mere cramming. Most of the universities, on the other hand, feel that to specify their requirements in several subjects is the only way to ensure that students have reached a reasonable standard outside the subject that they intend to read at the university. London University, it is true, has taken the lead in putting more trust in the schools, by relaxing its entrance requirements from May, 1957. But there is surely room for a sensible middle view. There are objections to too many subjects at the advanced level of the GCE, though some lay observers, at any rate, would not feel that three are excessive; these objections, however, certainly do not apply to the ordinary level, which can fairly be used to ensure an adequate spread of education.

PROGRESS IN ELECTRONICS

Many of the fantasies of science fiction writers are being brought nearer to reality by a new invention known as a transistor. This is a tiny device which has a similar function to a radio valve, but which operates on an entirely different principle.

The basis of the transistor is purified germanium, an element whose peculiar properties permit the close control of the movement of electrons within its structure. In this respect it differs from the radio valve in which electrons are controlled within a vacuum.

The transistor needs no filament and operates at very low voltages and currents. This means that its power consumption is negligible, and it is very economical to use. Another advantage is its small size—in many cases no larger than a pea—which is opening up applications hitherto impossible with the conventional valve.

Mullard transistors are already being used extensively in hearing aids where their small size and low power requirements are resulting in instruments of match-box dimensions, which will operate for about three hundred hours from one miniature 1.5 volt battery.

Transistors are also being successfully employed in the development of equipments as diverse as computing machines (electronic brains) and portable gramophones, telephone equipment and nuclear radiation counters. And this is only a beginning. Research continues, and it is still impossible to foresee the ultimate extent of transistor applications, although potentially they appear to be unlimited. Whatever the future may bring, the Mullard organisation will play its traditional part in supplying British equipment manufacturers with electronic devices of the most advanced design and the highest quality.

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THE SHORT SEA CROSSINGS

THE FUTURE PATTERN of the short sea crossings of Northern Europe is now receiving a great deal of attention. As an alternative to ferry boats, the Dover-Calais tunnel project has receded even farther into the background because of growing interest in the achievements of the air ferries. During the short space of five years, Silver City Airways has successfully demonstrated that it is possible to compete, at charges not much above sea rates, for a substantial volume of the passenger vehicle traffic which annually crosses the English Channel, and this pioneering enterprise has recently been followed by Air Charter Ltd with their "Airbridge" between Southend and Calais.

But this is only a beginning: with larger and increasingly economic aircraft, the downward tendency of costs is expected to continue. A sign of confidence in the prospects of these air ferries was the decision by Silver City to construct Ferryfield, a new private enterprise airport opened this year in Kent. Coast to coast air ferrying started with cars, but soon spread to general freight. Freight can be cheaply and conveniently carried to and from the coast by road, and road transport enables it to be handled direct from factory or assembly point to the consignee's premises across the Channel. For passengers too, road transport to the coastal point of departure is the least expensive means. Its use, combined with the air ferry, makes possible fares to places in Northern Europe that compare very favourably with third class by sea and train, as well as saving several hours in transit time. One of the advantages of the air ferries is that they maintain a continual flow of traffic in amounts well suited to smooth handling through customs and immigration, instead of one or two overwhelmingly busy periods each day when up to 100 cars and hundreds of passengers are passed through the sea ports.

The Bristol Freighter made the air ferries possible; and the helicopter, though still in its early years of development, is likely to have a promising application to these kinds of lifting duties. Needless to say, what suits the English Channel applies equally well for other parts of the world. Straits Air Freight Express Ltd runs the ferry between the North and South Islands of New Zealand, for instance, and now a new air ferry is to be started linking the Florida Keys with the mainland. Favouring the air ferry is the fact that, whilst costs of surface transport grow higher each year, air transport costs are steadily trending downward.

THE BRISTOL AEROPLANE COMPANY LIMITED

324P

French Hangover

BRITONS find it difficult to muster sympathy for a neighbour who complains of having too much wine in the cellar. Yet each year one of the major problems of the French government is to decide how to get rid of the country's excess production of wine. Last week free distribution was added to the list of measures taken to tap off the surplus. A litre of wine per week is to be given free to the "economically weak"—old-age pensioners, invalids and the like—and the Minister of Defence has been asked to raise the wine ration for the troops. Indeed, free distribution seems to be a favourite French way of tackling agricultural over-production; free milk and sugar were M. Mendès-France's contribution to solving the problem. With wine now being poured on top of milk and sugar, Parisian wits are already prophesying national indigestion.

Over-production in the vineyards now costs the French exchequer some £25 million a year. Free distribution of wine is expected to account for about eleven million gallons, while about 175 million gallons are to be purchased this year by the state for distilling, which is a completely uneconomic proposition. For the southern vine-growers, under pressure from Algerian imports and the competition of other regions, emergency measures to protect their livelihood seem an absolute necessity. But, since the cheap *vin ordinaire* is unsuitable for export, and since home consumption cannot be fostered without increasing the dangers of alcoholism, the only long-term solution appears to lie in the elimination of poorer quality vines and the transfer of land to more productive cultures. For years this has been the government's official programme; but the maintenance of artificial prices and indiscriminate subsidising, without regard to the quality of the product, have made it almost impossible to realise. If the present waste is not to continue indefinitely the government will therefore have to act much more determinedly. Otherwise the morning after each *vendange* is likely to find the government with a financial hangover.

SHORTER NOTES

The first steps towards the return of the Kabaka to Buganda have now been taken. On Thursday of last week the Lukiko unanimously accepted the main and transitional agreements (described in *The Economist* of July 30th); and this week the transitional agreement was signed by the Governor and by the Kabaka's representatives, who were subsequently sworn in as regents until his return. The way is now clear for the election of Buganda members to the enlarged legislative council of Uganda; the new ministerial system in the central government also came into force this week.

★

A recent survey by Naafi of sales in its service canteens is a fascinating social document. Sales of beer are down, but it seems that there is an increasing demand for milk, fancy cakes and ice cream. In part, this trend no doubt reflects the youth of a conscript army. But, in large part, this is one more indication that as Britain grows richer it is moving towards an American pattern of consumption; the cream-puff soldier springs from the well-paid adolescent who has had the money to visit milk bars in his early civilian life.

★

In an article entitled "Australia's Anti-Cyclone" on page 370 of *The Economist* of July 30th, Sir Arthur Fadden, the Australian Treasurer, was quoted as saying that the Australian budget surplus was expected to be £A56 million, £A30 million of which was due to underspending on defence. According to the official text, which was not available at the time of writing, Sir Arthur stated that the budget surplus was £A70.2 million (about £Stg 56 million), and that expenditure on defence amounted to £A185.5 million or £A14.5 million less than the Budget estimate.

Maud and Other Poems

In the middle of a great war, an important literary event is still able to excite great attention. Mr Tennyson's volume, long expected, has now appeared, and public opinion, united in the eagerness of its expectation, is much divided on the questions whether the present volume sustains its author's high reputation, and whether "Maud" is a great poem. . . . It is a strange result of the abandonment of poetical rules so frequently practised and so universally tolerated, that men of taste are found to arrive at the most diametrically opposite opinions with regard to the same poem. This is the necessary result of going into the sea of criticism without a compass. Music has rules of harmony, the violation of which is condemned by all: there are rules of proportion and perspective which no painter can venture to transgress: the masters of ancient literature thought it no indignity to bind even the muses by certain laws, and the most acute of ancient critics has left us a poem which in fact consists of a series of rules for the poetical art. . . . The poem of "Maud" seems to us an exact instance of what that man will be led into, who, trusting only to his gift, ventures to disregard law. . . . It consists of a series of brilliant miniature effects: each one connected, indeed, with the others, but each in itself more or less complete. It may be easier to build in detail, but a mere aggregate of beautiful details will not make a harmonious whole. . . . The songs which occur in "The Brook" are excessively beautiful; no poet was ever more at home than Tennyson among lawns, and brooks, and woods, and flowers. Time has not reconciled us to the lines on the Duke of Wellington's death; which seem to partake in the ban affixed by the muses to all official laureate productions. . . . Not even Mr Tennyson's reputation can restrain us from condemning as utterly poor and unworthy of their subject, the lines on the Cavalry Charge at Balaklava. On the whole, we fear that this volume has not justified the hopes raised by its announcement. Mr Tennyson . . . is a delightful writer of verses; he will be read probably by more than one generation with true pleasure; but he has declined the labour which alone constitutes, and has consequently foregone the immortal fame which belongs to, a great poet.

The Economist

August 18, 1855

Letters to the Editor

Goa in the News Again

SIR—Your editorial on Goa, in your issue of August 6th, suggests a few reflections.

It was gratifying to note that in your opinion Goa at least is no "imperialist war base." This as you know, has been one of the main arguments advanced by Mr Nehru for the necessity of annexing Goa, although he consistently ignores the guarantees already given and the offer of negotiations repeatedly made by the Portuguese Government—which specifically suggested discussions covering the military position of Goa in relation to the Indian Union. And meanwhile politicians and newspapers persist in making gross insinuations calculated to spread the belief that Goa is a threat to India, whose frontier is allegedly exposed to mysterious dangers and enemies.

Yet all this is quite understandable. The Indian Government could not avoid the uncomfortable conclusion that the Goans' desire to join the Indian Union was nothing but wishful thinking on its part. And despite the sometimes violent pressure put on the many thousands of Goans living in India, Mr Nehru has only got a few dozen of them at the outside to join the so-called liberation movement.

All this is so well known—even Mr Nehru admits it—that I was surprised at the dogmatic assurance with which you enunciate what you call the "hard reality" that Goa is "bound to India by stronger human and material ties than those that link it with Portugal."

Is *The Economist* perhaps in possession of unpublicised facts warranting this assertion? Or does it rather rest on the weight carried by the utterances of those "doctrinaire 'anti-colonialists'" (as you yourself say) "who cannot conceive that there should be any genuine attachment to Portugal in Goa"?

As I see it, the "hard reality" in this business of Goa is an ambition that invents, for want of any better justification, martyred peoples and frontier threats and whose method, sadly popular in recent history, is to pose as the champion of peoples who do not ask to be defended.

Let the people take their own decision, you say. Very well, but the advice would be more pertinent if addressed to Mr Nehru.

Finally let it be said in passing that while this "international *divertissement* for the otherwise dull month of August" may amuse quite a few people, it is certainly no fun for the people of Goa themselves, for whom Mr Nehru proclaims such sympathy and whom he subjects so ruthlessly to all manner of restrictions and unpleasantness.—Yours faithfully,

A. POTIER

Portuguese Embassy

[Is it now to be understood that Portuguese policy is that the inhabitants of Goa should decide their own future status?—EDITOR.]

Holidays in Britain

SIR—In your note of August 6th you make a sweeping and unfair statement that "foreign visitors are herded into a separate queue and grilled like spies, while holders of British passports sail through and take all the best seats on the train." From personal experience, and in this I have the support of several Greek friends, I have found the immigration officers, both in Dover and Newhaven, most understanding, efficient and courteous. By filling in a form on board the Channel steamer it took me only a few minutes to get through the "grilling" part of the entry into the United Kingdom. In addition, the British customs officials finished their inspection of my luggage in a surprisingly short time. The only ones who were "grilled" were the returning holders of British passports who had to account for the various items they were bringing in. Finally, the coaches of the train were filled mostly by foreigners who got the best seats until the balance shifted by the arrival of non-foreigners. Both the Customs and Immigration Authorities of Great Britain can compare favourably with the most tourist-minded similar services of Continental Europe.—Yours faithfully,

N. P. CONSTANTINIDIS

Athens Chamber of Commerce and Industry.

Students and Freedom

SIR—Mr James Macfarlane, deputy-president elect of the National Union of Students, has rather misread the true sense of my article in your issue of July 23rd, which, because of its necessary brevity, could not dwell on the subtle distinctions between the International Student Conference (ISC) and the Communist-dominated International Union of Students (IUS). I stated quite clearly that the ISC is an alternative, not an opposition, to the IUS. I said nothing about indulging in polemics against Communism.

When I said that it showed an illogical face, I referred, for instance, to its attitude towards attacks on academic freedom in various parts of the world. The actual resolutions were categoric in "deploring" the situations in South Africa and Argentina, urging all national unions to do something about the problems. But in the case of Eastern Germany it could only note that certain information had been received, "feel" that fundamental rights had been violated, "appeal" to the East German authorities to re-examine the situation, and delegate the German national student union the task of circulating further information. All this in spite of the fact that there was as much detailed material available to the conference about the East German situation as about the other two countries.

Finally, if I may speak as a journalist, I cannot but feel that the decision of the Conference to hold its main debates in private commission, with the press excluded, did nothing towards helping the public to appreciate the way that the world student movement is acting and thinking.—Yours faithfully,

YOUR CORRESPONDENT

EPU Before and After

SIR—In the announcement of the signing of the European Monetary Agreement in your issue of August 6th it is said that the terms of the agreement provide for margins round the exchange parity of a maximum of only 3 per cent. Although I have the impression that some continental countries were in favour of such a maximum margin round the exchange parity, such an obligation was not included in the articles of the agreement. The only obligation which the signatories undertook is the obligation to fix certain buying and selling rates for gold, the US dollar or some other currency for the purpose of limiting the fluctuations of its currency. Each participating country is free to fix its own margins, which will remain in force until further notice.

Nevertheless the press release of the OEEC concerning the European Monetary Agreement tells us that it is the intention of all participating countries that the margins adopted by them will be as moderate and as stable as possible. Continental circles probably hope that this declaration together with Mr Butler's statements in Parliament will mean that the British authorities will do the utmost to prevent fluctuations of the rate of sterling exceeding the 3 per cent margin.

Am I wrong in considering this error as not entirely unbiased?—Yours faithfully,

E. D. J. KRUIJTBOSCH

The Hague

[Yes—EDITOR]

Cultural Exports

SIR—Your correspondent's article in your issue of August 6th on the subject of American cultural exports was entertaining and informative, but surely it contains a masterly understatement when he speaks of the ". . . characteristic American aversion for Government participation in any form of private enterprise . . ." and that ". . . industry has steered clear of Government assistance in the development of foreign trade. . . ."

For many years now the Export and Import Bank has supported a wide range of American speculative contracts and projects overseas. Moreover, the activities of American business men which flow from Government agencies, such as Marshall Aid and FAO, are something that exporters, contractors and engineers are frequently confronted with in Europe and the Middle East. And then there is, of course, Point Four.—Yours faithfully,

M. MACKENZIE

London, W.1

Camera Weather

SIR—Mr Roy Peters is on solid ground in suggesting that the relatively limited consumption of photographic goods in this country is due above all to price. Only the cheapest types of cameras are made in this country in significant quantities, so if Mr Peters were to buy a £20 camera it would probably be imported and the price structure would be as follows:—

	£	s.	d.
Cost to Mr Peters	20	0	0
Purchase tax	4	18	2
Retailer's gross profit	5	5	7
Importer's and distributors' gross profit, say	2	9	1
Key industries duty	2	9	1
Freight, insurance, etc., say		2	1
Received by manufacturers, f.o.b.	4	16	0

The recipients of Mr Peters' £20 would therefore be:—

	£	s.	d.
Chancellor of the Exchequer	7	7	3
Retailer	5	5	7
Manufacturer	4	16	0
Importer, distributor, freight, etc.	2	11	2
	£20	0	0

Now Mr Peters—if he will allow me to refer to him both directly and symbolically—is no fool. Though he may have no idea of the above figures he can sense that he is, in some way or other, being over-charged and so does not spend his money on an interesting camera unless his urge to photography is almost as strong as to drink or tobacco. (I refer, I hasten to add, to Mr. Peters the symbolic).

This may be a good thing whilst our balance of payments is precarious, but to treat photography more repressively in the matter of purchase tax than other sports and pastimes and to continue to protect manufacturers—who cannot make what the public want—by a 50 per cent tariff are policies hard to justify in normal times.—Yours faithfully.

NEVILLE BROWN

London, W1

Crossing the Hump

SIR—I passed the article in your issue of July 2nd (page 47) on to a British cattle station owner in Brazil, whose comment was "We finished this 20 years ago," by which he meant that he had finished changing the shape of his cattle 20 years ago.—Yours faithfully,

London, E.C.2 W. R. DARWIN

Books & Publications

First President

GEORGE WASHINGTON: *Volumes V and VI.*
By Douglas Southall Freeman.
Eyre and Spottiswoode. 586 pages and 535 pages respectively. 37s. 6d. each.

ARS longa, vita brevis. How long and how short are poignantly, and unusually precisely, illustrated by the historical career of Douglas Southall Freeman. His death, in 1953, cut him off at the prime of his powers, at the age of 67. He left behind him three major works of historical scholarship, "Robert E. Lee," "Lee's Lieutenants," and the unfinished "George Washington." On the first of these he spent 6,100 hours, on the second 7,121, and on the third 15,693. We have these figures on the authority of his literary executors, who have drawn them from his own meticulous records. There may be those from whom the idea of punching thus sedulously the time-clock of history evokes only a wry and knowing smile. If so, they should pause and consider what such a planned scholarship enabled one man—and that man also a full-time newspaper editor—to accomplish.

Freeman was a Pre-Raphaelite among American historians. Taking themes which had hitherto invited depiction in romantic and subjective terms, he sought to restore to them the freshness and vitality they had lost, by treating them with a precision and fidelity hitherto unexampled. Thus for Washington it is as if, in place of the posed and idealised figure in the battle scenes of Peale and West, we are given a realistic and meticulous delineation by Holman Hunt. Freeman's aim, as he said of himself, is "first to recapture, then to narrate," and by "recapture" he means first the total recovery, as far as modern research makes possible, of all the available material on every detail of Washington's career, then the sifting of this into verifiable fact and probable fable, and finally the organisation of the facts into a continuous narrative of events seen, as nearly as possible, as they appeared to the central actor at the time they occurred.

It is only at this last stage that selection supervenes, to reduce the story to manageable proportions and to implement the author's concepts of relevance and importance. The results of such a method are, first, great fidelity to fact—a crucial consideration when dealing with a figure so smothered by the accretions of heroic myth-makers—and, secondly, when the author does permit himself a judgment, an effect of fairness and impartiality almost Washingtonian in itself. The periodic analyses of his hero's character and motives (scrupulously isolated, incidentally, from the rest of the story) compel one's respect and attention not so much for any brilliant psychological penetration—Freeman is no intuitionist historian—but for their background of thorough knowledge and disinterested reflection. Anyone who is going to dissent from the admittedly favourable verdict which Freeman returns on the father of his country must first of all put in an equivalent amount of thought and study upon the facts of Washington's career.

And what a career it was. The first of these two volumes brings to a close the remarkable story of his generalship from the day when victory was first assured by the French intervention to the surprisingly long-deferred consummation at Yorktown. The second is devoted to the even more remarkable achievement of the Cincinnatus who presides over the Constitutional Convention and then, with virtually no experience of civil government, becomes the first chief executive of the infant republic. Though Freeman, one suspects, felt more relish (like Washington himself) for his hero's exploits in the field than for his achievements at his desk, he tells the story of both with equal sympathy and insight. Even the circumstantial details—the prosy extracts from the Mount Vernon records, the "Court and Personal" details of the hero's receptions and dinner parties—have their place on a canvas as extensive as this. There can be no doubt, unfinished as the story is (it stops before Washington's second term), that it realises the author's ambition—"by the slow and painstaking processes of scholarship to examine, verify and preserve a major legend." From these pages Washington indisputably emerges as the great man he is. What, alas, even Freeman's pen cannot do, is to make him very interesting. After Alexander the Great he remains perhaps the least interesting great man of history.

At the same time, to contemporary readers here is a fascinating parallelism that forces itself on one's notice in every chapter of both these books. Whether one is following the Generalissimo, whose forte was diplomacy and administration rather than tactical or even strategical planning, or the first President, scrupulously correct in his dealings with Congress, anxious always to rise above party, determined not to lose the services even of rival and clashing subordinates, the temptation is irresistible to read, for Washington, Eisenhower.

New Portrait of Bismarck

BISMARCK.
By A. J. P. Taylor.
Hamish Hamilton. 286 pages. 18s.

PROFESSOR LANGER has driven out of fashion the once familiar view of a bellicose Bismarck, who secured Germany's greatness by war and preserved it by threats of fighting again; the Bismarckian system of the seventies and eighties is now generally seen as an elaborate series of arrangements for preserving peace. Mr Taylor, in his latest book, has little new to say on the diplomatic side, which he covered well, in any case, in his recent "Struggle for Mastery in Europe": the observation that Bismarck "made friendship with Russia the keystone of his foreign policy" perhaps deserves to be picked out. He seeks instead to dispose of another popular misconception about Bismarck, whose name is often taken as synonymous with arbitrary rule; really, Mr Taylor thinks, "Bismarck was a parliamentary statesman exactly like Sir Robert Walpole or the younger Pitt, even though, like them, he depended on royal favour." The analogy is not quite fair—Walpole and Pitt did not plan *coups d'état* to keep themselves in office; but it is reasonable to point out that "Imperial Germany was a *Rechtstaat,* secure from arbitrary government"—at any rate till long after Bismarck was dead. Yet the men who worshipped Bismarck from afar were very unlike the devoted coterie of "Mr Pitt's friends" who governed England for a generation after his death; Bismarck had no friends in politics, and tied himself to no party.

Mr Taylor admits this; indeed, he uses the fact to emphasise another unfamiliar aspect of Bismarck, who "was credited with profound foresight where there had been only a quick instinctive response to events." Bismarck said once himself that "Politics are not a science based on logic; they are the capacity of always choosing at each instant, in constantly changing situations, the least harmful, the most useful." Insight into immediate dangers and immediate remedies for them was, in fact, his peculiar gift; and Mr Taylor invites us to admire his titanic abilities as a tactician, and to put aside the self-portrait, painted in proud old age, of a titantic strategist planning in terms of centuries and not of weeks. Short-term planning led, often enough, to long-term entanglements—as the biographer does not fail to point out; this is no work of adulation, and we are treated to an account of tempers, china-throwing, and hypochondria to set off the impression of solidity in the excellent portraits—and in the Bismarck legend.

"Though Bismarck enjoyed the reputation of a fighter and looked like one," Mr Taylor explains, "he never fought on equal terms. . . . His greatest gift was in packing the cards, not in playing the hand." Almost as self-centred as Hitler, his greatest appetite was for authority for himself; moreover, "Suspicion grew with power; and he broke ministers and ambassadors who showed any sign of independence." Mr Taylor's portrait is not an attractive one; but, written with his usual mordancy, it has this great advantage—it makes the reader think.

Twenties and Thirties

BRITAIN BETWEEN THE WARS, *1918-1940.*
By Charles Loch Mowat.
Methuen. 703 pages. 30s.

THIS is an admirable textbook, packed with information well arranged and attractively presented. Behind it lies a really staggering amount of reading, from which the author emerges with a mind of his own and a hard-hitting style which, though sometimes cruel, is not often unfair and never swayed by prejudice. The preface is dated from Chicago and though the author is an Englishman and a son of Oxford in more senses than one, he has spent most of the past twenty years, since he took his degree, on the far side of the Atlantic.

As the past recedes, there is a sort of survival of the fittest among its events in the minds of the following generation; some fade into oblivion, others increase and multiply with constant reiteration. Thus it is a matter of small moment that in his inevitable last chapter Mr Mowat, with the support of Wheeler-Bennett, Duff Cooper and Co., gives a magisterial rehammering to the all too numerous nails in the coffin of Neville Chamberlain's foreign policy. Of course he had to do it, but we had heard it before. The value of his book lies much more in such chapters as those which provide a long, detailed and brilliant survey of the economic, industrial, and social conditions of the post-slump decade, introduced by so typically well-balanced a paragraph as the following:—

> Recovery, despaired of in 1931, was in the air by 1933, obvious by 1935. The National Government got little thanks for it, partly because it did not deserve it—its policies, as will be seen, neither helped nor hindered very much—partly because recovery, like the depression, was uneven, so that the misery of the depressed areas drew attention away from the return of prosperity elsewhere. This was the basis of the myth, sedulously propagated later, of the "hungry thirties." The reality was different.

The complexities of that reality are followed through a hundred fascinating pages:—improved agricultural output; the tragedy of Jarrow; increasing consumption and service industries; housing boom; youth hostels, holidays with pay, football pools, ballet and "palais"; the gaps in the half-built welfare state; and even "the Left Book Club."

Mr Mowat's Vanity Fair, like Thackeray's, is "a novel without a hero." Lloyd George, MacDonald, Baldwin, Chamberlain and the rest—he has no high opinion of any of them. With scrupulous fairness he records their merits, but leaves them inconspicuous in comparison with their shortcomings. He also deplores the time wasted on crossword puzzles, a judgment which *The Economist* can record with unwrung withers.

German Cocksureness

MY FIRST SEVENTY-SIX YEARS: *The Autobiography of Hjalmar Schacht,* translated by Diana Pyke.
Allan Wingate. 558 pages. 25s.

IT is difficult to admire much about this book beyond the extraordinary vitality of its author. It is written with the cocksureness of an urchin, and is full of the German's favourite clichés—from the permanence of fog in London to the wickedness of the Treaty of Versailles, and of several forms of modern art. One scans Dr Schacht's pages in vain for the technical enlightenment that so brilliant a banker might be expected to offer. Nor do the unusual experiences of this man seem to enable him to analyse or synthesise the epoch through which he has lived. Lastly, he seems unable to grasp that the more success he claims as Hitler's Minister of Economic Affairs, the greater his contribution to that economic strength which made it possible for Hitler to launch the war his ambitions had always required.

This is not to say that Dr Schacht was a war criminal in the sense of conscious conspiracy; but it does mean that he was strangely blind to the inevitable consequences of National Socialism, and that he cannot dissociate himself from the responsibility of the German nation for the crimes of their rulers during those twelve years from 1933 to 1945. The comparison that Dr Schacht makes between Hitler and Roosevelt is a characteristically cheap one. In the same manner he asserts that whereas his compatriots were model colonists in Africa, and acclaimed as such—"Germany's colonial administration has never been directed towards any imperialistic goal"—in future coloured peoples must be met halfway, not treated as "downtrodden people according to the old Anglo-Saxon manner. . . ."

Dr Schacht has indeed little to contribute to history in his autobiography except his account of Montagu Norman's successful opposition to a French attempt (accepted by the then German government) to create an independent banking centre for the Rhineland in the winter of 1923-24. As for Dr Schacht's judgment of people, he describes Mossadegh as "a statesman of the highest intelligence, supremely well versed in the practices of diplomacy, and of iron determination." His autobiography has obviously been rushed into print, no doubt in order to earn money quickly after the second world war had robbed Dr Schacht of all he possessed. But there are too many slips and an inadequate, unclassified index from which Mossadegh is omitted. It is typically confusing that the Bank for International Settlements comes out correctly on page 388, but is referred to as the Bank for International Balance of Foreign Payments, a more literal translation from the German, on page 289.

New Nation

THE UNITED NATIONS AND PAKISTAN.
By Mushtaq Ahmad.
The Pakistan Institute of International Affairs. 165 pages.

THE student of international affairs will find this little book a very useful guide to the United Nations, its functions, its varied activities and its problems, with special reference to the part played by Pakistan in these. It is more than a mere book of reference, but it is perhaps as a reference book that it will be found most helpful: the author is generally accurate on his facts, but his judgments should sometimes be accepted with caution, particularly where any question of "colonialism" affects the issue. The chapters on "Regional Arrangements and Mutual Defence Pacts," on "UN Technical Assistance," and on "Specific Situations and Disputes" deserve special commendation as workmanlike accounts of complicated matters about which not enough is generally known.

Mr Mushtaq Ahmad's general conclusion regarding Pakistan's present place in the international field is interesting, though not everyone will consider it entirely sound. He asserts that it was economic necessity, allied with security considerations, that forced Pakistan to make a choice between the great powers. The disastrous economic crisis of 1952, partly caused by heavy defence expenditure, compelled Pakistan, he maintains, to accept military aid from the United States. But did ideological considerations play no part? Surely Pakistan was drawn towards the western powers, and away from the Communist bloc, by religious traditions and a belief in democratic living at least as much as by a shortage of rupees. To suggest otherwise is hardly complimentary to a proud nation with a proper sense of its own importance.

"The Cruelty Man"

THE PREVENTION OF CRUELTY TO CHILDREN.
By Leslie Housden.
Cape. 406 pages. 28s.

THIS large, well documented and disturbing book should be read by all concerned with the theory or practice of child care. The history of the seventy years' work of the National Society for the Prevention of Cruelty to Children is told by Dr. Leslie Housden in order to show that "despite enlightened legislation, and all the benefits of the welfare state" there are still children living in conditions that seem "too bad to be true." Dr Housden contends that the drop in numbers of actual convictions for ill-treatment or neglect of children over the last fifty years is misleading. The cases that are brought to the courts represent only a small fraction of the children known by statutory and voluntary visitors to the home to be in need of help.

Two attempts to meet the needs of problem families are given Dr Housden's particular approval. In both the emphasis is laid on a continuous personal relationship between the social worker and the parents, which avoids the overlapping and fragmentation of only too many of the present statutory domiciliary services. The first is the appointment by the NSPCC of twenty-six "women visitors." The purpose of their work is to "create the happiest possible home for neglected and ill-treated children so that they may one day embark on their own married lives with experience to act as a trustworthy guide." The Family Service Units, operating in London and ten provincial centres, also come in for Dr Housden's commendation. He quotes from one of their reports an example of their understanding approach to the problems of mothers.

> The odds against the mothers are many and varied. They are frequently hampered by poor health and physique, low mentality, emotional instability . . . shocking housing conditions, overcrowding, frequent pregnancies, too many young children and every kind of unco-operative husband.

On the official side, Dr Housden deplores the present duplication, overlapping and delaying effects of the many services connected with the home and the family. He finds the local co-ordinating committees variable and on the whole ineffective, and urges renewed attempts at rationalising the present confusion. From the point of view of personal relations, Dr Housden, while emphasising the cycle of behaviour patterns from one generation to another, has placed slightly too much emphasis on exhortation, and rather too little on the psychiatric and other forms of personal help now being developed.

Canadian Style Democracy

THE GOVERNMENT OF CANADA: *Second edition, revised.*
By R. MacGregor Dawson.
Toronto University Press (London: *Geoffrey Cumberlege*). 677 pages. 58s. $7.25.

THIS new edition of Professor MacGregor Dawson's massive work is to be welcomed, especially in view of such new developments as the admission of Newfoundland to the Canadian federation and the Act of 1949, which gives the Parliament of Canada a limited power to amend the British North American Act. The fact that the first edition, published in 1947, went through five printings indicates the importance and usefulness of the book. It is the standard work on the Government of Canada, but it is by no means a dry-as-dust text book, for Professor Dawson writes with a lively clarity and a sure grasp of his many-sided subject.

The book is a mine of useful information covering the wide range of basic facts and references (with the text of the British North America Acts and other relevant statutes in an appendix) in admirably balanced proportion. It does not deal with provincial or municipal government, limiting its subject matter to the central or federal government and its relations with the provinces; but this is an enormous subject involving the whole problem of the distribution of federal powers and responsibilities, the achievement by Canada of independent nationhood, the peculiarities of Canadian parliamentary democracy (notably the structure and functioning of Canadian political parties) and the anatomy and relationships of the three branches of governance and the way in which they work. The section on the development of the constitution is particularly interesting. Canada, being a federal power with an Act of the Imperial Parliament as its written constitution, has some special and interesting problems to face as growth and change require parallel changes in government.

Professor Dawson's comprehensive treatment is all the more remarkable in that his sources are scattered and diverse. Writing this book was not simply a matter of pulling together authoritative studies of each aspect of government: it involved much original research work as well as bringing a complex array of changing and interrelated facts and problems into coherent perspective.

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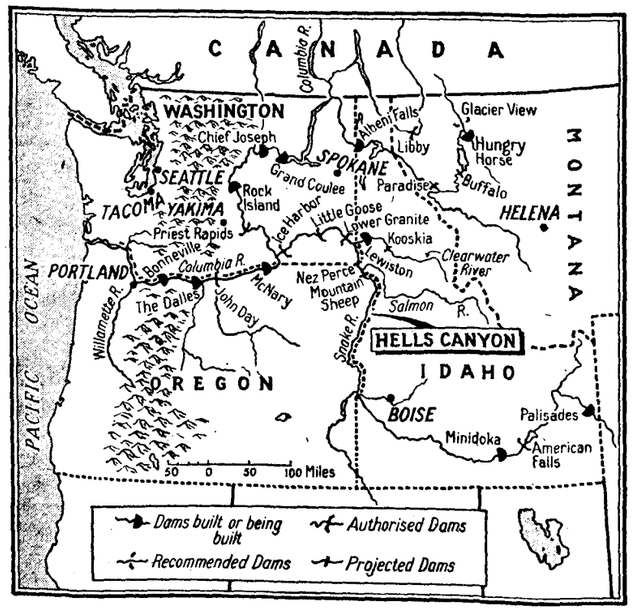
American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Hot as Hells Canyon

Washington, D.C.

THROUGH Hells Canyon the Snake River, a tributary of the mighty Columbia and the frontier between Idaho and Oregon, drops 7,000 feet. In doing so it offers the greatest source of hydro-electric power yet untapped in the Pacific Northwest; and, as a result, it has generated a highly-charged political struggle. Last week the Federal Power Commission, an independent agency set up on the theory that such matters can be settled "outside politics" and "according to the facts," awarded a licence to develop the site to a private electricity concern, the Idaho Power Company. So far from settling the matter, this made it certain that Hells Canyon would be sending out sparks until the next election, and probably long after.



Legal appeals are expected to delay the start of work at least two years. In the meantime, the control of the Senate, where the Democrats now have a majority of one, may well be decided in the spray of this almost inaccessible canyon. The Republicans think that two of the most vulnerable Democratic seats up for contest next year are in the states of Washington and Oregon, where Senators Magnuson and Morse, both advocates of governmental development of hydro-electric sites, will be standing for re-election. On the other hand Democrats think they might win Senator Welker's seat in Idaho.

The lines of battle are clearly drawn. If the Idaho Power Company builds the series of three dams that the Federal Power Commission has now approved, this rules out completely the heroically high dam in Hells Canyon which forms part of the main control plan for the Columbia Basin, drawn up by the Army Corps of Engineers after the disastrous flood of 1948. The commission, which is legally obliged to allow for the "best comprehensive development" of river basins, based its decision on its failure to find any "clear economic advantage" in the high dam; in particular the extra power to be generated from the high dam would be excessively costly and the extra storage space for flood control purposes could easily and more usefully be provided elsewhere. The private company's scheme would meet a chronic and growing shortage of electricity in the quickest way, with the federal government getting 1 million acre feet of water storage thrown in without any cost to the taxpayer.

It would have been too much to expect that Senator Morse of Oregon and the extremely articulate supporters of a high dam built and operated by the federal government would accept this. Their fundamental objection is that, in calculating whether the high dam's extra power would be economic, the commission put the costs of the two schemes on an equal footing. But the whole point of publicly-generated electricity, say its supporters, is that it does not have to bear the same costs as private power because, being an activity of the federal government, no taxes are paid on the facilities and money for them can be borrowed at the cheapest rate. The loss of tax revenue by federal, state and local governments, according to this thesis, is more than compensated for by the great stimulus given to industrial expansion as a result of the cheap rates charged for the public power. It is argued that, thanks to existing federal dams in the Columbia Basin, these cheap rates are a basic cause of the present prosperity of the Pacific Northwest; that Idaho's relative economic stagnation is due to the domination of that state by private utility companies; and that, if the Idaho Power Company builds the three dams, it will never be able to get rid of the excess electricity it will have after the needs of its old captive customers have been met, because nowhere else in the Pacific Northwest will anyone pay its fancy prices.

This main argument had some support from the findings of the hearing examiner, a kind of judge of first instance in the Federal Power Commission. But in addition the supporters of the high dam are emphasising other hotly-contested points. In the first place, there is the original control plan. There is no question that, if this is to be regarded as a fixed, immutable scheme, the high dam is right. But the validity of the plan has been challenged by some qualified engineers speaking on behalf of the company. They say that the high dam's vaunted storage space will seldom, if ever, fill up, because of the depletion of water resulting from the great increase in irrigation that is going on above the dam in the vast semi-arid wastes of Idaho. One of the engineers, indeed, has gone further and said that, for flood control purposes, the dam is completely in the wrong place. With the $500 million saved through not having to build the high dam, the federal government could dam the Snake farther up the river, so providing more water for Idaho's irrigation at the same time; more urgently, the government could dam the Clearwater and Salmon rivers which cascade violently into the Snake, causing much flood damage, lower down than Hells Canyon.

★

The Governors of Oregon and Idaho, both Republicans and supporters of the Administration's policy of "partnership" between the federal government and private enterprise in hydro-electric development, have also challenged the original plan on much the same grounds as the engineers. Moreover, the Governor of Idaho is worried that, if the federal dam were built and if the investment then failed to produce according to expectations, Congress might step in to ensure a full water supply for the Hells Canyon dam by cutting down on the amount of water Idaho's farmers can draw off from the Snake to irrigate the desert. In the opinion of the Governor of Oregon, the limited amount of federal funds that it seems realistic to suppose can be squeezed out of Congress for the Pacific Northwest would be better spent where they can be of more tangible benefit to his state.

The second point stressed by supporters of the high dam is that its extra storage space and more efficient regulation of the Snake's flow would increase the output of power in dams farther down the river and justify building others that are now only in the planning stage. This is not denied, but the opponents argue that it fails to take account of the fact that, by the time the high dam had been built, the Pacific Northwest would be relying as much on power generated by steam as on hydro-electric power.

Unfortunately for the idea that the dispute should be settled by engineering facts, no two engineers seem to be agreed on any two facts or any assumptions. This leaves it to be settled on the hustings, with Senator Morse doing full justice to the old theme that "the people's resources should belong to all the people," and with his opponents denouncing his all-or-nothing attitude which could lead the Northwest into a power famine with no private dams at Hells Canyon, no congressional appropriation for a public dam, and the Snake River going on its way unsnared.

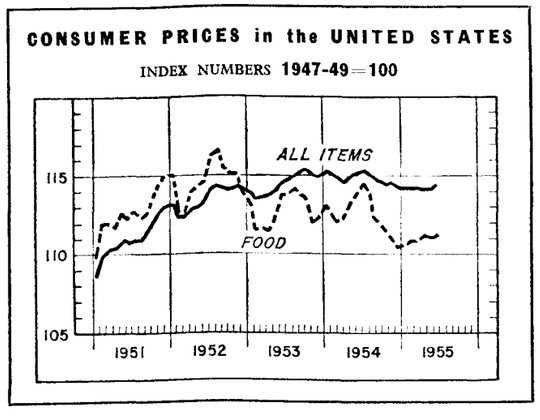
Roads Blocked

THE endorsement given by the State Governors, meeting in Chicago with a Democratic majority, to the objectives of the Republican President's road programme confirms the general agreement on the urgent need for strengthening, and filling up the gaps in, the country's network of interstate highways and the subsidiary roads leading to them. Yet what would have been the greatest road building programme ever undertaken in the United States is the most important piece of business left unfinished by Congress when it adjourned until January. This is explained by the bitter arguments, not about the roads themselves, which have in fact been little discussed, but about how they should be financed.

It is now usually accepted that the federal government, not state and local authorities, should be responsible for most of the cost. The President, thinking of the uncomfortably high level of the national debt and the desirability of balancing the budget, proposed that the federal contribution—about $30 billion over a period of ten years—should be found mainly by the issue of bonds instead of by taxation. The Democratic Senator Byrd argued that this was an unjustifiable and uneconomic way of getting round the legal limit on the national debt. The Senate accepted his view and approved a Bill which authorised the federal government to spend about $12 billion over a five year period but made no special provision for financing.

Such provision, if it involves taxes, must be initiated in the lower house. There the Public Works Committee approved a Bill, also sponsored by Democrats, under which the federal government would have spent just about what the President proposed, but with the money being found by motorists and lorry owners, who would have had to pay increased taxes on motor fuel and tyres. The Administration was prepared to accept this, but the road users' lobbies mobilised against the Bill. Under their pressure and that of the adjournment rush, the House turned down both the President's plan and its own committee's proposals, and Congress went home leaving the highway programme so involved in partisan recriminations that there is some doubt whether it can be saved next year.

But by then voters will have had another year of driving an ever growing number of cars along ever more inade-



quate roads, becoming ever more bad-tempered and ever more ready to support anyone who promises an improvement. The State Governors spent much of their time suggesting possible compromises, already being discussed in congressional circles, by which the financial block in the way of the highway programme can be either by-passed or removed. Both the President and the Governors have implied that a special session of Congress may be called this autumn to deal with the situation. This is, nevertheless, improbable unless a sudden collapse of the boom makes the road programme urgent as a remedy for economic depression rather than highway congestion.

Overflowing Granaries

THE August crop reports, which confirm the view that this is likely to be either the second-best, or even the all-time record, year in American agriculture have coincided with a revival, largely inspired by the Geneva conference, of the idea of piercing the iron curtain by exporting and giving away food. For it is becoming an inescapable fact that, in spite of restrictions on plantings, the American farmer, assisted by good weather, the heavy use of fertilisers and machinery and the "miracles" accomplished by research, is producing vastly more food and fibre than the country can use or the government can store or dispose of without gravely upsetting international trade and overburdening the American taxpayer.

How difficult it is to reconcile the conflicting, and often acrimonious, points of view of the farmers' spokesman in Congress, the government expert and the diplomat, is illustrated by the long-awaited, but still vague, plans for marketing cotton which Mr Benson, the Secretary of Agriculture, announced last week. The United States may offer to sell for export, after January 1, 1956, up to one million bales of its stocks of lower-quality cotton, on a competitive bid basis. This compromise decision could only go a very small way towards solving the problem of surplus cotton; despite rigid controls, this year's crop may exceed 12 million bales, and it looks as if the Commodity Credit Corporation, the organ of the government's price-support policy, will have to go on storing about 8 million bales.

A similar glut prevails in other commodities and the government's investment in farm products is now about $7 billion. Attempts to sell or barter food overseas and to give it away to the needy at home and abroad are making only a small dent in the vast surpluses of grain which are piling up in the holds of unused ships and in every available storage bin. Mr Benson is caught in a vicious circle of high prices supported by the government, of a consequent lag in the commercial export of American foods and fibres, and of congressional determination that the vast surpluses must somehow be reduced. Mr Benson is relying on ever more stringent controls over the planting and marketing of certain crops, on lowering the level at which the government supports prices and on getting rid of more of the surplus abroad; he hopes to dispose of $2.5 billion worth overseas this year, compared with $2 billion in 1954.

Nevertheless, Congress—which has just doubled the value of surplus farm commodities which the government is authorised to offer abroad—is looking for a more dramatic solution to the whole problem. Several Senators are advocating a massive barter or sales programme with the Communist world. But whether Marxist leaders, to whom the surplus problem is a shining proof of the "inherent contradictions" in a capitalist economy, will prefer their stomachs to their theories remains to be seen.

Girls in a Whirl

New York

WITH the enthusiasm of spectators at a baseball match, residents along the east coast of the United States have been watching, for the past two weeks, the hour by hour progress of Hurricane Connie, and then of her little sister Diane, as they have been escorted up from the South Atlantic by the brave "hurricane herders" of the naval air force. As her name suggests, Connie was the third of this year's brood, but the first to follow the dangerous path along the populous seaboard which was taken a year ago by her vicious relatives Carol, Edna and Hazel. A striking change this year, in comparison with the beginning of the 1954 hurricane season, is the improvement in the advance warning systems, which now permit detailed precautions to be taken in areas likely to suffer. But even this is not enough for the insurance underwriters, or the telephone and electricity companies, who have hired their own meteorological experts to keep an independent check on the public services.

The three worst hurricanes last year cost the insurance industry at least $230 million in claims. This financial loss was by no means a purely American burden. British companies underwrite directly about 10 per cent of the non-life-insurance business in the United States, and bore between 10 and 15 per cent of the direct claims for windstorm damage filed last year. But even more significant is the loss incurred by British reinsurers. Of the $200 million paid out so far on last year's claims, over $100 million was reinsured, and some two-thirds of this by underwriters in London. Hurricane damage is usually dealt with by an "extended coverage" endorsement to an ordinary fire policy. Some companies offer a separate and more expensive "wave wash" insurance, but on a more limited scale. Until last year rates for extended coverage in the New England area, once considered immune from hurricanes, were as low as 3 cents a $100 insured, in comparison with premiums as high as 60 and 80 cents a $100 in Florida and other areas where hurricanes and tornadoes were traditional.

If, as recent experience suggests, the hurricane belt has moved, by-passing Florida to concentrate on the Carolinas and New England, it is clearly time for a complete revaluation of rates for windstorm insurance. This has been recognised by the industry, which has already raised rates in New England by 150 per cent, and has applied for increases in other areas. So little is known of the meteorology of hurricanes that forecasting is still more of a gamble than a science. But, with the help of a grant of $500,000 from Congress, the weather men are preparing to make close examinations of this year's procession of delinquent damsels.

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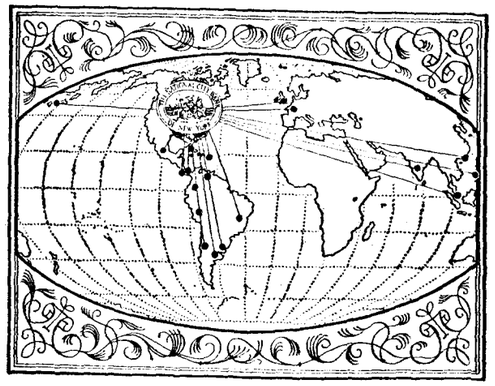

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Slower Tax Write-offs

WHEN the Korean war came, the responsibility for the necessary industrial expansion in the United States was put almost entirely on private concerns. They were induced to expand in the directions and with the speed the government considered necessary by special amortisation privileges, under which they were allowed, for tax purposes, to depreciate the cost of new defence facilities in five years instead of the usual twenty; the company's immediate tax obligations were thus reduced and the capital needed for expansion became easier to find. Nearly $31 billion worth of new plant has been written off in this way since the latter part of 1950; on an average 60 per cent of the cost has been subject to fast amortisation. But it is odd that in 1955, two years after the Korean armistice and at a time when defence expansion is supposed to be nearly over, applications for fast write-offs have been going up.

As a result a suspicion has arisen that businessmen may be finding defence excuses for expansion that would be undertaken in any case to meet growing civilian demands. In addition, the original amortisation privileges are beginning to run out, and it looks as if some of the companies affected may be seeking some way of postponing the day when they will have to pay taxes at full rates. These doubts centre around the "defence-supporting" industries, not those so directly concerned with armaments that there is little question of their continued need for special consideration. The main applicants for fast write-offs are now in the former category and are chiefly producers of electric power, steel, railway equipment, oil, aluminium, commercial aircraft and shipping. Some of them insist that they cannot expand without the tax assistance which the Secretary of the Treasury, Mr Humphrey, calls an "artificial stimulus of a dangerous type." But Mr Humphrey, himself a steel producer, believes that most of the planned expansion would come without fast write-offs, but less quickly—and today a little slowing down does not seem undesirable.

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Mr Humphrey has pointed out that the purpose of the fast write-off programme is to build a strong industrial base for military expansion, not, as some businessmen seem to think, to enable the country to maintain full civilian output when war comes. He is concerned at the loss in revenue, which has now mounted to nearly $900 million a year, from fast tax write-offs. In Mr Humphrey's opinion these are unfair both to ordinary taxpayers and to companies which are not eligible for this kind of assistance; in addition, he argues that the need for it is now less than it was, since the excess profits tax has gone and last year's tax Act gave industry more favourable depreciation allowances. In consequence of all this, the issue of write-off certificates has been almost suspended, except in the case of facilities for certain kinds of fabricated aluminium and steel, and for a few metals, notably nickel and titanium, and the whole programme for fast amortisation is under review. It is expected to emerge in a curtailed form more fitted to the present long-term defence programme.

Marriage of Convenience

IN the week of December 5th, the American Federation of Labour and the Congress of Industrial Organisations will solemnly merge into a group of some 15 million members. The fact that, after long discussions, it was decided that the new colossus was to be named "AFL and CIO" neatly illustrates how difficult it is for either sides to make any concession for the sake of this marriage of convenience. This was first agreed upon by leaders of both parties last February; that it is now certain to take place fairly smoothly is the result of months of negotiation on a common charter and of incessant efforts by AFL and CIO chiefs to convince their rank and file that the merger is to their advantage.

The new constitution is largely a re-affirmation of principles that have guided both groups of trade unions. It provides for the exclusion of unions thought to be under Communist control, it recognises the equal status of craft and industrial unions, and it advocates complete racial and religious equality—a principle which the AFL had sometimes eschewed. But where Mr George Meany, head of the AFL and president-designate of the super-union, and Mr Walter Reuther, head of the CIO, will run into real difficulties is over the parcelling out of specific jobs. For each senior post in the new AFL and CIO, both sides will nominate one of their own men and then the horse-trading begins. As certain jobs, such as membership of the political action committee and of the top research groups, are absolutely decisive, a good deal of hard wrangling can be expected before the final roll is called. Moreover, in both the CIO and the AFL there are unions which still do not accept the merger plan with anything but bad grace.

Once the merger is completed, however, a great new force will be at work on the American labour and political scene. Already, the CIO is planning a multi-million dollar fund to finance a nation-wide drive aimed at organising unions in the retail trades, business offices, chemical industries and industries throughout the South where unionisation has had a difficult time. The AFL, for its part, has assailed this year's congressional record as "generally disappointing" and has promised that the "united labour movement" will go all-out to support its interests and candidates that favour them in the 1956 elections.

E Pluribus

Washington, D.C.

THE Governors' Conference has just held its annual session in Chicago. This is the only glamorous part of an almost unnoticed process which tries to overcome some of the inconveniences arising from the fact that the United States are really forty-eight separate jurisdictions. The routine and full-time work is done by the Council of State Governments; this is made up of Commissions of Interstate Co-operation which are mixed bodies of legislators and

administrators appointed from each state. The council has a board of managers and an expert staff, with central offices in Chicago. Besides undertaking considerable research of its own, it provides an information centre for any state that wants to know how a particular problem has been tackled elsewhere, and supplies a common secretariat to a variety of functional organisations of state officials, of which the Governors' Conference is only the most exalted.

Outside the council, but working closely with it, are the commissioners on uniform state laws. Five public-spirited lawyers from each state are appointed by the Governor to labour away without pay at drafting model laws for submission to the State Legislatures. Each year the council's special drafting committee draws up from lists of Bills suggested by the officials' associations, the uniform law commissioners and its own staff, a model legislative programme for the various states. The response from the State Legislatures is patchy, but the council is reconciled to achieving its results over a long run by patience and flexibility.

Its most impressive gains are those connected with commercial law, where it is a great help to have uniformity in such matters as negotiable instruments and bills of lading. The council has also done much in the field of family relations. Indeed, on the model law for enforcement of support the scorecard which the council fills in when extra states pass its proposals, is so complete that anyone planning to desert his wife and children would be well advised to take refuge in the District of Columbia.

In many of its reports and in such publications as the monumental "Book of the States," which it brings out biennially, and its monthly bulletin *State Government*, the council also tries to ease its members along the hardest path of all, that of improving the quality of state government itself. Although the task must be frustrating, each year it has been possible to chalk up some progress in some state somewhere towards such goals as the establishment of a clear chain of executive command down from the Governor, four-year (as opposed to two-year) terms for Governors, an efficient budget system, and a properly paid, adequately staffed and truly representative Legislature meeting every year.

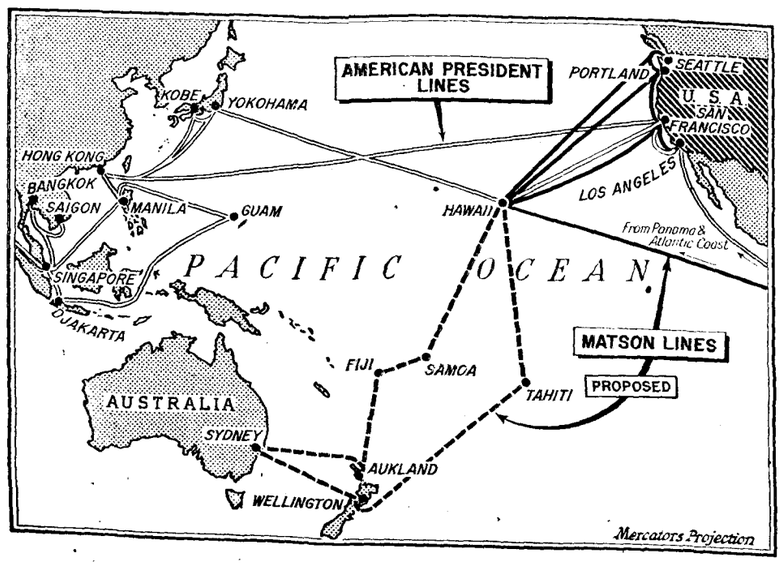
Sailing the Pacific

FROM A CORRESPONDENT IN CALIFORNIA

ALTHOUGH the second world war left the United States the unchallenged political master of the vast expanses of water that lie between it and the Orient, from the point of view of shipping operators the Pacific Ocean is even less of an American lake than it was before the war. Since a brief period immediately after 1945 when they enjoyed a near monopoly of the pent-up demand for shipping, American flag lines in the Pacific have suffered from the crushing loss of the rich China trade, an impressively swift return of foreign (most notably Japanese and Scandinavian) competition, a lengthy rate-cutting battle and a sharp rise in air traffic. In addition, these lines have shared with the rest of the American merchant marine the ills brought about by the high cost of operating and replacing ships and by the absence of a consistent programme for government assistance.

Today, American ships in the Pacific are carrying less than 25 per cent of the passengers they had in the nineteen-thirties and only about one third of the volume of freight. Moreover, it is estimated that foreign flag lines are taking more than 90 per cent of each year's steady increase in freight carryings. About half of the subsidies for ship construction approved by Congress at its recent session is going to the two largest American carriers in the Pacific, to help them to "dominate" their respective trade routes. But although these plans of the American President Lines and the Matson Navigation Company constitute the boldest new programmes currently under way in the American merchant marine, their modest proportions indicate how constricted are the horizons for American shipping in the Pacific.

American President Lines is the first carrier to negotiate with the Maritime Administration, which administers shipping subsidies, a schedule for the gradual replacement of its entire fleet in advance of the time, about ten years hence, when most of the country's war-built vessels will reach obsolescence. Approximately half of the initial estimated cost of $65.8 million is to be paid by the government. The line now operates freight and passenger services between the west coast of the United States and the Orient and on an around-the-world route, and a freight service between the Atlantic coast of the United States and the Straits Settlements *via* Panama and Pacific ports.



American President Lines enjoys a semi-official status in the Pacific that is in keeping with its history. It originated as the Dollar Line, and the "$" sign on its funnels long symbolised Yankee interests in the Orient; but for nearly twenty years, ending in 1952, it was owned by the United States government, which had assumed control when the Dollar interests met financial difficulties during the depression. Now back in private hands, the line is still kept alive partly by the government subsidies which underwrite operating as well as construction expenses, in order to compensate American shipowners for their higher costs in relation to foreign companies which pay lower wages. The compelling argument for this assistance is the need for an active merchant fleet in time of war. In 1954, the cost of operating the company's vessels consumed nearly all of the $57.1 million they brought in. But subsidies of $13.6 million covered administrative and other expenses (including income tax) and helped the company to pay $3.5 million in dividends.

Even with all this government assistance, American President Lines is far from "dominating" shipping on its trade routes, although it has fared better than other American carriers. The difficulty is not only that the line's ships are older than competing foreign vessels. In addition, under the subsidy agreements rigid routes and schedules must be followed while other lines, both American and foreign, are free to call at any port where cargo offers. There have also been problems peculiar to the Pacific, the line's principal sphere of operations. Freight rates in the area were depressed from 1952 until recently and rivalry between maritime trade unions has led to almost continuous labour difficulties. However, there has been some strengthening of freight rates and, at the end of June, the line withdrew from an industry association in order to obtain more freedom in labour negotiations this summer.

But it is in its passenger operations that American President Lines has its greatest difficulties. Before the last war it operated seven trans-Pacific ships with substantial passenger accommodation; now it has only two, and these operate considerably below capacity even though none of the large prewar carriers has re-entered this service. The chief trouble is that the loss of travel to and from China and the sharp rise in cheap air transport has all but destroyed the heavy prewar demand, mainly from Orientals, for third-class space.

These ships will not be replaced until 1965 (by which time the Japanese will doubtless have re-entered the trans-Pacific passenger trade), but it is already clear that vast changes will be made. Combination freight-passenger vessels (in which freight-carrying considerations come first) seem inevitable. The comparatively small number of passengers and the long distances involved rule out the large passenger liners with frequent sailings that are possible and profitable in the Atlantic service. Moreover, passenger accommodation on freighters has proved so popular that bookings must today be made as much as two years in advance. The replacements for American President Lines' round-the-world fleet, as recently approved, will consist of four existing freighters on which the standard cabins and enlarged public space will be luxuriously furnished and decorated, and two new ships with room for 106 passengers superimposed on cargo capacity as large as that of conventional freighters.

Two freighters converted to carry 370 passengers each are the ships with which the Matson Navigation Company intends next year to "re-establish" the prewar service to Australia and New Zealand which employed two 770-passenger luxury liners. Despite the comparative restraint of the programme (the ships will handle part of the line's existing freight operations), the company has repeatedly insisted that only the most extensive guarantees from the government and from the maritime trade unions would enable it to undertake the project. Part of its hesitancy was due to the fact that competition has appeared: successful experimental voyages in 1954 by the Orient Line led that British company to establish six cruises a year between Australia and the west coast of North America with its newest and largest passenger ships.

But even in its service to Hawaii, from which foreign flag operators and most other American lines are barred, the Matson Company has been unable to rebuild its pre-war service, and is operating only one of the two liners it used before the last war. Although a second ship is needed to help carry Hawaii's immense tourist traffic, the line has decided it cannot build such a vessel in the absence of labour stability and of subsidies, which are not available on a domestic trade route such as this. It is perhaps significant that Matson, whose corporate title declares it to be a navigation company, has in recent years steered 20 per cent of its assets out of the open sea and into the operation of hotels, an insurance company and investments in industrial stocks.

SHORTER NOTES

President Eisenhower's powers under the Defence Production Act have been extended by Congress for another year. They include the right to allocate and stockpile defence materials, to assist in the expansion of defence plants and to impose an embargo on shipments to Communist countries. The Bill, moreover, allows the Administration to employ men on leave of absence from their business jobs without compensation. But it forbids their use in positions where "policy is made," to avoid "conflicts of interest" between their private and their official concerns.

★

The first genuine "guaranteed annual wage" has been won not by the automobile workers, whose leaders first conceived the scheme, but by the steel workers in contracts with the American Can Company and the Continental Can Company. Laid-off workers will have their unemployment benefits made up by the company to 65 per cent of their usual earnings for 52 weeks.

★

President Eisenhower has signed the Bill repealing the franchise of the Capital Transit Company which has been strike-bound since July 1st, leaving Washington without public transport. The Commissioners of the District of Columbia are now authorised to negotiate a contract for the resumption of bus and tram services.

★

Mr Donald Quarles, the Defence Department's top expert on guided missiles, has been appointed Secretary of the Air Force, to succeed Mr Talbott. His appointment is still subject to congressional confirmation.

★

Correction: The last line on page 544 of *The Economist* of last week read "$750 billion higher than they had been a year earlier." The figure should read "$750 million."

The World Overseas

A Determined Sudan?

FEW would choose to meet in Khartoum at the height of summer or to travel at the peak of the Nile flood. But inconvenience can be borne by a people in a hurry, and this was the mood of the Sudan Parliament when it assembled there for a single day this week. Bent on cutting to a minimum the "transition period" between its country's old life of tutelage to British and Egyptian co-domini, and its prospective one based on self-determination, Parliament rose to its feet and with one voice shouted "aye" to the proposal to set in motion the machinery for determining its own future. By the terms of the Anglo-Egyptian agreement of 1953, the signal for this act was to be its report that Sudanisation of the administration was complete, carrying the implication that self-determination could be exercised without fear of foreign influence.

Parliament has therefore pulled the lever which, according to that same agreement, brings about the withdrawal of British and Egyptian troops within three months, and is meant to be followed by the election, under neutral supervision, of a constituent Assembly charged with two tasks—that of choosing between independence and some form of link with Egypt, and that of drafting a constitution and electoral law.

On Tuesday, the unanimity was resounding, but was it unanimity only on the negative issue of good riddance to the final vestiges of foreign control, or was it unanimity on the positive issue of independence and the way to complete it? The evidence on this last score is not yet absolutely clear, though the Egyptian government, by choosing to heed only the omens pointing to the Sudan's unionist leanings, and by much inept propaganda against independence, has done a great deal to unite former Sudanese antagonists in a wish that the Nile Valley shall be one on a basis of alliance between sovereign states, and not of union between Big and Little Brother.

To Sudanese and Egyptian eyes that saw "foreign influence" only as British influence, the plans for an election and unfettered self-determination looked to be smoothness itself when conceived two years ago. But, since then, snags have arisen, the chief one of them out of a mere working of human nature that no one in the Nile Valley foresaw. For years the Sudanese graduate class, brimming with ambition to run its own show and so to get rid of its British schoolmasters, had thought nothing of calling in Egyptians as helpers in a struggle that it believed (probably rightly) it would take more than a lifetime to complete on its own. It could scarcely believe its eyes when, from 1953 onwards, it saw its British monitors preferring exodus to thankless struggle, putting up their goods for auction, and leaving for home. Now, it is in a position unanticipated by its members but common enough in fable and history—that of the man who called in an ally to redress a balance, only to find his guest both exacting and embarrassing once the need for a counterweight is past.

The finer shades of Sudanese opinion require more detailed description, but this main development serves to explain many of this year's events—notably, the conversion of successive groups of so-called unionists into protagonists of independence, Egyptian chagrin at what Cairo views as a dastardly change of heart, and mounting Egyptian anxiety over loss of face in a field in which the *junta* had scored one of its notable successes, leading to an unwise volume of propaganda and fuss. Egyptian qualms lest free elections (in the sense that those of 1953 were neutrally supervised and free) will this time lead to a less pro-Egyptian result than that of two years ago were reflected in the difficulties that the co-domini have experienced in agreeing on the nature of the supervisory body; at Egypt's request, they have finally left all arrangements to the Sudanese—a compromise accepted by Britain in the interests of speed, but a surrender of authority that amounts, on Britain's part, to an avowal that the Sudanese are more capable of choosing umpires who will work without bias than is any combination which includes Egypt.

Meantime, the whole immediate future is called in question by a sudden Sudanese desire that the method of self-determination shall be changed from that of choice by a constituent Assembly to choice by plebiscite. The wish has been unofficially advanced by both the Sudan's grand old men—the influential religious leaders of the Mahdist and heterodox *Ansar* and of the orthodox *Khatmia* respectively; certainly the Mahdi has mooted it on the grounds that if Egyptian bribery is to be rife, it is harder to bribe the whole Sudan than a smallish Assembly. The cabinet is this week studying the plebiscite proposal.

No one can grasp the niceties of Sudanese internal politics without bearing in mind two hard facts—the first, that in the Islamic, Arabic-speaking north, sectarian prejudice can still make or break a political cause; the second, that in the non-Islamic and much more primitive south, northern help is needed because the Southern Sudan is not as yet economically viable, but northern dominance is dreaded; southern leaders, therefore, are prone to listen to anyone who promises help in evading subservience to Khartoum—in the old days, to Britain; at the time of the last elections, to certain glib northern politicians; today, to siren calls from

Egypt. Subject to these two overriding factors, the main groups that will sway the forthcoming choice are relatively few, but are no longer the same as those which won the last elections for the pro-Egyptian National Unionist Party.

In 1953, the NUP heavily topped the poll, thanks to votes cast from a variety of motives, some of which no longer hold good. Its then supporters included not only advocates of close union with Egypt, such as the *Ashigga* party, but people favouring only some tenuous link of a kind they were not ready to define; a further broad section of support came from orthodox (*Khatmia*) voters who, from religious motives, preferred not to hand power to the main independence (*Umma*) party headed by the heterodox Mahdi. A judgment in a recent court case shows that Egyptian money also contributed to the NUP's success. Conversely, the *Umma* fared badly in 1953 partly because, in its eagerness to acquire political maturity, it had worked in with British schemes for increased self-government, and so bore the stigma of pro-British leanings. The main difference between then and now is that this over-simple, artificial, and momentary division into groups for and against Britain or Egypt no longer applies: the crowd which, on Tuesday last, broke the windows of the leading pro-Egyptian's new motor car proclaimed that the Sudan wants neither.

All through 1955 evidence of a shift in the NUP's outlook has been growing; even leading Egyptians admitted it in private. First, one group of cabinet ministers hived off on the issue of subservience to Cairo and formed a New Republican Independence Party; in April, its parliamentary wing came out in favour of independence, whereat the stauncher Unionists in its ranks, backed by Egypt, began to quarrel with the Prime Minister, Sayed Ismail el Azhari. A second batch of cabinet dismissals followed and at the moment each of the two factions claims to have dismissed the other's leader from the party. Evidence of the break-up, and of one of its causes, was plain for all to see during Colonel Nasser's July celebration of the Anniversary of the Revolution in Cairo. At that ceremony the Egyptians chose to give Ismail el Azhari and the Sudanese cabinet delegation only perfunctory attention, whilst fêting a rival posse of Sudanese guests; pro-Unionist politicians, accompanied by bands of embarrassingly vociferous tribesmen who had now and then to be silenced by Egyptian ushers, sat in the best seats, captured the headlines and took pride of place on the radio.

Misgivings Confirmed

This situation, though momentarily embarrassing to the slighted cabinet ministers, may have played into their hands, for it epitomised the reasons for their change of heart about union. It demonstrated beyond contradiction the validity of NUP doubts about the *junta's* anti-democratic practices, and crystallised misgivings that had begun to form when Cairo off-loaded President Neguib, muzzled the Moslem Brotherhood, and sought to claim a share in the Nile waters that, in Sudanese eyes, amounts to offering half the milk only after skimming the cream.

Three unsettled questions emerge from this long account of a confusing scene. First, what was the cause of so much Egyptian ineptitude? The *junta* began its relationship with the Sudan well and tactfully; has it the stamina to live down, forget and correct the harm done to itself by a vitriolic campaign against Sudanese leaders who have come to favour independence? Maybe it can soothe its own wounded vanity by ascribing the change to British machinations, but to do so brings it disadvantage in the Sudan, where most reasonable men know the attribution to be untrue. Secondly, are the northern Sudanese now capable of forgetting sectarian prejudice in the interests of organising an efficient method of self-determination? There is now next to no difference between the outlook of *Khatmia* and *Ansar* on this political score. Coalition, even if only for this single purpose, would prove their growing political maturity.

Lastly, need there be a plebiscite? This notion, so attractive in theory, is in practice tremendously difficult to work among primitive communities; the machinery for which it calls is complicated, and cannot fail to retard a process that all Sudanese want to hasten. And does it really offer less scope for bribery than choice by means of an elected Assembly? Is the Sudan so unsure of the independence of mind of the deputies it is about to choose? Is it fit for determination if it doubts its capacity to elect an unbribable self?

Kashmir: Playground and Protectorate

FROM OUR CORRESPONDENT LATELY IN KASHMIR

ALL this summer, long convoys of tourist buses climbed up from the heat of the plains and the Indian monsoon to the cool loveliness of Kashmir. The Kashmiri drivers smoked cigarettes, wore roses behind their ears, and sang softly to themselves as they coaxed their vehicles through the high passes and negotiated endless hairpin bends. At wayside halts the Indian passengers, families from Delhi and Bombay, drank glasses of hot sweet tea, exclaimed over the gay Kashmiri paintings of flowers and lakes that adorned the sides of the buses, and shivered delightfully in the keen mountain air.

In his office in Srinagar, surrounded by attractive brochures advertising the joys of Kashmir, the elegant Director of Tourism rubbed his hands with satisfaction. Mr Raina, who himself looks like an advertisement for something, perhaps a finishing school for polished young diplomats, had good cause to be satisfied. For a while, the flow of tourists to Kashmir looked like drying up altogether, but it has been steadily rising, and this year is expected to exceed 50,000. A few yards from Mr Raina's office, on the Bund, the tourists he has so skilfully attracted haggled happily with Kashmiri sellers of carpets, shawls and wood-carvings, drank coffee in the Indian Coffee House, and planned expeditions to Gulmarg, Pahalgam and the Cave of Amarnath, where Lord Shiva's *lingam* is on display. On the nearby lakes, swarms of gondola-like *shikaras* cut swiftly through the big pink lotuses floating on the water, and crowded round the houseboats rented by the wealthier tourists, clamorously offering bunches of flowers, suit-lengths, furs, precious stones, haircuts, and trips on the lake.

In this holiday atmosphere it is almost impossible to credit the stories of political oppression and brutalities that

are poured out, only too willingly, by embittered opponents of the present Kashmir government. But Kashmir, like many other places, has another side to it. The pleasant young men in olive-green uniforms who saunter on Sunday afternoon amid the splashing fountains in the Mogul gardens, and whose trucks and jeeps rush about the roads that wind through the rice-paddies, are visible components of the 30,000 troops that India keeps in Kashmir. Nobody knows what would happen if they were withdrawn ; but it is just possible that the Indian tourists would find less cause for complacency.

For the average Kashmiri dislikes these confident and patronising Indians, as any casual conversation with a Kashmiri (when there are no Indians in earshot) will quickly reveal. At best, his attitude is that of some Frenchmen towards Americans ; at worst, of most Frenchmen towards the Germans in Paris after 1940. In less uninhibited circumstances, this would be bound to lead to some demonstrations, at least of the "Indians, go home!" variety. As things are, the average Kashmiri has no desire to be assaulted

by the paid bullies of the present Kashmir government's so-called "Peace Brigade," or to be arrested on some specious charge and kept locked up without trial. His resentment smoulders, but it seldom bursts into flame.

Kashmir is quite a well-run Indian colony. The Kashmir standard of living, though far from high, has undoubtedly risen in the last two years, thanks mainly to lavish Indian subsidies. More schools are being built ; "land to the tiller" is far more than merely a catchphrase ; the peasants look well-fed and their children are sturdy. Ambitious hydro-electric and other projects are being pushed ahead vigorously. This is a very different picture from that presented by Pakistan's "Azad Kashmir," where by all reports —including the respectable Lahore *Civil and Military Gazette*—political repression is also practised and goes hand in hand with deepening poverty, neglect and economic stagnation.

Bakshi Ghulam Mohammad, the present Prime Minister of Kashmir, looks like a moustached Mussolini, and often talks like one. In marked contrast with the loud professional optimism of the Tourist Department, the Prime Minister still occasionally growls gloomily about "encirclement" and "disruptive elements." But this, and his tendency to call Pakistan "the citadel of American imperialist intrigues," seems more and more a mechanical harking back to memories of old speeches. The real truth is that Bakshi, who is on the whole an amiable man who means well, is steadily gaining in self-confidence. Two years ago, when he seized Sheikh Abdullah's place (after being his trusted right-hand man), he behaved like one who, having nerved himself to stab a friend in the back, fully expects heaven's vengeance to follow. Today he is considerably more relaxed and mingles freely with his people, without any of the usual "strong man's" security measures. If he—and Mr Nehru —still suffer attacks of conscience, they are evidently willing to pay conscience money.

No More Free than Bakshi

Kashmir even has an Opposition ; though it exists only on sufferance, the men who compose it are not perhaps as deserving of sympathy as they might seem. For they are the broken remnants of Abdullah's regime, who in their day were just as heavy-handed as their former colleagues and present masters. Sheikh Abdullah himself has now languished in prison for two years (at Kud, where the tourist buses pause for tea) without trial. But it is often forgotten that, in the only elections he ever bothered to hold, all Abdullah's supporters were conveniently returned, "unopposed," before any balloting could take place, and that Abdullah employed "preventive detention" at least as freely as Bakshi has done.

This makes nonsense of the current Indian claim that the Kashmir Assembly, which Abdullah so ruthlessly packed, "freely" opted for accession to India, and that therefore the present Bakshi regime is merely carrying out the Kashmir people's unanimously expressed wishes—with the slight exception of having abruptly removed Abdullah himself from the scene by arresting him at midnight in his pyjamas, an act about which Abdullah's own handpicked Assembly was naturally not consulted. But it does perhaps put the Bakshi regime in a slightly better light than the anguished cries of injured innocence from Abdullah's men might indicate.

Yet Bakshi is still haunted by Abdullah's cry of "Better to live on half a loaf than to mortgage freedom to anybody or any country!" If Abdullah ever really meant it, he did so too late. But history would probably find a response in many Kashmiri hearts, if there were any practical way of implementing it. There does not seem to be. India is determinedly binding Kashmir to it, if not with hoops of steel then by twisting the country's entire system of communications towards itself, and by economic integration. There are, besides, the 30,000 Indian troops. Even if there were not, the dismal alternatives to the present regime are precarious "independence" sponsored by the present Opposition, who talk more about revenge than democracy or accession to Pakistan, for which the present state of affairs in "Azad Kashmir" is not a good augury.

Meanwhile, the Indian tourists continue to journey happily to Kashmir in ever larger numbers and, oblivious of the Kashmiris' dark looks, to exclaim over the woodcarvings, admire the carpets and shawls, and explore the lakes and forests. Occasionally, in the Indian Coffee House on the Bund in Srinagar, their voices are heard to rise in tones of heated indignation. But it turns out that they are talking about Goa.

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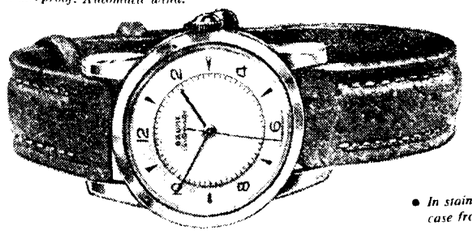

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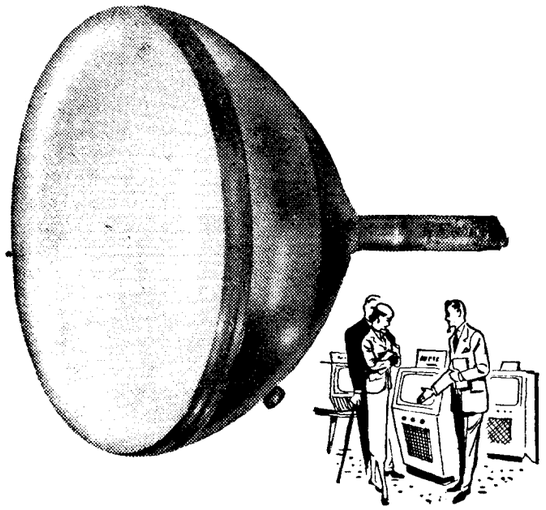

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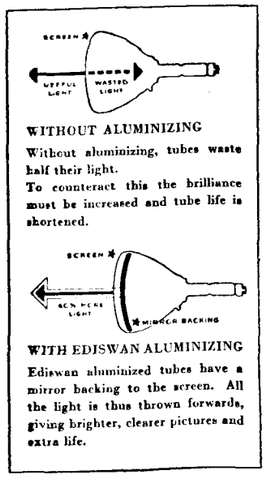

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Saar Germans Play Old Tunes

THE strains of "Deutschland über alles" are drowning the voices of the "Europeans" in the Saar referendum campaign. Every branch of the big German parties has now declared against the new statute. Even the Saar Socialist leaders, although they have always supported autonomy for the Saar, have threatened to join the opposition, not because they are against the statute but because they suspect the Bonn government is playing a double game. As a last blow, the newly formed local Christian-Democratic Union has broken away from the parent party and declared against the agreement concluded by Dr Adenauer with France.

Dr Adenauer did not attend the foundation meeting of the CDU, because the International Commission had reminded Bonn politicians that the statute forbade outside interference during the referendum campaign; but the German Chancellor also refrained from sending a greeting. The behaviour of his party must be a disappointment to him. Even at headquarters, the Christian-Democrats are not wholly behind the agreement, and Herr Kaiser, the Bonn Minister for All-German Affairs, is openly against it. Though he has denied accusations that his Ministry has spent vast sums on financing the pro-Germans in the Saar, one nationalist organisation is known to have received support from this source until Dr Adenauer stopped the flow. It is, indeed, hard to believe that a majority of the *Bundestag* ever ratified the agreement. Very few voices are raised in the German press to defend it now that the Saar opposition has shown that it can command strong popular backing.

Nonsensical Slogans

Political speakers in the Saar campaign seem heedless of the fact that they are proving right those Frenchmen who suspect that Germans have not changed. It is little use now to say that French intransigence is to blame. The mischief is done, though it can still be made good in October when the vote is taken. Orators are whipping up the public into hysteria, with nonsensical slogans such as "Germany shall not be the coolie of Europe and the Saar shall not be the coolie of France." Agitators have broken up Herr Hoffmann's meeting, and they are preventing the public from understanding the real content of the statute. Voters are gaining the impression that it is wholly bad, and that, by rejecting it, they are dealing a blow at the "separatist" government in Saarbrücken; whereas Dr Adenauer pointed out that the new settlement was the only means of getting rid of the old régime.

The impression has been created that there will certainly be new negotiations with France if the present draft statute is rejected, and there were cries of "interference" when a French spokesman in Paris tried to dispel this illusion. In fact, the statute made no provision for its rejection. Legally, therefore, the agreement would simply become void if not accepted, and the Saar would revert to the *status quo* existing before it was ratified. From the purely legal standpoint, the status would not even be that of the present régime, in which political bans have been lifted for the referendum; it would theoretically mean the reimposition of a French High Commissioner. Legally, there would be nothing to prevent negotiations from being resumed, with concessions to the Germans; but politically, it would be almost impossible for a French government to make such a move. The French would say that they had made an agreement which the Germans evidently had no intention of carrying out, and that the same game would be played if more concessions were offered. So, it would be recalled, possession is nine-tenths of the law, and France must keep its grip on the Saar. This would mean a bleak prospect for Franco-German relations and for Dr Adenauer's prestige.

Ceylon Plans Ahead

THE temptation for a government—particularly in a young country—to err on the ambitious side in its economic plans is strong. It is to the credit of the Ceylon government that, in presenting its Six-Year Programme of Investment, it has resisted this tendency. Yet the plan, which was laid before parliament last month, cannot be criticised on the grounds of inadequacy: the aim, which, broadly, is to maintain a minimum increase in per capita national income of 2.7 per cent, thus at least keeping pace with the increase of population, is, in the circumstances, not unduly pessimistic. Naturally the Ceylon government hopes that conditions will make it possible for this minimum rate to be exceeded, but it is wisely setting its sights low.

The critics in Ceylon have already seized upon this conservatism as an object of attack. But much of their criticism is misplaced since it has not been realised that the plan is not, like the Indian five-year plan, a blueprint for the whole economy. It is specifically a plan for the public sector only. Thus the objection raised by Dr N. M. Perera on behalf of the Opposition, that too little emphasis has been given to the development of industries, is not valid because, as the plan reiterates, it is the government's policy to leave industrial development largely to the private sector, which is not included in the planning secretariat's estimates.

There was no indulgence in elaborate statistical exercises in arriving at the figure of 2,529 million rupees (£195 million) as the amount of investment in the public sector during the six years from 1954/55. About half of this sum will be spent on entirely new projects and the balance on completing existing ones. The rule of thumb method used to arrive at the total figure was the sensible one of assuming that recent levels of annual expenditure on development will be the basis for future levels. This ensures that the programme of investment is practicable and, more than likely, that there will be a margin over to allow future expansion of some parts of the plan.

No Place for Heavy Industry

Projects listed as "economic" will absorb over 76 per cent of the total investment, and nearly half of this total will be spent on agriculture, irrigation, and fisheries. Next on the list comes public utilities, and, much further down, comes industry with barely 5 per cent. Social services will take up just over 15 per cent of the total investment, while

money spent on defence and administration is to be kept at a minimum. The emphasis is clearly upon providing for the rehabilitation and further development of those sectors which have traditionally been the strength of Ceylon's economy. There is no room here for the heavy industry, the steel mills, and so on, which in other Asian countries have captivated the minds of the planners.

About 105 million rupees will be spent on rehabilitation in the rubber industry, and smaller investments are to be put into the tea and coconut industries, two of Ceylon's other export industries. Great attention is to be devoted to irrigation and the opening up of the Dry Zone to agriculture. Over 120,000 acres of land will be brought under irrigation and some 140,000 families resettled in the rural areas. Due attention will also be given to the provision of public services, the construction of roads and the improvement of harbours. And efforts are going to be made, with the help of the Colombo Plan, to develop fisheries in and around the island, so as to be able to increase the present standards of consumption.

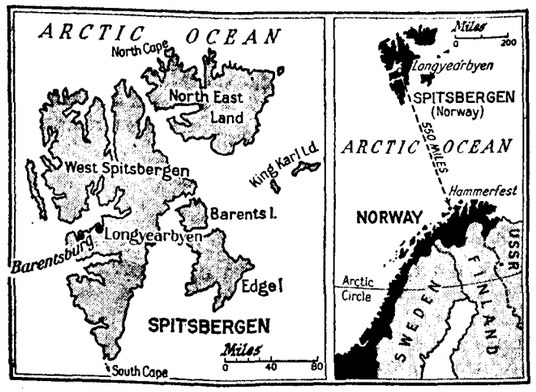
Since the plan does not embrace the whole economy but only the public sector, the wider problems of the availability of resources is not fully covered. But, it is significant that the government is not counting to any great extent on foreign aid in order to implement its programme. Nor is there any intention of resorting to the potentially dangerous expedient of deficit financing to provide the resources; in fact, Ceylon has, more by accident than intention, had successive budget surpluses in recent years. In all, the six-year programme seems to be a severely practical project which should be well within the island's compass.

Co-existence in a Cold Climate

BY A CORRESPONDENT

WITH the market for coal hardening rapidly, the outlook is bright for Spitsbergen, Norway's outpost in the Arctic Sea. In Spitsbergen lie Norway's only coal deposits, and, since Britain's exports of coal are being cut to negligible proportions, the importance of the Spitsbergen coal is enhanced. Norway's coal requirements are now much smaller than before the war, because of the large-scale development of hydro-electric power and the greatly increased use of oil. Nevertheless, for certain industrial purposes, and for much of the railway and coastal traffic, coal is still needed, and the mines in Spitsbergen are a particularly valuable source of supply for North Norway. Recently, shiploads have also been sent to Sweden, Denmark and West Germany. The calorific value of the Spitsbergen coal is high and the ash-residue low. The main obstacle to its more extensive use has been its tendency to disintegrate into very small particles which cannot conveniently be burnt except in a limited range of grates. To some extent this difficulty is being overcome by the installation of briquetting plants in Norway.

In present circumstances, the Norwegian authorities want to see coal production in Spitsbergen raised, and the delegation which recently visited Spitsbergen, headed by the Prime Minister, Hr Gerhardsen, himself, went to look into the possibility of reopening a mine that has been closed for some years; welfare and labour conditions were also investigated. Miners' earnings in Spitsbergen are high, the rate of income tax is low, and tobacco and spirits are cheap. Nevertheless, there is a heavy turnover of labour, and many raw recruits have to be taken into the industry each year. The comparatively high output per shift is due to the degree of mechanisation and the new equipment installed since the war. More labour must be attracted, however, if total output is to increase substantially. But the Spitsbergen archipelago, which is ice-blocked and inaccessible for most



of the year, and where the long winter brings total darkness from October to February, is not an attractive place in which to work. In the conditions of full employment that have prevailed in Norway since the war, it is surprising that the Norwegian labour force in Spitsbergen has been maintained at between 1,000 and 2,000, most of them at Longyearbyen, the main settlement. With the present labour force, output runs at about 400,000 tons of coal a year—an insignificant amount in the total European supply, but an important contribution to Norway's own requirements. In any case, coal production gives Spitsbergen its principal *raison d'être*, for apart from its weather and wireless stations and a fair amount of Arctic game, it has very little else to offer.

This month it is thirty years since Norway formally incorporated Spitsbergen as part of Norwegian territory, in accordance with a treaty signed in Paris in 1920 by the major powers. Certain clauses in this treaty modify Norwegian sovereignty in Spitsbergen in a rather curious fashion. It is stipulated, for instance, that the economic exploitation of the archipelago shall be open equally to all the signatory powers. This explains the presence in Spitsbergen to-day of Russian as well as Norwegian miners. Other nations have prospected and mined in the archipelago, but since 1930 and the inter-war depression in the coal market only Norway and Russia have continued to mine there.

In the last war, both the Norwegian and Russian mines were destroyed; but the Russian mines, like the Norwegian, have now been painstakingly rebuilt and are once more yielding coal which is shipped to North Russian ports. It is understood that there are rather more Russians than Norwegians in Spitsbergen, but that output is smaller. The Norwegian and Russian mines are a considerable distance apart, and there is little opportunity for fraternisation among the workers of the two nations. On the official level, however, relations are most cordial, and the Norwegian Governor of Spitsbergen is very hospitably received on his occasional visits to the Russian settlement at Barentsburg. When the Norwegian Prime Minister visited Spitsbergen this summer he, too, visited Barentsburg, and friendly toasts and speeches were exchanged.

The never very fierce dispute which arose between Norway and the Soviet Union during and after the war over the military status of Spitsbergen is now, it seems, at an end. It is, of course, an old idea that Spitsbergen would serve splendidly as a base for the protection of sea routes through the Barents Sea, but the Treaty of 1920 stipulates that no military bases or fortifications of any kind shall be established in the archipelago. Norway's adherence to the North Atlantic Treaty has not altered Spitsbergen's non-military status, for, although the archipelago comes geographically under the North Atlantic Command, the Norwegian Foreign Minister has explicitly stated that it will not be militarised.

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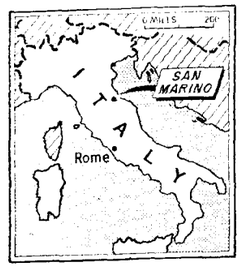
Red Victory in San Marino

FROM A CORRESPONDENT

IN "the ancient and glorious Republic of San Marino," as it is solemnly dubbed by certain Italian papers, the coalition of Communists and left-wing Socialists has, after an epic battle, not only retained power but greatly increased its majority. Yet San Marino, perched on the 2,400-foot Mount Titan, is as different from the drab standardised greyness of "peace-loving" countries as it could possibly be. It is like any other trim Italian mountain village except that its post boxes, which one might expect to be red, are true blue (whereas in Italy, where the political colour is black, the boxes are bright red). And to make matters even more confusing, it is the Left that denies women the vote on the grounds that they are still under the influence of the confessional, and the Catholic Christian Democrats who are pressing for the emancipation of women. The suffragette movement is run by a wiry, determined little woman called Myriam Michelotti, who has been poetically likened to the Maid of Orleans.

Signorina Michelotti's main title to fame, however, lies in her bold plan to fly back the Christian Democrat San Marinese from America in time to cast their votes against the Red regime. At the back of this undertaking lies "a fast one" perpetrated by the Left. Technically speaking, the elections were due in September. But since in a close battle the decisive vote is wielded by the emigrants, who number about 40 per cent of the total electorate, the government put forward the election date to August 14th, a national holiday, thereby ensuring that their left-wing supporters from Italy, France and Belgium would rally in full strength, while the reactionaries from the other side of the Atlantic, who had planned to arrive by ship, would not be able to make San Marino by polling day. Signorina Michelotti, however, dashed to Rome, obtained sympathy, a diplomatic passport and advice on how to raise funds and flew to America. She whipped up enthusiasm for her crusade and mustered no fewer than seventy supporters. The volunteers were all people of modest means; but somehow the necessary funds were raised. It is believed that a further fifty "Americans" made their way home under their own steam. But, alas, the Left mobilised no fewer than five hundred supporters and came out top with an increased majority of 642 against 225 in 1951.



The campaign itself was a rousing performance. Latins love a fight, complete with *brio, slancio* and floods of emotional oratory. Animosity, however, never went quite as far as fisticuffs. There is an elaborate ritual whereby a quarrel works up to a climax just a fraction short of open warfare, at which point there is a brief pause, enabling friends to intervene and arrange a dignified withdrawal. The Left was prodigal in charging its opponents with Fascist activities, misrepresentation and foreign intervention. The Christian Democrats for their part denounced the Red dictatorship for failing to preserve the country's traditions, for maladministration, and for including in the voting rolls a hundred and twenty names of persons known to be dead, who "could be relied on to be impersonated." The prize for disingenuousness of an engaging kind, however, goes to the pamphlet which urged the citizen to remember that "his choice will determine for eternity the destinies of the fatherland," adding below in tiny characters "for at least four long and capital years."

The prospects for this period, it must be admitted, are bright. Each year the ancient republic is flooded with tourists. The multiple issues of picturesque stamps bring in a rich harvest, agricultural production has doubled over the last few years, half a dozen factories have been set up where previously there were none, taxes are a fraction of the Italian level and are progressive. The feudal relations found in Italian agriculture are gradually being done away with. During the winter, when normal occupations are sometimes interrupted, work is provided by public schemes. In fact, were it not for the international associations of the government parties, San Marino would merely be regarded as a somewhat advanced exponent of the Welfare State. Moreover, to judge by the high proportion of obvious opponents of the regime among the holders of shopkeepers' licences and the civil servants, the San Marinese secret police are woefully inefficient.

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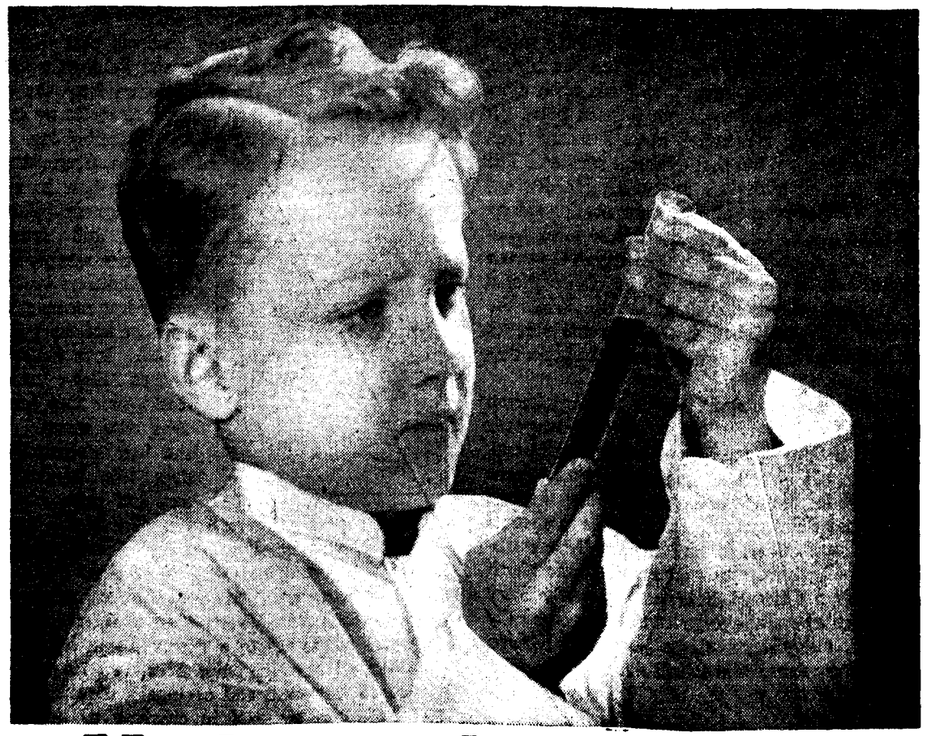

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(1'18)

THE BUSINESS WORLD

Geneva's Atomic Lessons

BY OUR SPECIAL CORRESPONDENT

THE scientists are going home from Geneva—and now begins the lengthy process of piecing together from the mass of papers and discussion a composite picture of what atomic technology can offer during the coming decades. Some rough outline can already be detected; atomic power bulks large in it and it reveals that Anglo-American competition to sell atomic plants is pursuing two different philosophies of reactor design. When Sir Christopher Hinton came to Geneva early this week he made a statement that had a decidedly mixed reception. It was a plea that atomic designers should learn to walk before they run, and not jeopardise the future of commercial atomic reactors by reaching ahead too ambitiously in their first designs. This is the philosophy according to which Sir Christopher has directed the British programme towards what the scientists call "Model T" reactors—graphite-moderated, gas-cooled and fuelled with natural uranium.

To the Geneva delegates, satiated from a 10-day diet of reactor designs that have grown steadily more exotic, this idea is as unappetising as porridge. It remains to be seen how it strikes potential customers who have also attended the conference in substantial numbers to see what the scientists can offer them before formulating their own ideas. For Sir Christopher has also made it plain that this is the only type of commercial power reactor that Britain will be in a position to supply up to the early 1960s. He broke the long silence about British policy towards the sale of atomic fuels by announcing that the Atomic Energy Authority would guarantee supplies of natural (not enriched) uranium for reactors for which British industry received export orders. This statement, made against a background of growing rumours of an American reactor sale to Italy, underlines the immense difference between British and American capacity to produce fissile materials. What is less plain at this stage is whether in fact it seriously limits the British ability to compete for atomic sales.

Reactor designs now fall into three classes. There are the first, natural uranium fuelled reactors of the kind now being built in Britain; such reactors are immediately possible without any further experiment. Their efficiency is low, but they appear to be reliable and safe to operate. In Britain, the medium that carries heat from the reactors to the boilers is carbon dioxide gas, chosen for its safety rather than its efficiency because the gas temperatures, and so the final steam temperatures, have to be held down to levels that are comparatively low by modern standards of conventional power station practice, in order to avoid damage to the fuel cans in the reactor. Because the fuel used is natural uranium, in which only one atom in every 140 consists of U235 which can be split, the heat rating of the reactor is also low. Were countries to order them, atomic power reactors of this type could be commissioned in the early 1960s; it is for this type of plant that the British Atomic Energy Authority has guaranteed to supply fuel. It is also the type of reactor chosen, independently, by the French for their early power stations.

The second class of reactor is considerably more efficient, but at a less advanced stage of development. If natural uranium is enriched by adding U235 atoms to it, it is possible to get a much greater amount of heat out of the reactor because fission then occurs at a more rapid rate. This type of reactor is being actively developed in Russia and the United States. It is cooled by materials such as water, heavy water or liquid sodium that are more risky to use than gas, but the most important difference between reactors using natural uranium, on the one hand, and those that use enriched uranium fuel on the other hand, is that special

diffusion plants are needed in which to extract the U235 for enriching purposes. The United States has immense facilities for this work while Britain has only one relatively small plant. The result is that, even if they wished, British scientists would not be able to put too much effort into designing reactors for enriched fuel because of the lack of enrichment facilities, and Britain certainly could not undertake at this stage to provide such fuel for export. The Americans, however, can do so; the sheer size of output in the United States was the reason why it was decided last week to lift security restrictions on it and announce a price at which the United States would export enriched uranium. It has now to be seen whether the higher thermal efficiencies of enriched reactors outweighs in the eyes of potential customers the lack of experience in their design and operation.

The third type of reactor is the "breeder" which generates fissile material at a faster rate than it burns up its original charge of fuel. Development of this principle has reached a point where full-scale breeder reactors are being built for test purposes, but its commercial application is improbable before the late 1960s. These are the reactors that will use cheap and easily accessible materials like thorium for their fuels, but it is now plain that they cannot be quickly introduced by countries with limited facilities for producing concentrated fissile materials. The original fuel charge for a breeder reactor consists of what may well be pure fissile material which is either mixed with or surrounded by the non-fissile material with which it "breeds." But there has been a good deal of discussion among scientists about the likely speed of this breeding process, and there seems to be fairly general agreement that it would take a breeder three to four years, in practice, to double its fuel supply.

The practical result of these somewhat abstruse scientific deliberations is that if a country wants to produce a significant proportion of electricity from atomic reactors, it may be able to count eventually on breeder reactors to make the highly concentrated fissile materials that constitute the atomic fuels of the future. But unless such a country is prepared to wait years, even decades, while these breeders build up fuel stocks atom by atom, it will have to produce its first charge of fissile material for new power stations by other means—either in conventional plutonium-producing reactors, or in diffusion plants extracting uranium 235. For example, Britain will employ the greater part of its limited diffusion capacity for some considerable time to extract the initial charge of material for the Dounreay breeder reactor now being constructed.

Whichever nuclear road is followed, therefore, it always leads back to the need for investment on a really substantial scale in plants whose primary purpose is to create atomic fuels. It is unfortunately true that the best of these fuels for breeder designs happens to be uranium 235 rather than plutonium, although plutonium can be used both for enrichment and for breeding. Plutonium can be produced in natural uranium fuelled power stations, as Britain is producing it and France intends to produce it; but U235 can only be extracted in diffusion plants of nightmare complexity that yield no bonus in the form of electricity. Few countries can afford such plants, and fewer have the technical ability to construct them; the French plea for jointly owned European facilities shows the dilemma of countries that need atomic power but do not want to match British, American or Russian investment.

★

When they are making assumptions about the cost of atomic power from different types of reactors, scientists tend to overcome the difficulty of calculating fuel prices by assuming that the fuels can in no case cost more than U235 produced by the diffusion process. But debate at Geneva has shown that this type of economic exercise has its pitfalls. The life of an atomic power station is likely to be 15 to 20 years. Such stations are not going to be commissioned in any number until the mid-1960s. Calculation of their power costs on the basis of current atomic fuel prices assumes that those prices are not going to change materially over the next 30 years or so. Yet there is one conclusion on which scientists agree unanimously that affects this whole calculation. While the first atomic power networks are being built up, especially networks of breeder reactors in the late 1960s, special atomic fuels are going to command a premium. But as soon as those reactors have been working for a few years and creating new fuels as fast as they burn up their initial charge, if not faster, the price of those fuels must be expected to fall sharply. They will be far less valuable than the present costs of diffusion plants would suggest.

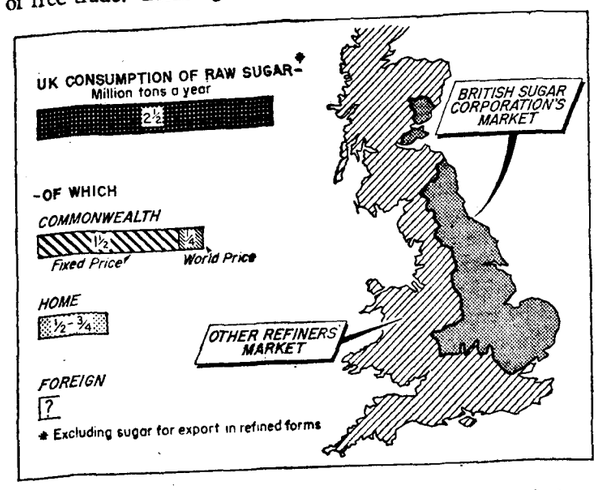
This tendency to speak of aspirations as if they were proven facts is symptomatic of the excitement and the sense of intellectual adventure that pervaded the conference. It appeared not only in discussions about power costs but also in papers on reactor designs, which were frequently presented without any reference to the appalling engineering difficulties that some of these designs involved. This is especially true of the "homogeneous" type of reactor where, instead of cooling materials being driven over the fuel rods in a reactor, fissile material and cooling medium are mixed in a slurry and pumped together through the heat exchangers. One Russian paper went so far as to suggest dispensing with heat exchangers entirely, and drawing steam directly off the boiling slurry. Only by listening to the engineers and the metallurgists discussing the specific difficulties of corrosion, metal deformation, leakage, radiation effects, and even sheer construction difficulties, could delegates discover what was and what was not within the bounds of present engineering knowledge. It was sometimes necessary to remind oneself that no full-scale nuclear power station, even of the crudest kind, has yet been built. The first big British and Russian stations will not be ready until next year.

Some of the most useful information that has come out of the conference has not been contained in the papers delivered. Scientists, and most particularly the engineers responsible for plant design, have been able to find for the first time, by talking privately with the men concerned, the reasons why engineers in other countries chose to do things the way that they did. This kind of interchange can, they believe, reduce substantially the time that it would take to develop reactor design without the benefit of contact with other engineers—working, in fact, as scientists have been during the past 16 years.

To the delegates who came to Geneva to learn rather than to teach, this prospect of speeding the day when they can expect delivery of atomic power plants must be the most encouraging impression that they will take home with them. Most Western European countries, including Italy and Spain, have had serious talks with British contractors—Japan has also emerged as a potential customer for atomic power. The British delegates, for their part, will have to consider seriously what their future fuel policy should be. There is a strong case for taking a more active part in atomic development in Europe. It is questionable whether Britain can fairly afford to expand its existing limited diffusion capacity; but it is also plain that the Atomic Energy Authority's development policy suffers from the handicap of not having sufficient enrichment facilities to develop the second type of reactor described earlier. Britain is jumping straight from the earliest natural uranium reactors to the breeder designs; it would help this country as well as Western Europe to have access to diffusion capacity owned by a European atomic community. These are matters that need more serious discussion than they have so far received, and they have repercussions not only on developments at home but on the chances of British contractors in the atomic export market. British companies have had more serious inquiries at Geneva than they had dared to expect; whether those inquiries materialise eventually into signed contracts rests in part with the Atomic Energy Authority. For the United States has immense capacity for atomic fuels, and American manufacturers are only too anxious to step into any breach.

The Captive Cube

THE sugar trade has long been a happy hunting ground for politicians. The staple is cheap—so cheap that with only a small squeak from the public, governments have been able to saddle it with fiscal and other imposts—some plausible, some frankly political—that have made nonsense of free trade. British governments are no exception. Over the years, the British market in sugar has been turned into a cosy and exclusive trade parlour.



The British beet grower is provided with an assured market for his crop, at a guaranteed price, and the Exchequer makes good any loss incurred by the privately owned British Sugar Corporation on its sale of beet products. The cane grower in the Commonwealth is provided with an assured market in Britain for 1½ million tons of raw sugar a year, at a price fixed by annual negotiation which now stands well above the world price. An additional quantity of Commonwealth sugar finds a market here at the world price, plus the benefit of imperial preference. The balance of Britain's requirements—if any—is obtained from foreign sources, at the world price plus full duty. Even the world price is not a true price, nor is it free. Were it not for the huge tonnage that is sold under preferential arrangements, the price of raw sugar sold in the "free" market would have to be higher than it is. It was to preserve this Cinderella section of the market that the International Sugar Agreement was introduced, and one of its functions is to stabilise prices within an agreed range.

The home market is protected against imports of refined sugar, firstly by the higher rate of duty on refined sugar, and secondly by the Commonwealth Sugar Agreement; that agreement would break down if the home market was flooded with imports of refined sugar. Yet the interests of the British consumer are not entirely overlooked; he is protected by the undertaking of the refiners to limit their refining margin to an amount approved by the government.

It was a foregone conclusion that the Sugar Bill that has been laid before Parliament would not propose to disturb this cosy parlour; in sugar the interests of both

political parties meet. This is a circumspect Bill; its first concern is simply to provide machinery whereby the government, which is still the sole importer of raw sugar for domestic consumption, can return the business to private hands while still fulfilling its obligations to home and Commonwealth producers. If that was all that the Bill sought to do, Left-wing critics might well ask whether it was worth altering the present system of purchase merely to satisfy the government's prejudice against state trading.

Happily, the Bill has another ambition. Allowing the trade to import the 1¾ million tons of sugar needed for home consumption each year will greatly increase the turnover of the London market, which now handles the 7/800,000 tons of raw sugar needed by British refiners for their export trade in refined, plus an international trade of perhaps one million tons. It will also facilitate the reopening of the London futures market in sugar. Britain will then exert more influence on the world price, and that price should be a truer reflection of world values, for it would be determined on a larger turnover than at present. Before long, the effective world market should move back to London from New York.

For the sake of London's international trade, and for the sake of simplicity in the home market, it is necessary to maintain a single basis for sugar prices. Under the present arrangements that basis is the equalised price at which the Ministry of Agriculture and Food sells to refiners the raw sugar it has bought partly at preferential and partly at world prices. That price is also the basis of the prices received by the British Sugar Corporation for its raw and refined sugar. The only replacement for this equalised price is the world price, and the Bill in fact proposes that the Commonwealth's fixed-price sugar should be re-sold by the Government to the trade at the (lower) world price; the loss is to be recovered from the consumer, rather than the taxpayer, by levying a surcharge on all imports of sugar, molasses and goods containing sugar. Hence the consumer will still pay the equalised price of fixed and world price sugar (the world price, plus the surcharge), and the British Sugar Corporation will also receive the equalised price. The surcharge on imports of goods containing sugar will offset the advantage that foreign suppliers now enjoy in the British market, if their sugar has been bought at world prices. That advantage is now circumscribed by import restrictions which would then become superfluous.

The consumer is not being called upon to pay more for his sugar than he pays today; the only change is in the method of arriving at the equalised price. But the price could rise—without any change in the cost of imported raw sugar—if the British Sugar Corporation incurred a deficit. Hitherto, any deficits have been met from the Exchequer in the taxpayer's coin; in future they would be recovered from the consumer by increasing the surcharge.

The proceeds of the surcharge, to be collected by Customs when sugar is withdrawn from bond, will be paid to a Sugar Board. Settlement of any deficits of the British Sugar Corporation are also to be made through the board. In the happy but unlikely event of the world price being above the fixed Commonwealth price, the board and the corporation would each make a surplus, and the corporation's surplus would accrue to the board. The surcharge could then be withdrawn, the surplus distributed by payments to the persons paying sugar duty, and the home price of sugar would fall. As it would be impracticable to adjust the surcharge frequently, the board is allowed to balance its accounts "taking one year with another."

Acting as principals for the Ministry, the board is to purchase fixed-price sugar and sell it at prices conforming as nearly as may be to those which, in its opinion, the sugar would command if sold, at the same place and (apart from price) on the same terms, by any other person in the normal course of trade—an unenviable duty. The board is forbidden to transport or store fixed-price sugar; it is to sell in the country of origin, on fob terms, as supplies come forward. Otherwise it is left free to sell in any way that may appear desirable. It is apparently for the board to decide whether a group of producers could, if they wished, buy back their sugar and market it in Britain themselves.

There should be the minimum of interference with the working of the London market. There are several problems to be solved in devising a futures contract (cif London) that is suitable for present conditions, but there is little doubt that dealings will start before imports are transferred to private hands.

The timing of the Bill, which was squeezed out of the Parliamentary programme in the last session, has had one fortunate result; it has greatly simplified the the disposal of the government's stock. The Bill should become law by the end of the year, and the board be ready to begin operations by, say, April 1st. By then the Ministry's holdings, once so heavily swollen by the purchase of 1 million tons of Cuban sugar to back derationing, should amount to no more than Britain's strategic requirements, plus the normal tonnage in the pipeline to refiners.

The last part of the Bill is concerned with the British Sugar Corporation and with the other refiners. The *ad hoc* nature of much of the government's wartime arrangements with the corporation are at last to be replaced by statutory arrangements. The government takes power to advance to the corporation working capital up to a maximum of £30 million, and to guarantee the issue of up to £15 million of debentures for capital expenditure. The Bill also extends the Minister's powers in connection with the "no-poaching" agreement that divides the home market into two distribution areas for refined sugar, one for the corporation, the other for the other refiners as a whole. In essence, this agreement dates from the government-assisted rationalisation of the beet factories long before the war. It does not mean that consumers in the corporation's area are fed solely on beet sugar; there are times when the corporation refines imported cane sugar and times when Tate & Lyle refine home beet. It does mean that for sales of standard grades of refined sugar, the corporation and the other refiners observe agreed basic prices and do not compete in the other's area.

The verdict on the Bill must be that it promises to confer a real benefit on Britain's international trade, and on the world "free" market in sugar; but that it is difficult to see how the consumer can benefit. As the consumer—consciously or not—forfeited his freedom when he gave his general blessing to protection for agriculture, he could perhaps expect no more. At least that protection costs him little, for sugar is still one of the cheapest commodities in the world.

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Business Notes

Miners minus Leaders

How seriously need one take this week's threat of a major coal strike in Yorkshire? The National Coal Board, which was taken uneasily by surprise when Mr Alwyn Machen of the local miners' union began to talk about one, is not yet sure. There are some plausible arguments for not taking the danger too seriously—but Yorkshire is responsible for about a fifth of the country's coal.

The negotiations that Mr Machen declares are making his members so "angry" take place at individual pits and in theory can only be settled there. The "back-shift" miners concerned—men who work underground and at the face, but not filling coal on productive shifts—are paid mainly as teams on contract rates that vary with particular jobs in a particular pit. But the piece rates of the fillers are formally settled by local negotiation, too. And the fillers obtained their local increases this spring by an unofficial strike that ended in decisions at a far higher level in the Coal Board; the 150 agreements negotiated since in Yorkshire pits have merely given effect to that decision. The "back-shift" workers want rises to keep in step, which local managers are conceding grudgingly if at all; they, too, may well be prepared to switch the pressure higher. The miners' official leaders got no kudos when the last unofficial strike brought results last spring; Mr Machen may merely be concerned to tuck any new one that erupts under his own wing.

Whether or not a strike breaks out this time, labour relations in Yorkshire look ugly. Most of that should be written down to bad management, the one commodity that the Coal Board has in plenty; but not all. At other spots in the industry, with managers being ordered to apologise and the Board being ordered to reopen hopelessly uneconomic pits—"or else"—the men and their unions show signs of the same brutish petulance. With coal output falling steadily farther behind demand and men as steadily leaving the pits, the miners in Britain today enjoy an unexampled bargaining power. It is not, at the national level, pushed to the limit on wages; it spends itself more in local outbursts of irritation and bitterness over issues that are often an excuse rather than a spur. The miner is resentful, not rapacious (he is, indeed, not nearly acquisitive enough, by American standards). It is perhaps trite to say that what he needs is better leadership, in the mine, in the union and in Hobart House.

A Haven for Investors

It is a truism, but important, that the level of prices on the Stock Exchange depends on the relation between the demand for stock and the supply of it. A credit squeeze curbs the demand; it also expands the supply, partly because stock that was previously carried on credit seeks a new home and partly because businesses that were previously using other forms of credit, for example bank loans, will—given half a chance—replace that credit with stock issues in the market. That is where the market now stands. Prices are dragging downwards in nearly all sections. By Wednesday evening the *Financial Times* industrial index had dropped away to 202.2, a fall of 7.8 points on the week. The fixed interest index in the same period dropped by 1.42 to 102.11, its lowest point for just over three years. The new 4½ per cent Electricity Stock did well to open at ⅛ premium and only gradually slide away to 1/16 discount. Both sections of the market are moving

together now. For a time it is possible for part of the market to move independently, as industrials did in the spring and early summer of this year. Then prospects for profits and dividends looked so bright that equities went on rising, leaving the whole burden of the credit squeeze to be carried by the much larger fixed interest section. But in the end general pressures produced general results.

The main preoccupation on the Stock Exchange this week has been close range. Would Tuesday's settlement pass without difficulty? It did; it was a heavy settlement and painful to many operators, but it does not seem to have hurt them beyond repair. Signs of liquidation and of reluctance to take on new commitments have been evident. While those conditions remain it would be surprising if markets do not continue to falter. Some banks seem to have asked their customers to make the proposed alterations in their overdrafts by the end of the month, which points to the possibility of further selling. Financial institutions that have the duty of approaching the Capital Issues Committee on behalf of intending borrowers also report that this body is taking an increasing interest in the extent to which applicants will use the funds they raise in the market to repay bank loans.

To the investor faced with these uncertain prospects an obvious refuge seems still open—the short and medium-short gilt-edged stocks, many of which now stand much below par, guaranteeing substantial tax-free appreciation on redemption in the not too distant future. The Exchequer 2 per cent loan due in February, 1960, and standing at just over £90, and the Funding 3 per cent stock, 1966/68, standing at £83½, are two obvious examples among several. It has surprised the market that more personal funds liable to full tax have not seen the possibilities. The charts of gross and net gilt-edged yields shown below show how relatively attractive those below par shortish stocks are at a time when both long-dated gilt-edged and industrial ordinary stocks may be judged uninviting.

Local Loans Cost More

For the third time this year the Treasury has increased the rate that the local authorities have to pay for the money they borrow from the Public Works Loans Board. New loans from 5 to 15 years' duration and of over 15 years' duration will both bear interest at 4½ per cent instead of 4¼ per cent, while loans of up to 5 years go up from 3¾ per cent to 4⅛ per cent. Since the present movement does not match any recent change in Bank rate, the Treasury underlines its often repeated thesis that there is no automatic relationship between Bank rate and PWLB charges.

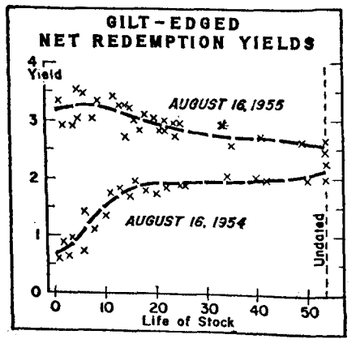
The Treasury reckons by a different standard: it tries to arrange its charges so as not to lose money on its re-lending—to charge the local authorities what it has to pay for money but not needlessly to burden local rates to the profit of its own accounts. By that standard the increase is amply justified—if, indeed, it is adequate. It would cost the Government a shade over 4½ per cent to borrow long-term or medium-term money, and the fact that the Government does in practice borrow short money on Treasury bills and re-lend on longer term to the local authorities, thereby shouldering a risk, is not relevant. The public interest also requires, as the Chancellor has pointed out, that local authorities should restrain their capital plans.

PUBLIC WORKS LOANS BOARD RATES
(Per cent)

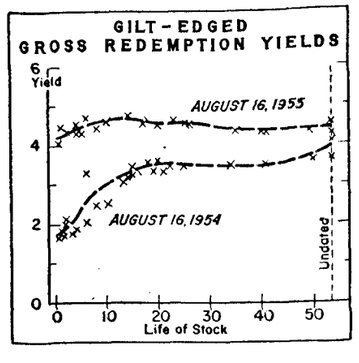
	Beginning 1955	March, 1955	July, 1955	August, 1955
Up to 5 years ...	2¾	3¾	3¾	4⅛
5—15 years	3¼	3¾	4¼	4½
Over 15 years ...	3¼	4	4¼	4½

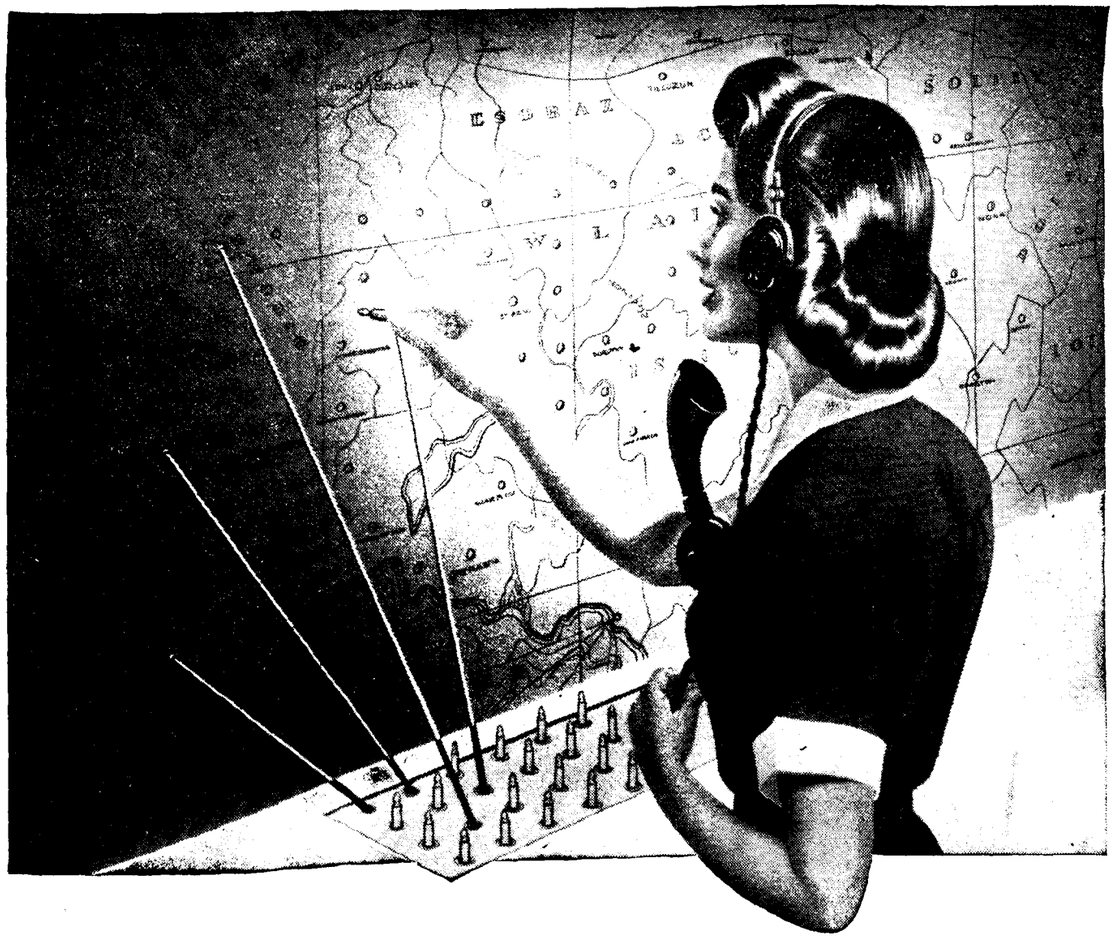
From another angle, too, the revision deserves to be welcomed. It is desirable that the Public Works Loans Board should not indulge in undercutting market rates. It should neither lend to local authorities at consistently less than they would have to pay in the competitive capital market, nor should it enable them to do a mortgage business that competes unreasonably with the building societies. The general charge for local authority mortgages under the Small Dwellings Acts and the Housing Act of 1948 will presumably now become 4¾ per cent (¼ per cent more than the local authorities pay for the money). The charge will thus still be low compared with the building society range of charges (from 5 per cent to 5½ per cent). Moreover, the interest on a mortgage from a local authority is not, like the building society mortgages, subject to revision during the life of the mortgage. There is more room for argument about what the current borrowing rate for a local authority in the open

How Gilt-Edged Yields Have Shifted



The longer dated the stock, the higher is the yield that the investor normally demands. The two charts of gross and net redemption yields on gilt-edged (with trend lines sketched in) show that that was the picture a year ago. Today's picture shows that the credit squeeze thus far has hoisted gilt-edged yields but has also twisted them. In terms of gross redemption yield—the terms that matter to most of the big institutions and pension funds—the pattern is now flat. In terms of net redemption yield—the terms that matter to most individuals—there is a positive and substantial advantage in the shorter stocks.





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market would be. The present state of the gilt-edged market does not invite a test. The gross redemption yield of a shade over $4\frac{5}{8}$ per cent offered on the Electricity issue last week suggests that a local authority (without Government guarantee) might have to offer at least $4\frac{3}{4}$ per cent. It seems likely that the PWLB rate at $4\frac{1}{2}$ per cent is still too low.

Britain at Wheat Talks

It should come as no surprise that the British Government has agreed to accept an invitation to discuss the future of the International Wheat Agreement that expires next July. The Government is not opposed to the principles of the agreement; it has supported similar international attempts to stabilise prices of tin and sugar. Even the millers and importers, after their vigorous campaign against the agreement earlier this year, had resigned themselves to that.

The British representatives would not be human if they did not permit themselves a quiet chuckle when they return to the conference table in October. Things have changed indeed since the spring of 1953, when Britain refused to enter a new agreement with a maximum price of 205 cents a bushel. The price in the free market was 220 cents, though the granaries in North America were even then bursting with wheat. Now the price is 176 cents a bushel and world supplies are larger than ever. Britain cannot take much credit for the fall in price, but it has been proved that a maximum of 205 cents was unrealistic.

Other things have changed too. In 1953 the Americans wanted a high maximum price because the higher the maximum—which up to then had also been the effective IWA price—the lower the cost of subsidising American wheat sales under the agreement. Now the United States, whatever sympathy it may have with the idea of stable prices, needs the agreement far less than the other exporters, if at all. But Canada and Australia, who allowed the Americans to raise the ante in 1953, now see in the agreement (and in the State Department) their best hope of keeping American price competition within bounds; and both would sleep more easily if Britain returned to the fold. Altogether the prospects for a more realistic and more comprehensive agreement than the present one seem to have improved.

As You Were in Cotton

For five months business in raw cotton and cotton goods has been stricken by the fear that the American government would subsidise exports of cotton in the new season that began this month. After many false alarms, the government has now spoken and the Secretary of Agriculture and the cotton trade are back almost where they were. There will be no material change in American policy this season, but from January 1st the government may offer not more than one million bales of low-quality short-stapled cotton for export at competitive prices. Thus the biggest uncertainty is removed—until it crops up again like a hardy perennial next spring—and two small uncertainties are left in its place. What grade and length of short-stapled cotton will be offered, and at what price? Until these facts are known it will be impossible to say whether, and to what extent, world prices may be affected. It would be helpful to the United States as well as to the cotton trade generally if the answers could be given soon.

Prices on the Liverpool cotton futures market rose in active trading after the American announcement, but the market remains topsy-turvy. Prices are still well below parity with New York, and the distant delivery months are at a heavy discount on the near months: May-June, for example, at $28\frac{1}{2}$d. a lb, is about $2\frac{1}{2}$d. a lb below the nearest month; even more remarkable, it is as cheap as the same delivery month in New York, though it costs nearly 3d. a lb to ship American cotton to Liverpool. These forward discounts may narrow but they are unlikely to disappear. The American surplus of cotton is now so large that each season there will be proposals to relieve it by special methods of disposal and—it is to be hoped—by reducing the support price. While the United States is in the throes of that adjustment there can be little confidence in cotton prices. That is a gloomy prospect for the cotton industry, but it is one that the industry will have to learn to live with for some time.

Manufacturing Costs

Are labour costs rising in British industry? Some new figures published by the Treasury this week suggest that during the last few years, in some parts of the economy, they have been rising—but not in manufacturing industry. These figures compare trends in output of goods and services since 1948 with the growth of the amounts paid in wages and salaries, arriving at indices of "wages and salaries per unit of output" that do not correspond exactly with what the businessman means by labour costs. They are of some

WAGES AND SALARIES PER UNIT OF OUTPUT
(1948=100)

	1949	1950	1951	1952	1953	1954
Manufacturing.....	100	98	105	118	120	120
Mining & Quarrying.	100	100	107	123	127	130
Building & Contracting	102	104	117	121	124	132
Elec., Gas & Water..	103	103	108	115	117	115
All Industry.....	101	98	107	118	119	121
Transport & Commu.	99	100	108	110	109	112
Distribution.....	104	106	123	134	131	140
The Whole Economy	101	103	114	122	123	127

significance as an indicator in considering inflation, but the large error inherent in measuring, for example, the output of service industries makes the value of cost indices for these industries and "the whole economy" highly questionable.

Similar impressions about manufacturing industry were arrived at in this year's Economic Survey in a more roundabout way—setting output beside employment and earnings to see whether labour productivity was rising as

fast as earnings. From the sketchy indications so far available for the first half of this year, it would seem that manufacturing output in the first half of 1955 may have been 7-8 per cent higher than in the same period of 1953, the manufacturing labour force about 3 per cent higher, and wage rates, which rise rather slower than earnings in manufacturing, about 7 per cent up on the year—which might suggest that "earnings per unit of output" in manufacture have at length turned upwards. The same sort of rough calculation about West German and American output, however, suggests that productivity may still be rising more than earnings—and the trend of labour costs, perhaps, still downward.

Car Sales in Perspective

THE detailed figures now slowly coming in from different countries confirm earlier reports by British car salesmen that this country's share of the world car market has been battened down by the vigorous selling of other car makers. These figures are not yet complete, but it appears that whereas both production and exports of cars in the six principal manufacturing countries of Europe and North America rose by about 40 per cent between the first half of 1954 and the first half of this year, the comparable increases for the British car industry were 21½ per cent and 6½ per cent respectively. World car output has climbed from about 4.1 million to a probable 5¾ million over this period and exports from 470,000 to perhaps 650,000. As a result, the British share of the expanding world car market has fallen from 40 per cent to about 30 per cent.

Part of this sluggish showing by British firms can be explained away by the mounting recovery of the United States car industry, but this cannot account for the genuine advances made by Western Germany in that market and elsewhere and by Italy and the United States in their overseas sales. Europe is one of the main battlegrounds for car sales; here turnover in new models was nearly 50 per cent higher in the first three months of this year (a quarter higher if home sales by European manufacturers are included) yet British exports rose by only 11½ per cent (but also by a quarter if home sales in Britain are included), a lower advance than by any other country except Canada, which is not seriously in this market.

Brazil Payments Union

BRAZILIAN trade with the sterling area, Germany and the Netherlands is now proceeding on a multilateral basis: and the liberalisation should give an extra boost to Britain's trade with Brazil, so badly depressed in the past few years. Germany was the country to make its bilateral arrangements work in an expansionist direction (partly at the expense of other countries); it is accordingly the German scheme that has now been extended to cover the three countries comprising the "Hague Club." It is hoped soon to extend the scheme further to other European countries.

The new system represents an advance on two fronts. British and Dutch traders as well as Germans can now participate in the free market in German "clearing dollars" (inconvertible earnings of cruzeiros, which can be used for purchases from Brazil). The discount on these balances is around 1½ per cent, against around 5 per cent some months ago. Further, exports to Brazil as well as imports from Brazil have been "multilateralised" between the three countries. Auctions of foreign currency in Brazil will in future be made not in sterling, deutschmarks and guilders but in a single "pool" currency, labelled in deutschmarks but available for spending equally in the sterling area, Germany and the Netherlands.

The new system favours German and Dutch commercial creditors of Brazil still awaiting payment for past debts; while it bestows no such benefit on United Kingdom creditors, and may even act adversely to their interests—an unfortunate but it seems inevitable result of making the trade multilateral on an expansionist basis. British traders can now obtain cheap finance for purchases from Brazil by buying German clearing dollars, and in the process they must reduce the commercial debt to Germany represented by these balances. Britain itself has never resorted to a reduction of its balances in Brazil by such bargain sales. Its agreement with Brazil provided that the debt outstanding (now at some £35 million, three times that owing to Germany) was to be reduced by £6 million a year, and by

WORLD CAR EXPORTS
(January-March)

Shipments to:	Britain		W. Germany		United States		France		Italy	
	1954	1955	1954	1955	1954	1955	1954	1955	1954	1955
Europe	26,824	29,986	39,772	66,532	12,213	22,279	11,940	14,062	6,111	10,495
N. America	13,560	9,213	1,535	8,262	11,890	10,642	436	564	276	236
C. & S. America	3,108	3,477	1,561	3,150	14,726	20,282	650	1,107	615	1,205
Africa	10,093	14,150	3,122	6,145	3,359	7,902	8,818	10,097	794	1,368
Asia	5,485	8,165	1,283	2,140	3,254	6,188	1,773	2,572	622	1,512
Aust., New Zealand & Oceania	25,236	40,801	547	2,524	193	278	930	1,325	283	384
	84,306	105,792	47,894	89,339	45,635	67,571	24,547	29,727	8,701	15,200
Total Output	**183,168**	**233,970**	**116,855**	**160,969**	**1,432,767**	**2,104,498**	**105,819**	**136,905**	**43,296**	**41,372**

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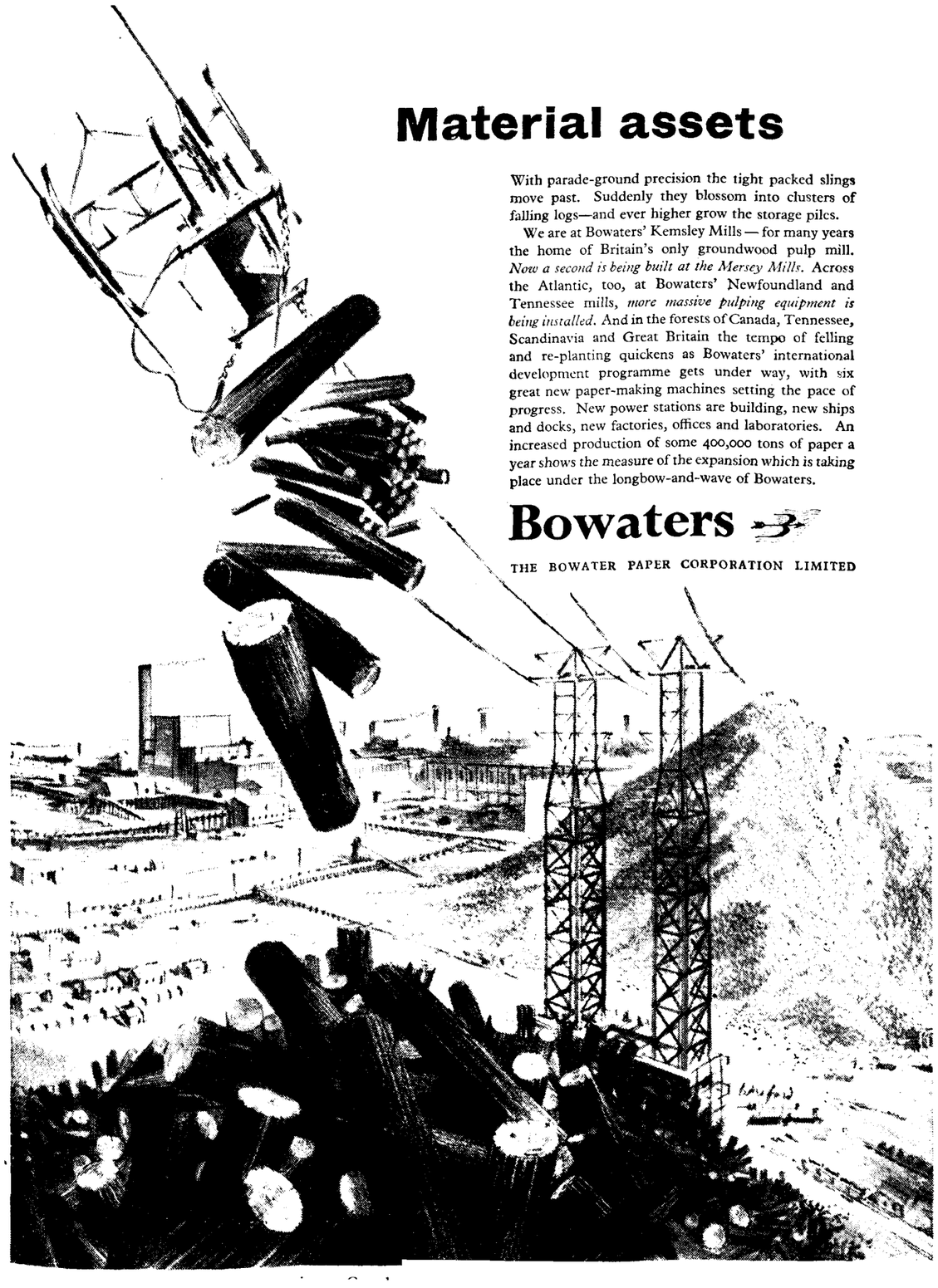

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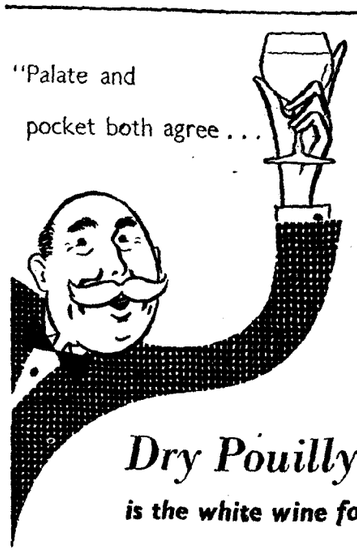

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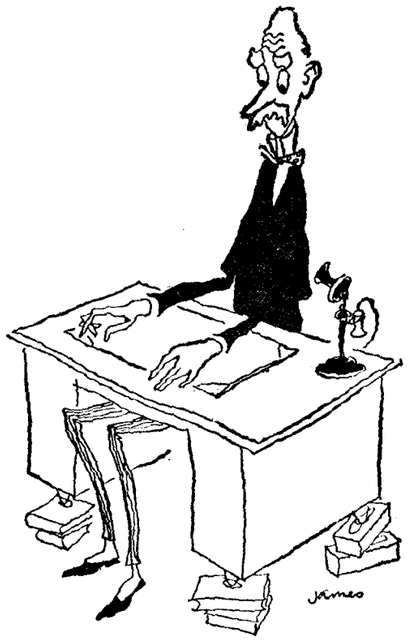

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progressively larger amounts in years in which Brazil's sterling earnings exceeded £35 million.

The pooling of currency that has now taken place means that it is impossible to calculate Brazil's earnings of sterling alone; so that the escalator clauses in the debt agreement have had to be abandoned. On the other hand the annual payment of £6 million is the more certain, as it will be backed by Brazil's earnings of the three currencies together. Further, Germany is granting a new four-year credit to Brazil, of DM 80 million (£6⅔ million), the proceeds of which can be used in sterling or guilders too. The Netherlands is shortly expected to announce a grant of a somewhat smaller credit.

Cables Too Cheap

As nationalised undertakings go, Cables and Wireless goes well. Now that it is in effect a subsidiary of the Post Office doing that department's overseas traffic, it earns and pays its steady and apparently well covered 4 per cent, buys a handsome new cable-laying ship, sells an old one, and produces its regular programme of technical and operational improvements. No one troubles that the net consolidated profit for the year ended March 31st should be lower. It was substantially lower at £1,828,220 compared with £2,064,438, but the 4 per cent dividend that the Government takes out costs a mere £690,000. As working expenses went up by £191,104 (mainly on account of staff) and as new cable cost £50 per nautical mile extra, there seem to be good excuses for a lower profit margin and enough fat on the beast to bear it.

There is an obverse to that cheerful picture. As the report points out, it is feared that "running costs will go on rising and that they cannot be matched by a corresponding rise in revenue." The plain fact is the company has provided more than normal depreciation but still not enough to renew the international communication system at current costs as it wears out. "The company has been able to build up a reserve out of profits towards the cost of replacing its cable ships and shore installations at current prices but has not had a large enough margin of profit to do the same, as it would have liked, in respect of the cable system, and general capital reserves are insufficient for the purpose." Something towards meeting the replacement problem has therefore been done. And the company is also biting at the backlog by reducing the deficiency in total reserve. The provision for increased cost of replacements last year (taken out before the net profit was struck) was £206,542 compared with £220,977.

Credit is due to the company for having begun to tackle the problem, as it is to the Post Office for having provided a little extra depreciation on the country's internal telephone system—though there is the important difference that the company needs the more courage because it pays tax whereas the Post Office in its own accounts does not. Even so, the present provision for increased cost of renewals of £200,000 odd needs to be more than doubled. That sum could only come from increased charges. Yet the odium should be accepted and the adjustments made. The Commonwealth rate of 1s. 4d. per word is only 33⅓ per cent above pre-war. The press rate of one penny per word must be wholly uneconomic.

Last Lap in Lorry Sales

British Road Services will retain rather more lorries for its own future operations than may have been generally expected, as the result of the Government's decision this week to accept in full the recommendation of the Disposal Board on the number of vehicles needed to run the BRS trunk routes. Under the Transport Act of 1953 BRS would have been left with 2,341 general haulage lorries and 1,222 tankers, furniture vans, and other special vehicles. The first number will now be increased by 5,409 general haulage lorries; the second may also be augmented by 200 "C" licence service vans and 398 railway cartage vehicles for which the Commission is seeking the Minister's permission to retain. Thus BRS will now operate about 9,570 vehicles altogether, plus any additional number for which it can obtain normal operating licences in the future.

BRITISH ROAD SERVICES LORRIES

Sold already		16,748
Still to be sold: –		
Parcels fleet	4,166	
Contract hire	1,982	
Meat vehicles	498	
General haulage	2,295	
		8,881
Retained fleet:—		
Special vehicles	1,222	
General haulage	7,750	
Others	598	
		9,570
Vehicles replaced or no longer running		1,577
Total when disposals started		36,776

This is about 1,000 lorries more than the Minister of Transport indicated when he announced his decision last month to leave the trunk network with BRS; but as Sir Malcolm Trustam Eve, chairman of the Disposal Board, remarks in his reply to the Minister "the reference (to the Board) is not capable of a mathematical answer. It involves a difficult matter of opinion." Apart from the 3,300 vehicles exclusively running BRS long-distance scheduled services, there are a further large number in the trunk network operating regular services, some supplementing scheduled runs on the main trunk routes, others providing link services between these routes, and a substantial number are also required for feeder services and to provide an operating reserve. BRS should be spurred to maintain its own efficiency with this enhanced fleet by the activities of private hauliers and by the large volume of traffic carried by "C" licence holders in their own vehicles—perhaps about half the merchandise carried long distance for which road and rail compete.

The end of lorry disposals is now therefore almost in sight. Several offers are expected for the parcels fleet when it is put up for tender in October; the contract hire lorries are being offered as their existing contracts expire; and 1,540 of the remaining general haulage vehicles were put up for sale this week. Sales of haulage premises have

Oil: Prospects and Prices

"IN the absence of a new source of energy," two distinguished British economists suggested at Geneva last week, the world might need by the end of this century four-and-a-half times as much oil and natural gas a year as it used in 1950—according to a forecast of total energy demand that they believe "considerably more likely to err through under-statement than through over-statement."

A new source of energy is, of course, no longer absent: Professor E. A. G. Robinson and Dr G. H. Daniel (chief statistician of the Ministry of Fuel and Power) went on to ask the assembled atomic scientists whether by the year 2000 nuclear electricity might be able to take perhaps half of that burden off oil—the equivalent, say, of 2,000-3,000 million tons of coal.

Even if the answer is "Yes," it might be premature to think that such a development would much reduce the task that may lie before the oil industry in the coming years. Professor Robinson and Dr Daniel think that their "reasonable minimum" estimate of world energy demand—the equivalent of 7,500 million tons of coal in the year 2000—may well prove about a quarter too low, and another crystal-gazer at Geneva, Dr Nathaniel Guyol of the United Nations, put his forecasts still higher. And all the estimates suggest that over the next 20 years or so, whatever happens afterwards, current supplies of oil and natural gas may have to be at least doubled.

Whether or not the oil industry could take that in its stride, it would certainly represent only about half the rate of expansion that has been achieved in recent years. World oil production this year will probably reach well over 700 million metric tons, against some 350 million in 1945—doubling in 10 years, not in 20. Between 1945 and 1951 the average annual rate of increase in consumption of petroleum products (in the "free world") was nearly 9 per cent; since then it has slackened to about 5 per cent, though this year's increase will be higher. Last year's increase of 5 per cent in consumption was the same as the average yearly increase between 1925 and 1954, a period that included both the depression of the thirties and the second world war. The guesses of the fuel experts, therefore, demand no more of the oil industry than that it should maintain its long-period rate of growth.

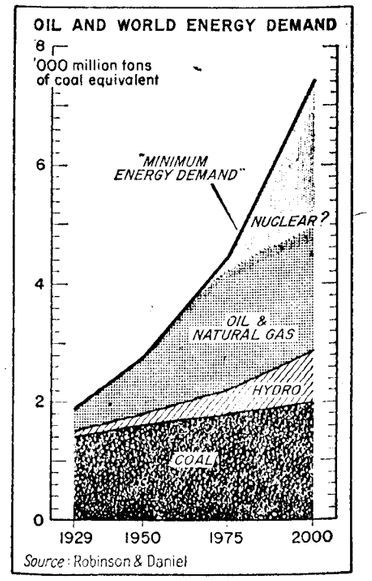
Price trends in fuel this century have continued to favour the long-term expansion of the oil market as the table shows. But the long-term increase that is now being predicted raises significant questions concerning the price trends for particular refined products.

TRENDS IN THE "REAL PRICE" OF FUEL

(Indices of fuel prices compared with total wholesale price indices, 1937 = 100)

	1913	1924	1937	1946	1953
Coal:—					
United States	78	110	100	126	122
Britain	87	97	100	154	129
France.....	78	80	100	123	133
Fuel Oil:—					
United States	...	137	100	97	99
Britain	154	112	100	111	95
France.....	...	...	100	...	85
USA:—					
Crude oil....	100	106	100	85	107
Natural gas .	...	160	100	72	80

The big increases in petroleum consumption that are generally expected in Britain and Western Europe in the next decade or two are expected to be mainly in consumption of the black oils, particularly fuel oil. As the chart at the bottom of the page shows, these oils have been taking a growing share of total consumption almost everywhere but in the United States in recent years.

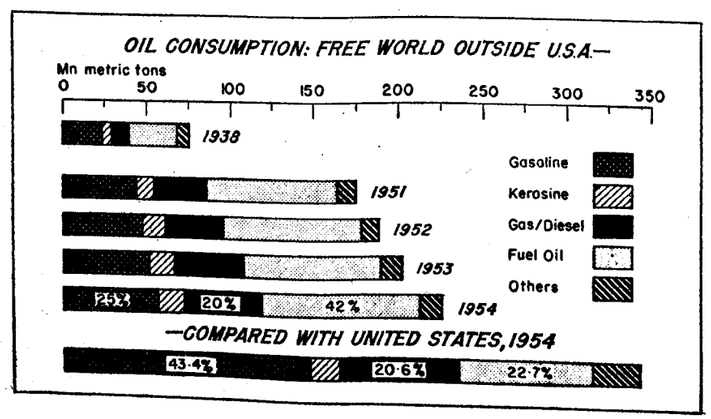


If gasoline sales do not rise as fast (being inhibited in many countries by taxation), it may be that these heavier oils will be called on to contribute more to the total revenue obtained from a barrel of crude: their prices may have to rise more than those of petroleum products as a whole.

Over the long period, when increases of vast magnitude are envisaged, it may be impossible to avoid some such shift in emphasis of the industry's more or less uniform price structure. But opinions in the industry differ over how soon this may occur.

For the world price structure for refined products primarily reflects demand in the United States—which accounts for some 65 per cent of world consumption, and in which demand for gasoline is continuing to rise faster than for fuel oil. Because of the United States' weight in this world balance, the share of fuel oil in total world consumption actually declined between 1951 and 1954.

The difference in the arrangements made by Esso and later by Shell-Mex and BP to supply large quantities of oil products over the next 10 years for electricity generation in this country may be significant here. Esso has guaranteed to supply the bulk of its oil deliveries at a "coal parity" price—one that would make generation costs at the power station equal to those obtainable using coal. Shell-Mex and BP have promised the Central Electricity Authority significant discounts for quantity (they will be delivering significant proportions of low-flash fuels such as naphtha, but their prices will nevertheless be tied to the reigning prices for fuel oil.



gone much more slowly however; by the time lorry disposals have been completed BRS will have had to close down and sell separately at least a third of its operational depots.

Japan's Surplus Sterling

THE trade and payments talks between Britain and Japan that were started in June and broken off early this month are to be resumed. The United Kingdom delegation, led by Mr A. E. Percival, of the Board of Trade and including Treasury representatives, is expected to return to Tokyo at the end of next week. It will continue to insist that a new agreement—the arrangements so far this year have been simply an extension of the 1954 agreement—must be based on the principle of a broad balance in Japan's transactions with the sterling area as a whole.

Deadlock has hitherto been reached because Japan could not find an adequate formula under which it spent all the sterling it earned. During 1954 Britain and other sterling countries increased their purchases from Japan roughly as planned, but Japanese sterling purchases fell short of expectations. Accordingly, Japan's sterling balances have climbed steadily, and have now reached around £100 million. The United Kingdom negotiators have estimated that to attain balance in current transactions Japan would need to raise its total sterling expenditure from the present rate of about £200 million a year to around £250 million. The Japanese appear to have accepted this target in principle, but claim to find difficulty in implementing it. Little overt discrimination against sterling goods appears to be practised by Japan, but sterling trade often suffers from the country's anxiety to meet the demands of bilateral barter agreements.

Distillers Past and Prospect

"A VERY satisfactory achievement" is the phrase used by the chairman, Sir Henry J. Ross, to describe the results of the Distillers Company. The public's first reaction to the group's figures sent the 6s. 8d. shares tumbling from 33s. 9d. to 28s. 6d.; they now stand at 26s. 7½d. Which judgment is right—the chairman's or the investor's? Distillers is a great industrial undertaking stretching far outside the whisky and gin fields. It employs assets valued in the balance sheet at nearly £125 million and surely worth much more at current prices. It is big in chemicals with important transatlantic links. Through its investments in British Petroleum Chemicals of Grangemouth it joins hands with the Oronite Chemical Company of America and makes detergents and butadiene (a vital ingredient for synthetic rubber manufacture). Through Hedon Chemicals of Hull it associates with Shawinigan Chemicals of Montreal in making vinyl acetate for emulsion paints and plastics. It is in the antibiotic field, in plastics and—let them tremble at Unilever House—Distillers makes margarine in Liverpool.

By the measure of most industrial giants, the advances in Distillers' total income for the year to last March from £18.4 million to £18.5 million and in its net profit after tax from £7.3 million to £7.9 million are distinctly modest. Doubtless profits can be expected to advance further as the group's expansion schemes pass out of the development phase. The company spent £4 million on fixed assets last year. It also found it necessary to build up whisky stocks by £5 million and in consequence of those two operations net current assets (other than stocks) are down by £3½ million at £10 million. But the real reason why profits were not higher was, as the chairman explains, the lower profits shown by the Scotch whisky blending companies of the group—lower profits despite an increased turnover which increased the group's dollar and foreign currency earnings. That decline marks the fact that Distillers is now approaching the end of its whiskies laid down before the war. In future it will be selling the higher cost range produced after the war. It has also bought at relatively high prices considerable quantities of whisky in the open market.

Shareholders naturally hope for a hint about the future. Their chairman obliges with two. First he holds that the dearer whisky is bound to affect profits though he hopes largely to offset that effect by higher sales. Secondly he reports that "the favourable conditions of last year have so far been maintained in the current period and the outlook appears encouraging." He might have added a third. The group is relieved of a substantial prior charge and the equity correspondingly enlarged. All but £939,350 of the £10 million 5 per cent unsecured loan stock has now been converted into ordinary shares.

SHORTER NOTES

Mr. F. J. Stephens, a managing director of the Royal Dutch-Shell group, said this week that as a large-scale purchaser of British products, Shell found that manufacturers here could not offer deliveries as quickly as foreign competitors; that the actual deliveries lagged behind the promises made; and that British suppliers also compared badly in finding out the conditions under which their equipment operated and in after-sales service. Shell spends about £40 million a year on British goods, of which it sends three-quarters overseas to its units abroad. This is not the first time it has complained about its suppliers' performance.

★

After the substantial capital repayment and reorganisation that became effective last February, Powell Duffryn announces a final dividend on the new ordinary capital of 10 per cent. This, with the interim payment of 3 per cent on the old capital, makes a rate equivalent to 16 per cent for the first year in the company's new form. Consolidated net profit for the year ended March 31st after tax was £841,811 against £777,395. Before the repayment of 19s. (not subject to tax) per old £1 share and the special dividend

of 2s. 6d. (less tax), the company was regularly paying 8 per cent.

★

The National Coal Board made a profit of about £5,754,000 in the first quarter of 1955 on its internal operations, but lost £5,200,000 on the imported coal that it bought at foreign prices and sold at the lower British home price. It had therefore only about half a million pounds in hand against interest payments of something over £5 million for the quarter, leaving an estimated deficit of £4,595,528. It was not until June that it raised its prices of coal; so the second quarter, too, is sure to show another substantial deficit.

★

International Nickel Company of Canada announces net earnings for the six months ended June 30th after depreciation and all taxes of $45.3 million. This compares with $32.6 million for the first half of 1954 and with $32.7 million in the second half of last year (all figures in United States dollars). Earnings per common share for the first half of 1955 were $3.04, against $2.16 in the first half of last year and $2.18 in the second half. As a big copper producer the company has benefited from the high price.

★

One American copper producer has raised its price by 4 cents to 40 cents a lb (£320 a ton) and other producers are expected to follow suit. The open market price in London is about £370 a ton.

★

The Chamber of Shipping index of tramp shipping freights reached 130 (1952=100) in July, continuing its rise since April, when the index was 113.7. The tramp charter freight index has risen more sharply during the same period—from 102 in April to 146 last month. At the beginning of July, the Chamber also reports, the number of ships laid up in British ports had fallen to 22, with a gross tonnage of 155,217—against 54 ships totalling 287,493 gross tons at the same time last year.

Company Notes

TOOTAL. This vertically integrated group has a large market at home and abroad for branded textiles in the medium price range. The distortions of the "D-scheme" of purchase tax and the competition of cheap Asian goods pass it by. But it could not shelter from the keener wind of competition blowing on all sections of the industry, nor from the prolonged uncertainty about American cotton prices, which encouraged customers to buy from hand-to-mouth. This is evidently the explanation for the sharp fall of £182,250 to £725,089 in the consolidated net trading profit for the year ending on June 30th.

Taxes of £386,606, against £401,504, absorb a larger proportion of profit than in the previous year, if past over-provisions written back are excluded. Treating employees' bonus of £75,684 as an expense (though strictly speaking it is related to the rate of dividend), equity earnings allowing for Profits Tax on a full distribution are about 15 against 22¼ per cent. This provides relatively moderate cover for the year's equity dividend, which is again 10 per cent, and requires £194,000 net. At 27s., the £1 shares yield £7 8s. per cent.

★

SEAGER EVANS. Company accounts grow longer and longer; critics call, often rightly, for still more information, and expert accountants devise ways of providing it; chairmen too sometimes see the publicity value of a well-illustrated report. It is unusual and just a little refreshing to come across a company that feels it can state its affairs more clearly by leaving something out. Seager Evans and Company, distillers of gin and whisky, shippers of wines, owners of bonded warehouses and retail distributors of wines and spirits, have done that. For the year ended March 31st the company no longer shows a gross trading profit and the expenses charged against that item for for the reason (as the chairman, Mr W. M. Codrington, explains) that they may be misleading. The business is prospering, and expanding. As it both buys and sells businesses (in the past year it sold at a profit two businesses engaged in marketing industrial spirit) both gross profit and expenses are liable to show misleading movements.

Seager Evans has, however, increased its earnings. A trading profit, after charging

	Years to March 31, 1954 £	1955 £
Consolidated earnings:—		
Group total profit after charges	354,296	428,333
Net profit before tax	272,375	333,586
Tax	160,930	179,144
Dividends	71,511	82,888
Dividends per cent	20	22½
To Reserves	56,609	62,582
Consolidated Balance Sheet:—		
Fixed assets, *less* depreciation	810,459	884,867
Investments	87,371	81,571
Net current assets	1,587,112	1,582,325
Debtors	461,318	529,936
Liquid assets (gross)	376,819	282,087
Issued capital (4s. units)	650,100	650,100

4s. ordinary unit at 12s. yields 7¼ per cent.

expenses, up from £340,708 to £416,188, a net profit attributable to the parent company of £150,100 compared with £108,858 and a final dividend of 15 per cent making 22½ per cent for the year against 20 per cent mark the company as being in a phase of expansion. The chairman's forecast is also for increased turnover and a rising gross profit in the new financial year. He couples that hope with a serious warning. Further increases in wages and salaries throughout the group made since the end of the financial year, together with other increases in costs (particularly of coal) must be provided out of the gross trading surplus.

★

H. J. HEINZ COMPANY. When the time comes for the £1 ordinary shares of H. J. Heinz to be quoted they will prove popular. During the past year the £1 4½ per cent preference shares have come to market; their price of 19s. to yield £4 14s. 7½d. owes something to the progressive record of the company, and something more to a feeling that when the holders of the ordinary capital (90 per cent of it is held by the parent company in America) do bring themselves to release part of the equity, preference shareholders ought to stand at the front of the queue.

For the moment development is absorbing much more of the earnings than dividends. The company is building a new food factory at Kitt Green near Wigan. It was first estimated to cost £2½ million, and last year's issue of 1½ million 4½ per cent preference shares of £1 was to provide part of the finance. Since then rising demand for the 57 varieties has forced the company to raise its sights, and building costs have risen too. The new factory is now expected to cost at least £5 million.

That is why out of a net taxed profit for the year ended April 23rd of £1,821,178 (against £865,530), no less than

£1,271,999 (against £382,080), has been retained in the business. The amount ploughed back far exceeds the 30 per cent ordinary dividend, which cost only £488,475. The Heinz tide of prosperity gathered much momentum last year. Trading profits at £3,487,000 showed a rise of no less than £1,470,000. Sales rose 28 per cent in volume and 24 per cent in value. The chairman Mr Henry J. Heinz (II) gives a clue in his statement. The rise of 24 per cent in Heinz production compares with a total increase of around 2 per cent in British manufactured food production. British food prices in general were up by about 2½ per cent: the company's prices moved downwards.

★

JOHN BROWN. Like testimonials, chairmen's statements are sometimes studied for what they leave out. Unlike testimonials, what is left out of a chairman's review is not necessarily unfavourable. Lord Aberconway's statement has little but good to report of the year ended last March, or of the present state of John Brown's trading. Wickman (makers of multi-spindle automatic lathes) and Cravens (makers of carriages and wagons, including diesel-cars) both have record order books. The associate, Costain-John Brown, has begun work on a pipe-line in Iran to cost £9 million. News from Clydebank is satisfactory. The shipyards and works are naturally still fully employed, and output in tonnage has grown appreciably, thanks to better supplies of steel and other materials. "The improvement in shipbuilding prospects since the last quarter of 1954 has continued and several desirable contracts have been secured." John Brown is to build the third and fourth Cunarders in the current programme for passenger ships.

What shareholders do not get from Lord Aberconway is discussion (beyond a general warning on the effects of strikes and of rising costs applicable to all industry) of the outlook for British shipbuilders. What has the impact of foreign competition been? What are the chances now of quoting firm prices? Above all are order books now growing longer or shorter?

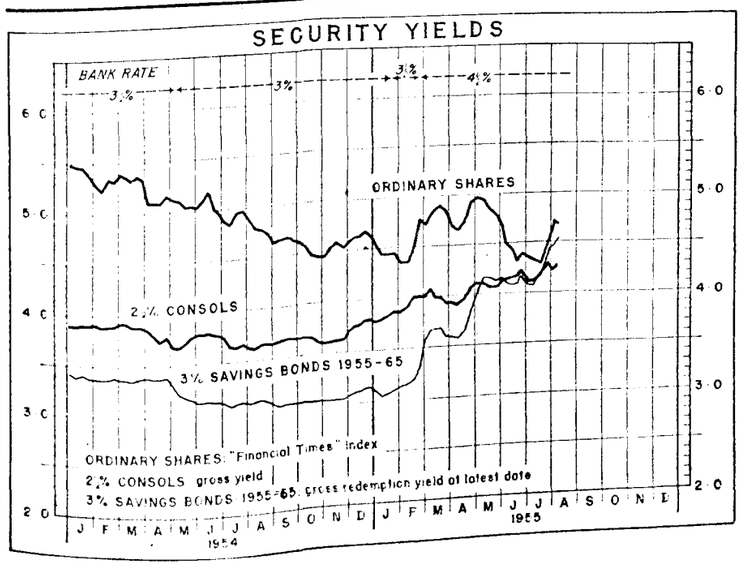
It is probable that the group's widening engineering activities have gradually made the company less dependent on shipbuilding, in spite of the decision not to buy back the Firth-Brown interests, which gave John Brown's shareholders individual preference on allotment. Gross liquid assets, including gilt-edged, now run down from £1,028,000 to £541,000, amount to £2,859,000.

★

GEORGE DOBIE. A company which had paid the same dividend for ten years does not lightly cut its distribution by more than half. Yet investors were prepared for this Scottish group's 4 per cent payment (against 10 per cent) and for the fall in consolidated net profit before tax from £165,219 to £66,673 for the year ended April, 1955. Nearly all the net profit after tax, of £18,002 against £64,434, is required by the dividend. Last January's decision not to pay an interim dividend only confirmed the warning of a buyer's market given at last September's meeting.

It seems well established that the tobacco trade has enjoyed some expansion, but equally well established that the giants—particularly Imperial Tobacco—have improved their share in that expanding market. The smaller manufacturers, no longer protected by scarcities, are receiving the full broadsides from their more powerful rivals.

The preliminary statement hints that the position is now more stable. Severe competition, developing during 1954, came to a head in January. Now that the parent company's output has settled down to a new level, steps have been taken to cut expenditure, and the Paisley company should once more be able to contribute to group earnings. The price of 17s. 6d., to yield £4 11s. 6d. per cent, clearly discounts a good recovery.



LONDON STOCK EXCHANGE

Next Account begins: August 24th
Next Contango Day: August 24th
Next Settlement Day August 30th

FURTHER development of the policy of dearer money contained in the announcement of increased charges on loans drawn by the Local Authorities from the Public Works Loans Board followed the floatation of the new electric stock below the market and tended to depress fixed interest securities this week. Gilt-edged were daily fractionally lower on small selling in an idle market; they closed at their lowest level for the year. Dominion and Colonial stocks were also generally lower. The new Electric 4½ per cent 1967/69 was steady at ⅛ premium before easing to about 1/16 discount on Thursday.

The recovery of equities at the close of last week was sharply checked by speculation on the outcome of the Cabinet's economic deliberations. Oils and speculative stocks reacted and leading industrials turned easier. The heavy settlement on Tuesday passed without event, but the number of markings has fallen to a low level. Only 28,862 bargains were marked in the first three days of this week, against 41,311 in the first three days of last week. On Wednesday and Thursday the market continued to ease. Acceptances were received for 97 per cent of the 3¾ million new shares of the British Oxygen Co. Excess shares were 15 times oversubscribed, the new shares, 20s. paid, eased to 10s. 10½d. premium in dealings on Wednesday.

Rubber shares weakened with the wide fluctuations in the price of the commodity. United Sua Betong lost 4s. 3d. on the week to close at 53s. 9d. The certainty of dearer copper in the United States following the strike settlement enlivened the market for copper shares. Tanganyika Concessions at 9 3/16 and Rhokana at 45¾ reached their highest points this year. Increased earnings reported by the International Nickel Company for the half-year raised the stock to $143¼ London. New and old mines benefited from a revival of interest in gold, Randfontein advancing to 59s. 4½d.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
Aug. 10	210·0	103·63	4·25	4·63
„ 11	209·2	103·32	4·25	4·65
„ 12	205·7	103·35	4·25	4·73
„ 15	204·2	102·91	4·26	4·76
„ 16	204·6	102·68	4·28	4·75
„ 17	202·2	102·11	4·31	4·81
1955, High	223·9 (July 21)	115·97 (Jan. 7)	Total bargains 1955 Aug. 10	13,369
„ Low	175·7 (Mar. 15)	102·11 (Aug. 17)	„ 11	12,449
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 12	11,244
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 15	11,654
			„ 16	8,513
			„ 17	8,695

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Aug. 17 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 10, 1955	Price, Aug. 17, 1955	Net Yield, Aug. 17, 1955 §	Gross Yield, Aug. 17, 1955
					£ s. d.	£ s. d.
100 3/16	96⅞	Funding 2¾% '52-57	97 3/16	97 3/16	3 1 2	4 7 3l
100¼	97⅝	War Bonds 2½% '54-56	98 9/32	98½	3 7 2	4 8 10l
100 11/16	94 27/32	War Loan 3% '55-59	95 1/32	94⅞	2 18 7	4 7 2l
100 21/32	99⅞	Serial Funding 3% 1955	99 31/32	99/14/7½	1 7 11	4 1 1
100¼	96⅛	Serial Funding 2½% 1957	96 9/32	96 9/32	2 18 0	3 19 11
99 11/32	92 1/16	Conv. 2% 1958-59	92⅛	92 3/32	3 12 2	4 10 6l
97¾	90	Exchequer 2% 1960	90 1/16	90 1/32	3 11 4	4 9 5
104¼	94½	Exchequer 3% 1960	94⅝	94½	3 0 11	4 7 0
100 11/16	87	Savings Bonds 3% '55-65	87¾*	87½	3 4 11	4 12 6l
100⅜	89½	Funding 2½% '56-61	90⅛	89⅞	3 10 6	4 14 8l
97	83⅜	Funding 3% '59-69	83⅞	83⅜	3 6 0	4 15 6l
103 7/16	94¼	Funding 4% '60-90	95	94⅜	2 11 6	4 7 8l
96⅝	81¼	Savings Bonds 3% '60-70	82¼*	81½*	3 5 10	4 14 6l
102⅝	91	Exchequer 3% '62-63	91¼	91⅛	3 4 9	4 12 6l
99 1/16	85 1/16	Exchequer 2½% '63-64	85⅝	85⅝	3 8 1	4 12 2l
95 1/16	80⅝	Savings Bonds 2½% '64-67	81⅜	81	3 9 5	4 14 3l
94 5/16	79½	Savings Bonds 3% '65-75	80 5/16*	79¾	3 1 10	4 11 1l
105⅛	94¼	Victory 4% '20-76	94⅞*	94½*	2 17 8	4 13 0†
98¼	83⅜	Funding 3% '66-68	84	83½	3 6 2	4 14 8l
103	87⅞	Conv. 3½% 1969	88½*	87⅞*	3 2 3	4 14 2
98⅜	84	Treas. 3½% '77-80	84½	84	2 18 11	4 12 8l
99 5/16	83¾	Treas. 3½% '79-81	84¾*	83⅞	2 18 3	4 11 7l
88¼	74	Redemption 3% '86-96	74¾	74¼	2 16 3	4 8 6l
95 11/16	82⅞	Funding 3½% 1999-2004	83⅝	82⅞	2 12 11	4 7 4l
97⅝	86¾	Consols 4% aft. Feb. '57	87¼	87	2 12 11	4 12 2l
88 5/16	77	War L'n. 3½% aft. Dec. '52	78¼	77 11/16	2 12 1	4 11 0f
89 11/16	77	Conv. 3½% aft. April '61	78½	77 13/16	2 12 3	4 11 6f
78⅜	67	Treas. 3% aft. April '66	68⅝	67⅞	2 11 4	4 9 11f
66⅜	57	Consols 2½%	58⅞	58	2 9 9	4 6 8f
66⅞	56⅞	Treas. 2½% aft. April '75	58⅜	58	2 10 1	4 7 8f
99⅛	98 1/16	Br. Elec. 4½% '67-69	...	98¼	2 14 1	4 12 2l
94 11/16	80¾	Br. Elec. 3% '68-73	82	81½	3 3 0	4 12 11l
93 11/16	79	Br. Elec. 3% '74-77	79¼*	79*	3 1 2	4 10 4l
109 1/16	96	Br. Elec. 4½% '74-79	96⅝	96¼	2 14 3	4 12 6l
98 11/16	84½	Br. Elec. 3½% '76-79	85¼	84¾	2 18 6	4 12 3l
105⅝	93	Br. Gas 4% '69-72	93½	93	2 16 6	4 12 2l
102¼	86¾	Br. Gas 3½% '69-71	87¾*	87*	3 0 8	4 12 9l
88 7/16	74⅝	Br. Gas 3% '90-95	75¼	74⅞	2 16 0	4 7 10l
94 11/16	80⅝	Br. Trans. 3% '68-73	82	81½	3 3 0	4 12 11l
105 1/16	91¾	Br. Trans. 4% '72-77	92¼	91¾	2 16 6	4 12 11l
88 7/16	74½	Br. Trans. 3% '78-88	75⅝	74⅝	2 18 11	4 10 3l

(e) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend. † Assumed average life approx. 12 years. § Less tax at 8s. 6d. in £.

Prices, 1954 High	Low	Prices, 1955 Jan 1 to Aug. 17 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 10, 1955	Price, Aug. 17, 1955	Yield, Aug. 17, 1955
							£ s. d.
97⅞	90⅛	94⅝	81⅞	Aust. 3½% '65-69	83⅛	83⅛	4 18 2l
101⅞	97½	101⅝	91½	Ceylon 4% '73-75	92⅛	91⅛	4 13 5l
106¾	98½	103¾	90⅛	N. Zealand 4% '76-78	92	91⅛	4 12 3l
79¾	71⅞	75⅝	64½	L.C.C. 3% aft. 1920	65½	65½	4 11 7
99⅝	95	99	86	Liverpool 3% '54-64	85½	86	4 19 6l
87⅝	80½	84	68½	M.Wtr.'B'3% '34-2003	70½	70¼	4 10 3l
104½	100	102¼	96⅞	Agric. Mort. 5% '59-89	98⅛	97⅛	5 3 0l
109⅝	71⅞	122⅞	91	German 7%	117½	115	...
168½	102	213	149	German 5½%	205½	203½	...
171	132⅝	201½	160	Japan 5% 1907	198½	201⅛	...
198½	167	244½	190	Japan 5½% Conv. 1930	241	243	...

Prices, 1955 Jan. 1 to Aug. 17 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 10, 1955	Price, Aug. 17, 1955	Yield, Aug. 17, 1955
		%	%	BANKS & DISCOUNT			£ s. d.
58/7½	48/9	7 b	5 a	Barclays £1	51/-	51/-	4 14 1
76/7½	59/3	15 c	6 a	Lloyds 'A' £5, £1 pd.	60/6	59/6	5 0 10
89/3	74/9	18 c	9 a	Midland £1, fully pd.	77/-	78/6	4 11 9
87/-	72/9	18 c	9 a	N. Prov. 'B' £5, £1 pd.	73/6	74/-	4 17 4
96/10½	78/6	8 b	8 a	Westmstr'B'£4,£1½pd.	80/3	81/-	4 18 9
69/-	48/-	8½b	3½a	Alexanders £1	48/6	48/6	5 3 1
58/6	46/6	7 b	5 a	Nat. Disc. 'B' £1	50/-	48/-	5 0 0
60/-	49/-	12½c	6¼a	Union Disc. £1	51/-	50/-	5 0 0
40/1½	32/10½	4 b	4 a	Barc. (D.C.O.) £1	36/-	34/6	3 17 4s
51/9	42/3	7½a	7½b	Chart. Bk. of India £1	44/-	44/6	6 14 10
				INSURANCE			
21¾	14¼	50 a	110 b	Leg. & Gen. £1, 5/- pd.	20½	19½	2 1 7
28	20⅛	20†a	45†b	Pearl £1, fully pd.	25	23⅛	4 14 6
55½	41½	112½†c	117½†c	Prudential 'A' £1	50½	50	4 1 9
				BREWERIES, ETC.			
41/-	122/6	33 b	10 a	Bass £1	125/-	123/9	6 18 11
34/9	22/-	10 a	10½b	Distillers 6/8	28/-	26/3	4 3 10h
49/6	40/3	15 b	8 a	Guinness 10/-	45/7½	45/-	5 2 3
[illegible]3/9	72/6	7 a	14 b	Whitbread 'A' Ord. £1	75/-	75/-	5 12 0

Prices, 1955 Jan. 1 to Aug. 17 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 10, 1955	Price, Aug. 17, 1955	Yield, Aug. 17, 1955
		%	%	STEEL & ENGINEERING			£ s. d.
46/6	35/9	17½c	4 a	B.S.A. £1	42/-	41/-	4 5 4
13/10½	10/-	3½a	10⅞b	Cammell Laird 5/-	12/9	12/6	5 12 0
39/3	27/-	...	3 a	Colvilles £1	33/-	32/-	5 12 6
36/7½	23/-	...	8 c	Dorman Long £1	33/-	32/-	5 0 0
54/-	31/2½	5 a	15 b	Guest Keen N'fold £1	50/-	47/-	4 5 1n
79/9	42/-	12½c	5 a	Stewarts & Lloyds £1	71/6	68/6	3 13 0
47/-	27/6	6⅝b	4 a	Summers (John) £1	40/7½	40/-	5 0 0n
50/-	28/6	6 b	4 a	United Steel £1	44/-	43/-	4 13 0
47/10½	35/9	2½a	6 b	Vickers £1	42/6	41/-	4 2 11
				TEXTILES			
30/4½	21/7½	6 b	4 a	Bradford Dyers £1	22/-	22/-	9 1 10
35/-	26/-	3 a	7 b	Brit. Celanese £1	27/6	26/10½	7 8 10
29/6	23/-	2½a	6½b	Coats (J. & P.) £1	25/3	25/-	7 0 0
55/3	35/-	4 a	6 b	Courtaulds £1	48/3	47/6	4 4 3
34/1½	26/6	7½b	5 a	Lancs. Cotton £1	28/-	26/6	9 8 8
36/0¾	28/-	2½a	10 b	Patons & Baldwins £1	30/9	30/9	8 2 8
				MOTOR & AIRCRAFT			
22/11¼	17/4½	3½a	6½b	Bristol Aeroplane 10/-	21/6	21/3	4 14 1
15/9¾	9/10½	8½b	4 a	British Motor 5/-	13/9	13/1½	4 15 3
27/10½	21/3	7½c	Nil c	De Havilland £1	25/6	24/3	Nil
60/-	37/-	5 a	10 b	Ford Motor £1	49/4½	48/1½	3 2 4
70/9	43/1½	7½b	5 a	Hawker Siddeley £1	61/3	58/9	4 5 1
52/9	33/6	25 c	30 c	Leyland Motors £1	46/3	46/3	4 6 6n
133/1½	71/3	5 a	12½b	Rolls Royce £1	126/3	120/-	2 18 3
12/3¾	6/10½	12 c	12 c	Standard Motor 5/-	11/10½	11/6	5 4 4
				SHOPS & STORES			
21/7½	12/6	10 a	17½b	Boots Pure Drug 5/-	18/-	18/6	3 14 5
47/6	36/9	7½a	20 b	Debenhams 10/-	40/-	40/6	6 16 9
62/6	43/9	15 a	45 b	Gt. Universal 5/-	51/6	48/6	6 3 9
114/-	96/3	5 a	17½b	Lyons (J.) 'A' £1	97/6	97/6	4 12 4
76/-	58/6	15 a	30 b	Marks & Spen. 'A' 5/-	69/6	69/-	3 5 3
71/9	55/3	36⅞b	20 a	Woolworth 5/-	61/-	60/6	4 2 8a
				OIL			
139/-	68/6	5 a	14 b	British Petroleum £1	126/3	120/-	2 10 0
93/5¼	50/-	7½a	13½b	Burmah £1	86/3	81/3	2 11 8
£62¾	£50⅞	6 a	10 b	Royal Dutch 100 fl.	£59⅛	£60	2 10 4
158/9	109/9	5†a	10†b	Shell Reg. £1	139/4½	135/-	3 17 4
44/6	26/9	15†b	5†a	Trinidad L'holds 5/-	41/9	40/3	4 6 5
				SHIPPING			
37/3	25/10½	5 a	7 b	Cunard £1	27/6	28/-	7 2 10m
61/-	45/-	12 c	14 c	Furness Withy £1	50/6	51/6	5 8 9
38/6	27/6	3 a	13 b	P. & O. Def. £1	34/-	32/-	5 0 0n
				MISCELLANEOUS			
97/6	61/3	14 c	2½a	Assoc. Elect. £1	92/6	91/3	3 1 4
135/-	88/9	5 a	15 b	Assoc. Port. Cem. £1	118/9	112/6	3 11 1
111/6	67/-	7½a	15 b	Bowater Paper £1	98/9	96/3	3 14 10u
56/3	44/1½	2½a	7½b	B.I.C.C. £1	48/6	47/6	4 4 3
58/3	35/6	4 a	8 b	Brit. Aluminium £1	53/-	51/3	4 13 8
61/3	47/10½	15†c	10†a	Brit. Amer. Tob. 10/-	56/-	57/-	4 11 7
$64¼	$51¾	3 b	3 a	Canadian Pacific $25	$59½	$60	4 11 1
48/9	31/4½	41⅔b	14 1/16a	Decca Record 4/-	37/6	40/-	3 15 0
33/4½	27/-	4 a	10 b	Dunlop Rubber 10/-	29/6	28/6	4 18 3
87/3	54/1½	8½b	4 a	English Elect. £1	83/-	80/-	3 2 6
81/-	51/3	4½a	9½b	General Elect. £1	72/6	70/-	4 0 0
61/6	38/3	4 a	6 b	Imp. Chemical £1	54/4½	53/9	3 14 5
65/10½	57/9	12½b	8½a	Imp. Tobacco £1	62/-*	62/-*	6 15 6
$142¼	$105½	$2·90c	$1·75a	Inter. Nickel n.p.v.	$135½	$143½	3 12 8
77/-	57/6	7½a	10 b	London Brick £1	68/9	70/7½	4 19 3
38/6	26/-	6½a	15⅝b	MonsantoChemicals5/-	32/-	31/6	3 11 5
81/3	60/3	3½a	14½b	Tate & Lyle £1	76/3	76/10½	4 3 9g
109/6	72/6	10 b	10 a	Tube Investments £1	97/6	100/-	4 0 0
118/6	95/6	17½b	5 a	Turner & Newall £1	111/3	105/7½	4 5 3
100/6	69/3	6 a	9¾b	Unilever £1	93/-	93/9	3 7 3
44/1½	34/3	7½†b	7 1/16†b	United Molasses 10/-	38/9	37/1½	5 19 1t
49/9	34/-	2½†a	27½†b	Cons. Tea & Lands £1	43/9	41/6	25 3 0
3/4½	1/10½	10 c	15 c	London Asiatic Rbr. 2/-	2/9	2/7½	11 8 5
63/6	38/9	7½a	20 b	United Sua Betong £1	58/1½	54/4½	10 2 4
				MINES			
9 11/32	7 11/16	20 a	50 b	Anglo-Amer. 10/-	8¾	9	3 17 9
143/3	106/10½	80 a	120 b	De Beers 5/- Bearer	122/6	130/-	7 13 11
126/3	78/9	...	...	Free State Geduld 5/-	88/9	86/10½	...
70/9	51/7½	10 b	10 a	Randfontein £1	55/-	59/4½	6 14 8
10/3	6/8¼	24 c	28 c	London Tin 4/-	9/6	9/5¼	11 16 11
45⅞	31⅛	200 b	50 a	Rhokana £1	42¾	45⅝	5 9 4

New York Closing Prices

	Aug. 10	Aug. 17		Aug. 10	Aug. 17		Aug. 10	Aug. 17
	$	$		$	$		$	$
Balt. & Ohio	49⅞	51⅞	Am. Smelting	52	52⅞	Inter. Paper	104½	103¼
Can. Pac.	32⅞	33¼	Am. Viscose	58¼	58⅞	Nat. Distill.	21⅛	21
N.Y. Cent.	44⅞	45⅛	Cel. of Am.	24¾	23⅞	Sears Roebuck	95⅞	97⅞
Pennsyl.	26¼	26⅝	Chrysler	82⅞*	84½	Shell	60¾	61⅞
Amer. Tel.	183¼	181⅛	Gen. Elec.	50¼	50⅞	Std. Oil of N.J.	130⅞*	132⅞
Stand. Gas	9⅞	10	Gen. Motors	129	125⅞	U.S. Steel	50⅞	51⅞
United Corp.	6⅛	6½	Goodyear	54⅞	56¼	Westinghouse	63⅞	63⅞
W. Union Tel.	23⅞	25	Inter. Nickel	74⅞	78⅞*	Woolworth	49⅞	49⅞

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 16·1%. (h) On 16⅓%. (i) On 10½%. (j) On 15%. (l) To latest date. (m) On 10%. (n) On 8%. (o) On 9%. (p) On 8⅓%. (q) Yield basis 22·10% gross. (r) On 37½%. (s) On 6⅔%. (t) On 13⅓%. (u) Dividend for 15 months. On 18%. (v) On 7½%. (x) On 12½%.

Statistics

The following list shows the most recent date on which each statistical page appeared.

BRITISH		OVERSEAS	
Prices and Wages	Aug. 6th	Western Europe Production and Trade	Aug. 6th
Production and Consumption	Aug. 13th	British Commonwealth	Aug. 13th
Manpower	This week	Western Europe Prices and Money Supply	This week
External Trade	July 30th	United States	July 30th
Financial Statistics	This week		
Industrial Profits	July 23rd		

World Trade.......July 23rd

Manpower in Great Britain

	Unit	Monthly averages 1952	1953	1954	1954 May	June	July	1955 April	May	June	July
TOTAL MANPOWER[1]											
Working population:											
Total	'000s	23,294	23,373	23,667	23,658	23,667	23,717	23,846	23,870	23,869	...
Men	"	15,864	15,883	15,974	15,984	15,974	15,989	16,069	16,066	16,058	...
Women	"	7,430	7,490	7,693	7,674	7,693	7,728	7,777	7,804	7,811	...
Armed Forces	"	872	865	839	841	839	835	818	811	803	...
Civil employment:											
Total	"	22,119	22,238	22,604	22,570	22,604	22,657	22,817	22,873	22,890	...
Agriculture, forestry and fishing	"	1,112	1,087	1,074	1,069	1,074	1,084	1,032	1,047	1,052	...
Mining and quarrying	"	875	877	867	869	867	866	869	866	864	...
Building and contracting	"	1,435	1,437	1,453	1,456	1,453	1,456	1,448	1,457	1,460	...
Distributive trades	"	2,616	2,664	2,743	2,737	2,743	2,752	2,782	2,787	2,793	...
Public administration	"	1,336	1,320	1,326	1,325	1,326	1,323	1,312	1,314	1,315	...
Manufacturing industries	"	8,626	8,746	8,976	8,967	8,976	8,995	9,233	9,233	9,222	...
CHANGES IN EMPLOYMENT[1]											
Increase or decrease since June, 1950:											
Employees in engineering[2]	"	+ 212	+ 213	+ 338	+ 332	+ 338	+ 339	+ 625	+ 537	...	...
" " consumer goods industries[3]	"	− 126	− 8	+ 59	+ 57	+ 59	+ 73	+ 80	+ 69	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	414·2	342·0	284·8	289·4	239·5	220·1	260·1	223·6	210·5	184·9
" " —men	"	227·8	218·2	184·4	184·7	156·0	143·6	167·6	136·2	130·3	116·7
" " —women	"	186·4	123·8	100·4	104·7	83·5	76·5	92·5	87·4	80·2	68·2
Temporary or under 2 weeks—men	"	87·8	68·7	58·0	55·3	47·4	44·0	64·3	47·5	49·7	39·5
" " " —women	"	94·7	43·9	36·4	36·3	27·6	28·2	37·0	38·0	38·7	30·0
Over 8 weeks—men	"	85·9	96·7	81·7	91·8	74·2	70·2	71·0	63·1	56·4	54·0
" " —women	"	50·2	46·3	37·1	42·9	34·3	31·2	33·6	29·8	25·2	23·9
By industry [4]**:**											
Textiles	%	8·6	1·4	0·9	1·0	0·9	0·9	1·7	2·2	2·3	2·0
Clothing	"	2·9	1·3	1·3	1·2	1·4	1·3	0·9	0·8	1·2	1·0
Vehicles	"	0·7	0·8	0·5	0·5	0·4	0·4	0·4	0·3	0·3	0·3
Engineering, etc.	"	1·4	1·4	1·1	1·2	1·0	0·9	0·8	0·7	0·8	0·6
Coal-mining	"	0·2	0·2	0·2	0·2	0·2	0·2	0·1	0·2	0·1	0·1
Distributive trades	"	1·5	1·5	1·3	1·3	1·1	1·0	1·1	1·0	0·8	0·7
By regions [4]**:**											
Great Britain	"	2·0	1·6	1·3	1·4	1·1	1·0	1·2	1·0	1·0	0·9
London and South Eastern	"	1·3	1·2	1·0	1·0	0·8	0·7	1·0	0·7	0·6	0·5
Eastern	"	1·3	1·3	1·2	1·2	0·9	0·8	1·1	0·8	0·7	0·6
Southern	"	1·4	1·4	1·1	1·1	0·8	0·8	1·0	0·8	0·7	0·6
South Western	"	1·5	1·6	1·5	1·5	1·1	0·9	1·2	1·1	0·9	0·8
Midland	"	0·9	1·1	0·6	0·6	0·5	0·5	0·5	0·5	0·5	0·4
North Midland	"	1·0	0·7	0·6	0·6	0·5	0·5	0·6	0·5	0·5	0·4
East and West Ridings	"	1·9	1·2	0·9	1·0	0·8	0·7	0·8	0·7	0·7	0·6
North Western	"	3·6	2·1	1·5	1·5	1·3	1·2	1·5	1·4	1·4	1·3
Northern	"	2·6	2·4	2·2	2·3	2·0	1·8	2·0	1·7	1·6	1·3
Scotland	"	3·3	3·1	2·8	2·9	2·4	2·3	2·5	2·2	2·2	2·1
Wales	"	2·9	3·0	2·5	2·5	2·1	2·1	1·9	1·7	1·6	1·4
VACANCIES											
Unfilled vacancies notified to Employment Exchanges:											
Total	'000s	230	270	338	331	353	383	416	426	443	...
Men	"	131	147	191	180	189	208	230	239	247	...
Women	"	99	123	147	151	164	175	186	187	196	...
DISPUTES[5]											
Workers involved	"	35	114	37	27	19	15	62	202	31	...
Working days lost:											
Total	"	149	182	205	111	69	80	198	879	1,327	...
Mining and quarrying	"	55	33	39	41	29	9	97	574	20	...
Engineering, etc.	"	66	127	62	19	20	48	19	22	5	...
Other industries and services	"	28	22	104	51	20	23	82	283	1,302	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding and electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) United Kingdom.

Prices and Money Supply in Western Europe

WHOLESALE PRICES (1) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	31	25	44	6	51	0·4	43	2	36	55	52	21
1953	239	107	134	155	113	173	[illegible]	96	134	152	139	107
1954	250	105	134	152	[illegible]	194	[illegible]	97	136	154	139	117
1955, February	258	107	136	151	111	199	...	98	137	153	141	125
" March	258	107	138	151	112	199	...	98	136	153	142	122
" April	258	107	138	151	112	200	...	98	136	153	143	121
" May	255	107	138	153	112	205	...	98	136	154	143	...
" June	262	...	137	149	...	207	...	...	...	154	144	...

COST OF LIVING (1) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	31	27	60	6	64	0·4	55	2	49	63	65	29
1953	205	106	123	144	108	160	126	117	131	136	139	113
1954	213	107	124	143	108	184	126	120	137	142	131	123
1955, February	216	107	...	145	109	187	127	121	140	142	131	128
" March	215	107	...	145	109	191	...	121	140	142	132	126
" April	211	106	129	145	109	191	...	122	138	142	133	127
" May	206	105	...	146	109	194	128	...	139	143	133	...
" June	...	106	...	145	...	196	...	...	...	143	133	...

IMPORT PRICES (2) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	27[6]	27	40	7	39	...	39	2	24	32	45	21
1953	270	119	119	168	106	...	121	102	117	125	139	89
1954	258	114	115	166	102	...	122	101	111	122	139	92
1955, January	260	114			103	...	125	103	113	121		91
" February	256	115	117	161	102	...	127	101	114	124	139	91
" March	252	114			104	...	128	103	113	127		80
" April	261	113	...	...	105	...	129	103	113	122	...	...
" May	256	...	...	...	105	...	...	...	...	121	...	...

EXPORT PRICES (2) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	33[6]	25	40	6	51	...	37	2	25	32	42	24
1953	239	105	110	147	123	...	127	97	104	119	132	110
1954	237	99	109	140	118	...	125	101	99	118	130	107
1955, January	238	99			119	...	128	100	102	124		117
" February	239	100	109	136	118	...	130	100	97	126	131	120
" March	240	100			120	...	130	100	100	121		122
" April	247	101	...	...	118	...	130	100	98	125	...	...
" May	246	...	...	...	119	...	...	...	...	127	...	...

CURRENCY IN CIRCULATION (3)

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn francs	'000 mn. D. marks	'000 mn. drachmas	mn £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T.
1938	...	23·6	425	112	...	...	...	19	1,048	455	1·04	213
1953	10·25	105·9	2,032	2,310	11·98	3,503	54·6[7]	1,424	3,440	3,002	4·90	1,461
1954	11·98	106·7	2,054	2,551	12·78	3·47[5]	46·8[7]	1,533	3,728	3,187	5·16	1,527
1955, February	11·73	106·8	1,939	2,548	12·71	3·70	50·2[7]	1,436	3,676	2,983	4·87	1,620
" March	...	107·6	1,939	2,584	12·88	3·77	52·6[7]	1,434	3,705	3,029	4·84	1,628
" April	...	108·1	1,921	...	13·10	4·04	57·1[7]	1,422	3,796	3,008	4·94	1,652
" May	...	...	1,890	...	13·16	3·87	...	1,420	3,802	2,947	4·84	1,657
" June	...	...	...	...	...	...	...	...	...	...	...	1,680

GOLD AND FOREIGN EXCHANGE HOLDINGS (4) (mn US Dollars)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	...	780	76·7	2,784	...	26·8	59	201	1,003	128·3	512	34
1953	271·4	1,090	166·8	956	1,984	10·5	234	952	1,161	138·3	425	212
1954	371·9	1,046	143·4	1,369	2,682	10·8	260	1,041	1,276	122·8	385	206
1955, March	359·0	1,095	131·3	1,535	2,764	10·8	253	1,041	1,268	90·4	368	215
" April	346·8	1,114	133·0	...	2,771	10·9	250	...	1,264	107·1	339	210
" May	340·8	1,104	126·7	...	...	10·9	247	...	1,272	96·3	339	208
" June	338·4	1,077	122·7	...	...	10·8	...	...	1,270	106·8	350	206
" July	345·7	...	...	...	...	...	...	...	...	...	...	...

(1) Relates only to prices in capital cities for Austria, France, Greece and Turkey. Cost of living in Paris based on 1949 = 100, and wholesale prices in Western Germany on July-December, 1948 = 100. (2) Index numbers of unit value which compare the current average value of trade with its value in 1948; they are influenced by changes in the composition of trade as well as price movements. Index numbers for Germany based on 1950. (3) Notes only for France and Austria; figures for Turkey include currency holdings of Other Banks. (4) Holdings of the government and central bank at end of period; figures for Greece are gold reserves only. (5) Beginning May, 1954, a new drachma equal to 1,000 old drachmas was introduced. (6) 1937. (7) New series excluding currency holdings of banks other than the central bank.

Financial Statistics

EXCHEQUER RETURNS

For the week ended August 13th there was an "above-line" deficit (after allowing for Sinking Funds) of £7,107,000 compared with a surplus of £55,157,000 in the previous week and a surplus of £25,966,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £5,748,000, bringing the total cumulative deficit to £338,880,000 (£237,862,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to Aug. 14, 1954	April 1, 1955 to Aug. 13, 1955	Week ended Aug. 14, 1954	Week ended Aug. 13, 1955
Ord. Revenue					
Income Tax	1877,400	349,747	363,114	11,451	8,484
Sur-tax	136,000	26,700	24,300	800	600
Death Duties	185,000	66,700	69,400	3,700	3,500
Stamps	74,000	25,400	27,800	1,100	1,800
Profits Tax & EPT	180,000	62,600	64,800	6,500	5,400
Excess Profits Levy	25,000	33,400	11,500	2,300	400
Special Contribution and other Inland Revenue	1,000	500	200	..	50
Total Inland Rev.	2478,400	565,047	561,114	25,851	20,234
Customs	1131,700	409,199	412,056	20,748	20,652
Excise	796,050	284,360	311,140	25,220	36,380
Total Customs and Excise	1927,750	693,559	723,196	45,968	57,032
Motor Duties	80,000	14,281	16,466	370	254
PO (Net Receipts)	...	5,400	2,210	3,550	2,210
Broadcast Licences	25,000	4,700	5,300	..	..
Sundry Loans	24,000	9,130	11,757	3,234	18
Miscellaneous	175,000	56,045	28,989	19,060	584
Total	**4710,150**	**1348,162**	**1349,032**	**98,033**	**80,332**
Ord. Expenditure					
Debt Interest	600,000	172,744	192,302	2,917	5,699
Payments to N. Ireland Exchequer	53,000	16,855	19,601	..	..
Other Cons. Fund	10,000	3,847	4,971	..	..
Supply Services	3862,875	1214,469	1206,185	67,800	80,960
Total	**4525,875**	**1407,915**	**1423,057**	**70,717**	**86,659**
Sinking Funds	36,000	11,653	10,465	1,350	780
"Above-line" Surplus or Deficit		−71,406	−84,490	+25,966	−7,107
"Below-line" Net Expenditure		166,456	254,390	3,421	5,748
Total Surplus or Deficit		−237,862	−338,880	+22,545	−1,2855
Net Receipts from:					
Tax Reserve Certificates		159,835	42,390	185	−609
Savings Certificates		4,600	11,800	−200	500
Defence Bonds		−8,183	356	266	−308

THE MONEY MARKET

THE market maintained its bid at £99 per cent at the Treasury bill tender on Friday last; but as some outside tenderers made belated adjustments to the cut in the market's bid in the previous week, the average rate of discount rose slightly, by ¾d. to £4 0s. 1.13d. per cent. Applications were virtually unchanged at £350.4 million and the market's allotment rose from 56 to 58 per cent. At yesterday's tender the offer was raised by £30 million to £270 million, itself £30 million more than matching maturities (against an excess of £10 million this week).

The credit stringency in Lombard Street has been relieved during the past week. Thanks to repayments to the banks by the Electricity authority from the £20 million received on application for its public issue, and to large Government disbursements. On Monday, however, a large net intake of bills produced a brief phase of shortage.

Sterling weakened slightly just before last weekend, the spot dollar rate falling 1/16 to \$2.78⅝ despite some official support. This week the rate has remained fairly steady at around this level.

The Bank return shows a return of £25.7 million of notes to the Bank; the fiduciary issue has been reduced by £50 million to £1,825 million. Government securities in the banking department are up by only £31.4 million, and discounts and advances down by £17 million, so that bankers' deposits show a renewed fall, by £5.4 million to £224.7 million.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4 1/32–4 3/32
Banks	2½	3 months	4 1/32–4 3/32
Discount houses	2⅝*	4 months	4 1/16–4⅛
		6 months	4¼
Money Day-to-day	2⅝–3½	Fine trade bills:	
Short periods	2¾–3½	3 months	4½–5
Treas. bills 2 months	3 31/32	4 months	4¾–5½
3 months	4	6 months	5–5½

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 Aug. 18	1955 Aug. 10	1955 Aug. 17
Issue Department:*			
Notes in circulation	1,670·5	1,834·6	1,808·9
Notes in banking dept.	29·8	40·8	16·4
Govt. debt and securities*	1,696·2	1,871·2	1,821·3
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	13·5	24·0	19·2
Treasury special account	1·7	2·3	2·3
Bankers	274·2	230·1	224·7
Others	76·5	68·1	68·7
Total	365·9	324·5	314·9
Securities:			
Government	333·5	257·6	289·0
Discounts and advances	5·0	26·5	9·5
Other	13·8	15·7	16·0
Total	352·3	299·8	314·5
Banking department reserve	32·1	43·1	18·8
	%	%	%
"Proportion"	8·7	13·2	5·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,825 million from £1,875 million on August 17th, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954 Aug. 13	250·0	387·5	250·0	31 10·56	50
1955 May 13	230·0	382·4	230·0	78 4·69	46
" 20	240·0	375·6	240·0	78 4·64	50
" 27	250·0	389·9	250·0	78 4·37	48
June 3	250·0	370·5	250·0	78 11·80	52
" 10	260·0	378·6	260·0	79 7·53	53
" 17	260·0	365·6	260·0	79 5·17	65
" 24	270·0	380·5	270·0	79 4·53	58
July 1	290·0	383·8	290·0	79 4·87	67
" 8	280·0	403·8	280·0	79 4·60	56
" 15	260·0	383·4	260·0	79 4·88	55
" 22	240·0	361·4	240·0	79 4·98	55
" 29	240·0	344·2	240·0	79 5·08	60
Aug. 5	240·0	350·8	240·0	80 0·42	56
" 12	240·0	350·4	240·0	80 1·13	58

*On Aug. 12th tenders for 91 day bills at £99 0s. 0d. secured about 58 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £270 million.

FLOATING DEBT

(£ million)

Date	Treasury Bills Tender	Treasury Bills Tap	Ways and Means Advances Public Depts.	Ways and Means Advances Bank of England	Total Floating Debt
1954 Aug. 14	3,280·0	1,451·3	272·3	...	5,003·6
1955 May 14	3,270·0	1,760·7	275·8	0·8	5,307·2
" 21	3,270·0	1,768·8	295·7	...	5,334·5
" 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
" 11	3,240·0	1,903·6	282·7	...	5,426·3
" 18	3,230·0	1,948·7	293·7	0·5	5,472·9
" 25	3,220·0	1,974·9	311·5	3·3	5,509·6
" 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
" 16	3,260·0	2,020·0	293·8	...	5,573·7
" 23	3,270·0	2,019·6	286·1	...	5,575·7
" 30	3,280·0	2,049·0	265·5	...	5,594·6
Aug. 6	3,300·0	1,999·1	272·1	...	5,571·2
" 13	3,130·0	1,969·5	298·3	...	5,577·8

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates August 17	Market Rates: Spot August 11	August 12	August 13	August 15	August 16	August 17
United States \$	2·78–2·82	2·78⅝–2·78¾	2·78 9/16–2·78 11/16	2·78 9/16–2·78 11/16	2·78 9/16–2·78 11/16	2·78⅝–2·78¾	2·78⅝–2·78¾
Canadian \$	...	2·74¼–2·74⅜	2·74 11/16–2·74 13/16	2·74 11/16–2·74 13/16	2·74 11/16–2·74 13/16	2·74¾–2·74⅞	2·74⅝–2·74¾
French Fr.	972·65–987·35	973¾–974	973¾–974	973¼–973½	973¼–973½	973–973¼	973–973¼
Swiss Fr.	12·15 11/16–12·33 5/16	12·16⅜–12·16⅝	12·15⅜–12·15⅝	12·15⅜–12·15⅞	12·15½–12·15⅞	12·15½–12·15⅞	12·15½–12·15⅞
Belgian Fr.	138·95–141·05	139·05–139·10	139·02½–139·07½	139·00–139·05	138·97½–139·02½	138·97½–139·02½	138·97½–139·02½
Dutch Gld.	10·56–10·72	10·62–10·62¼	10·61⅛–10·61⅜	10·59–10·59¼	10·59⅞–10·60⅛	10·59¾–11·60	10·59½–10·59¾
W. Ger. D-Mk.	11·67 3/16–11·84 13/16	11·69⅜–11·69⅝	11·68¾–11·69	11·67¾–11·68	11·68¾–11·69	11·68¾–11·69	11·69–11·69¼
Portuguese Esc.	79·90–81·10	79·95–80·10	79·95–80·10	79·95–80·10	79·95–80·10	79·95–80·10	80·00–80·15
Swedish Kr.	14·37⅝–14·59⅜	14·38⅞–14·39⅛	14·38⅝–14·38⅞	14·38⅛–14·38⅜	14·38⅛–14·38⅜	14·38⅝–14·38⅞	14·38⅝–14·38⅞
Danish Kr.	19·41½–19·48½	19·33½–19·33¾	19·33½–19·33¾	19·33¼–19·33¾	19·33¼–19·33½	19·33¼–19·33½	19·33¾–19·34
Norwegian Kr.	19·85–20·15	19·99¼–19·99¾	19·99–19·99½	19·99–19·99½	19·98¾–19·99¼	19·98¾–19·99¼	19·98¾–19·99¼
One Month Forward Rates							
United States \$		½–⅜c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	½–⅜c. pm
Canadian \$		9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm
French Fr.		½ pm–½ dis	1 pm–par	1 pm–par	1 pm–par	1 pm–par	1 pm–par
Swiss Fr.		2⅝–2¼c. pm	2¾–2¼c. pm	2¾–2¼c. pm	2¾–2¼c. pm	2¾–2¼c. pm	2⅝–2¼c. pm
Belgian Fr.		⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm	7/16–3/16 pm	7/16–3/16 pm	7/16–3/16 pm
Dutch Gld.		3–2½c. pm	3–2½c. pm	3–2½c. pm	3¾–3¼c. pm	3¾–3¼c. pm	3¼–2¾c. pm
W. Ger. D-Mk.		2–1½pf. pm	2–1½pf. pm	2–1½pf. pm	2½–2pf. pm	2½–2pf. pm	2½–2pf. pm
Swedish Kr.		½ö pm–par	1ö pm–par	1ö pm–par	1ö pm–par	1ö pm–par	1ö pm–par
Danish Kr.		par–2ö dis	par–2ö dis	par–2ö dis	par–2ö dis	par–2ö dis	par–2ö dis
Norwegian Kr.		½ö pm–½ö dis	½ö pm–½ö dis	½ö pm–½ö dis	½ö pm–½ö dis	½ö pm–½ö dis	½ö pm–½ö dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/5	251/5¾	...	251/6	251/5¾	251/4½

SAFETY-FIRST INVESTMENT

3%

PER ANNUM

Income Tax paid by the Society

All money invested in Abbey National Share Accounts will bear with effect from 1st September 1955 the increased rate of 3 per cent interest per annum.

As income tax is paid by the Society, the new rate of 3 per cent will represent a return on every £100 invested equivalent to £5. 4. 4. per cent to investors subject to the standard rate of income tax.

The rate of interest on ordinary Deposit Accounts will be increased to 2½ per cent per annum, income tax paid, equivalent to £4. 6. 11. per cent where the standard rate of income tax is paid.

Amounts up to £5,000 are accepted; money may be withdrawn at convenient notice.

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The Company undertakes the duties of Executor and Trustee

Habib Bank Limited

Established 1941.

Head Office : KARACHI (PAKISTAN)

Authorised Capital	... ...	**Pak Rs. 30,000,000**
Issued & Subscribed	...	**Pak Rs. 15,000,000**
Paid-up Capital	... ...	**Pak Rs. 15,000,000**
Reserve Funds	... ...	**Pak Rs. 10,000,000**
Deposits as on Dec. 31, 1954		**Pak Rs. 431,800,000**

With a network of 58 branches in all the important trade centres of East and West Pakistan, Habib Bank Limited, is in a position to assist those desiring to establish contacts for exports or imports. The Bank's services are always available for any banking requirements in Pakistan.

The Bank is fully competent to handle all foreign exchange business, including opening and advising of commercial letters of credit, collection of documentary bills, remittances, etc.

FOREIGN BRANCH:

BOMBAY (INDIA)

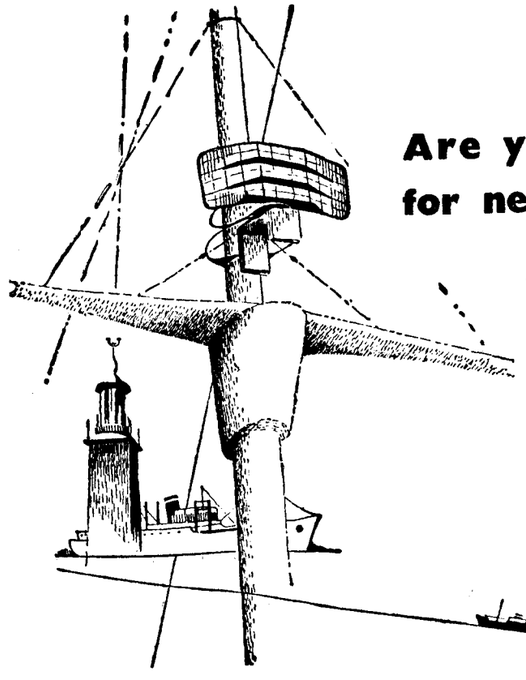
Habib Bank (Overseas) Limited,

Head Office : KARACHI (PAKISTAN)

BRANCHES :

RANGOON (BURMA) and COLOMBO (CEYLON)

Correspondents and Agents in all important Cities of the World



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COMPANY MEETINGS

L M ERICSSON TELEPHONE COMPANY

Stockholm—Sweden

ORDERS REACH RECORD LEVEL

INCREASED PRODUCTIVE CAPACITY PLANNED

PROPOSED ISSUE OF NEW SHARES

HISTORY OF COMPANY

The Ericsson group, with interests spanning the whole world, traces its origin to the workshop for the manufacture of telegraph apparatus that was started in 1876 by Lars Magnus Ericsson (1846-1926). Ericsson made his first telephone in 1878, and it was followed in quick succession by improved designs which rightly attracted the attention of the engineering world. Telefonaktiebolaget L M Ericsson of today can claim to be, in its branch, one of the leading firms in the world.

L M Ericsson is represented in some eighty countries, either through subsidiary companies engaged on sales, manufacture or telephone operation, or through contracted agents.

In Sweden the manufacturing activities of the group are carried on at fourteen factories, in addition to the head factory at Midsommarkransen on the outskirts of Stockholm. The head factory is at the same time the administrative centre of the group. Outside Sweden factories are operating in Denmark, Norway, Finland, Holland, France, Italy, Spain, Argentina and USA.

PRODUCTION

The main production of the group comprises telephone material, automatic and manual exchanges, various types of telephones, line and network material, equipment for carrier-current telephony and telegraphy, radio link systems, private telephone installations, "intercom" systems, selective calling installations for railways, etc., all kinds of telephone and power cables, telephone wires and coaxial cables.

Apart from the manufacture and sale of the products listed above, L M Ericsson undertakes the installation of complete telephone systems and other telecommunication equipment in all parts of the world.

During the period 1923-1954 L M Ericsson has contributed to the public automatic telephone systems of the world about 3 million lines.

The most widespread of L M Ericsson's automatic systems to date is the 500-Line System. Characteristic of this system are the register-controlled machine-driven switching devices with large capacity (500 lines), the contact field of which consists of a so-called bare wire multiple. The first exchange equipped on this system was opened in Stockholm in 1923, since when public and private exchanges serving near 2,400,000 lines have been constructed.

A later system produced by L M Ericsson is composed of devices—cross-bar switches—containing practically no mechanical moving parts and, instead of sliding contacts, possessing precious metal pressure contacts. The system constitutes a far-reaching economising in expensive switching devices.

L M Ericsson also manufactures telesignalling material of different kinds: electric clock installations, time recorders, machine recorders (Centralographs), electric signalling plants and interlocking gear for railways. Domestic, commercial and military radio sets, electronic and ionic valves are also included in the production programme as well as all kinds of electricity meters and electric measuring instruments.

ADMINISTRATION REPORT

ACTIVITIES IN GENERAL

GENERAL BUSINESS OUTLOOK

In the beginning of 1954 apprehension existed in many quarters regarding the world economic situation, and it was feared that the downward trend in American economy would spread to Europe. However, America recovered markedly and most of Europe was economically stable. Although the situation in Sweden was also uncertain for a time, an upward trend soon became apparent, indicated by increased demand and production and a greater export volume. Generally speaking, these conditions were reflected in the Company's activities and its results.

INCOMING ORDERS

Orders on hand increased to a record level. However, orders from Televerket (the Swedish Telephone and Telegraph Administration) were slightly less than in previous years. During 1954, the Company delivered to Televerket equipment for approximately 68,000 lines of automatic central and private branch exchanges, plus equipment for fully automatic traffic between subscribers in different multi-office areas.

The Company obtained many sizeable orders from abroad, partly by granting long-term credit.

Orders for the Company's automatic 500-point selector system included 30,000 lines with network and telephone instruments for Colombia, 16,000 lines with network and instruments for Brazil, as well as orders from several other countries. Orders were received from Turkey for complete equipment for 30 small cities in Anatolia.

Orders for the crossbar system included a complete telephone installation in Rangoon, Burma, as well as central exchanges in Australia, Pakistan, Southern Rhodesia, Italy, Indonesia, Finland, Jugoslavia, and Holland. In addition, during 1955, a contract was signed for large deliveries of crossbar system toll exchanges for Helsinki and other cities in Finland.

Orders for manual telephone equipment were received from South Korea, Pakistan, Indonesia, Iran and Thailand.

Large orders from Brazil for transmission material included coaxial cable with related equipment for 360 channels between Sao Paulo and Santos. Substantial orders were received for transmission and channelling equipment for circuits between Bogota and seven of the more important cities in Colombia. An initial order for transmission equipment was placed by Jugoslavia for a 60-channel radio link between Belgrade and Zagreb. This forms part of the international circuit Paris-Athens.

Increased demand for the Company's modern telephone resulted in expanded production at the instrument factory in Karlskrona.

CAPITAL INVESTMENT

To strengthen the Company's competitive position by meeting customer demand for short delivery times, steps were taken to increase production capacity.

In this connection, provision was made for future expansion of the Tellus factory in Midsommarkransen by the purchase in 1955 of two pieces of land, on one of which is a factory building with floor space of 10,300 square meters (about 100,000 square feet). Application was made for building permits to extend the factories at Karlskrona and Katrineholm at a combined cost of 6.1 million Crowns. The plan for expansion and more efficient operation of the cable works at

Älvsjö was put into effect in 1954, and the first part of a new cable hall is expected to be ready during 1955. An extension of the factory at Söderhamn is also under way. Effective April 1, 1955, the Company took over the workshop of their subsidiary, Ermi, for certain manufacturing purposes. Application has been filed for a building permit to erect an office and laboratory building at Midsommarkransen at a cost of approximately 4.2 million Crowns.

INVOICING

Goods and installations invoiced by the Company's own factories during 1954 amounted to 216 million Crowns as compared with 203 million Crowns during 1953. Goods and installations invoiced to foreign customers were a little over 98 million Crowns, an increase of approximately 13 per cent. Total invoicing by Group's companies in Sweden increased from 351 million crowns in 1953 to 368 million Crowns in 1954.

RESEARCH AND DEVELOPMENT

Technical development continued despite an increased shortage of technicians. In several cases the housing situation in Stockholm hindered recruitment of technical personnel from outside Stockholm. The Company was forced to locate part of its research activity abroad and, in 1954, preparations were made to establish a research laboratory in Darmstadt, West Germany. The laboratory started recently with a staff of approximately 30 employees, most of whom are electrical engineers. For the time being, work will be concentrated in the transmission field.

The Transmission Department and our associated company, A/S Elektrisk Bureau, Oslo, together developed a VHF system for 60 channels which may be extended eventually to 120 channels.

Work in the radar field advanced to the point where delivery of radar material was effected.

The Company's latest contribution to the telephone instrument field, the so-called "Ericofon," attracted much interest by its unusual design, and it is now in production in several colours.

Research and development in the semiconductor field were intensified, not only within the Group but also through a special organisation taken over jointly by the Company and another interested party. The Research Department built a fully electronic automatic switchboard.

PERSONNEL

The average number of employees of the Parent Company during 1954 was 7.859 (7,689), of which 2,616 (2,563) were office employees and 5,243 (5,126) were factory workers (1953 *figures in brackets*).

During 1954, salaries and wages amounted to 1,664,816 (1,445,412) Crowns for the Board of Directors and Management; 30,893,086 (29,446,560) Crowns for other office employees; and 43.758,782 (40,972,258) Crowns for factory workers (1953 *figures in brackets*).

35,900 persons were employed by the Group as a whole at the close of the year.

There was a scarcity of factory workers, especially at the end of the year.

Because of additional pension obligations, the Board allocated 7.2 million Crowns to the Company's independent pension foundation.

FINANCIAL STATEMENTS

Balance Sheet

The recorded value of *land and buildings* was 21.9 million Crowns, and the assessed value was 44.4 million Crowns. The buildings were insured against fire for 69.5 million Crowns.

Machinery, Equipment, etc., acquired during the year amounted to 3.1 million Crowns. Retirements and depreciation amounted to 2 million Crowns; consequently the recorded value increased by 1.1 million Crowns, making a total of 4 million Crowns. At the end of the year machinery, equipment, etc., were insured against fire for 73.4 million Crowns.

Shares of Stock in Subsidiary Companies increased by 8.7 million Crowns. An amount of 3.7 million Crowns is attributable to North Electric Company, Galion, Ohio, U.S.A., of which 2.7 million Crowns relates to the subscription for new shares and 1.0 million Crowns to the purchase of stock on the market. In addition, for 2.1 million Crowns the Company took over from its subsidiary, AB Aulis, shares in Fastighets AB Timotejen, owner of the Tellus factory. A receivable of 1.6 million Crowns due from AB Rifa was also converted into capital stock.

Receivables from Subsidiary Companies, after write-downs of approximately 8 million Crowns, showed a decrease of 6.1 million Crowns.

The value of the *inventories* of raw materials, finished and half-finished products, has, for the most part, remained unchanged, and this is also the case with the reserves against inventories.

The gross book value of *uncompleted projects for customers* has increased by some 8 million Crowns. In view of this, the related reserve has also been increased. Further it should be noted that a reserve of 3 million Crowns carried under this heading and taxed in prior years has now been transferred direct to General Reserve.

Short-Term Receivables from Customers, after write-downs in the amount of 2.8 million Crowns, decreased by 5.3 million Crowns.

STATEMENT OF INCOME

The operating income was about 80 million Crowns, an increase of 14.9 million Crowns (23 per cent). This is due to the increased invoicing, part of which was effected at favourable prices on older orders.

Sales and Administration Expenses have risen by 5.5 million Crowns (14 per cent) because of increased activity and higher salaries and wages.

Since the political and economic conditions in various countries are still considered to be risk-factors, *write-downs of receivables and shares* (after deduction of amounts collected in respect of previous write-downs) have been made in the amount of 6.9 million Crowns. For the same reason, the reserve for contingencies was increased by 2 million Crowns.

THE ERICSSON GROUP

The total 1954 invoicing for the Group was approximately 673 million Crowns (exclusive of the telephone operating companies' revenue). Approximately 560 million Crowns of this (exclusive of inter-company invoicing) represents the estimated total invoicing for the Parent Company and its subsidiary companies, as compared with approximately 500 million Crowns for 1953.

The downward business trend at the beginning of 1954 was felt by several of the Swedish subsidiary companies but the marked recovery in the second half of the year compensated for this, resulting, generally, in satisfactory turnover and profits.

The Parent Company's and its Subsidiaries' accumulated earnings amounted to a total of 80,396,000 Crowns including the net income for the year of 20,699,000 Crowns. The accumulated earnings may be influenced by exchange restrictions, as well as by other uncertain factors, such as taxation.

ACCUMULATED EARNINGS OF THE PARENT COMPANY

In addition to the general reserve, the following amounts are available for distribution at the Annual Stockholders' Meeting:

	Crowns
Net income for the year.....	13,949,338.79
Accumulated earnings brought forward from previous year	7,830,760.45
Together	21,780,099.24

The Board of Directors and the General Manager propose that the transfer of 3 million Crowns to the general reserve, already recorded in the books, be approved and that the amount available be distributed as follows:

	Crowns
To the legal reserve.....	2,000,000.00
To the shareholders, against Coupon No. 28, a cash dividend of 2.50 Crowns per share equivalent to 4.8 per cent of the Company's net worth	8,738,705.00
	10,738,705.00
Balance to be carried forward..	11,041,394.24

ISSUE OF NEW SHARES OF STOCK

In view of the rapid development in the telecommunications field and the necessity for obtaining a reasonable share of the international market, the Company is in need of finance over and above present resources which the Board of Directors considers should be met by an increase of the capital stock.

Therefore the Board of Directors has decided, subject to approval at the Annual Stockholders' Meeting, to offer 1,165,160 new shares of stock, at 110 per cent of par value, for subscription on the basis of one additional new share of stock for each three shares now held. At the close of the subscription time a considerable over-subscription was recorded, indicating the public's confidence in the Company in spite of the tight money situation in Sweden.

The financial statements signed by the Board of Directors and the Auditors have been modified to the extent that the figures shown in the attached statement of income and balance sheet are shown in thousands of crowns.

Chairman of the Board is Mr Marcus Wallenberg, and General Manager Mr Sven Aaberg.

L M ERICSSON TELEPHONE COMPANY

Stockholm—Sweden

BALANCE SHEET AT DECEMBER 31, 1954
(In Thousands of Crowns)

Assets		1954	1953
Fixed Assets :—			
Land and Buildings :—			
Cost	33,849		
Reserve for depreciation	11,971	21,878	20,877
Machinery, equipment, etc. :—			
Cost	39,838		
Reserve for depreciation	35,852	3,986	2,922
Fixed assets under construction		998	1,620
		26,862	25,419
Investments in and receivables from Associated Companies :—			
Subsidiary companies :—			
Stocks	121,753		113,027
Receivables	38,019	159,772	44,124
Other associated companies :—			
Stocks	5,917		5,917
Receivables	26,126	32,043	24,261
		191,815	187,329
Own Mortgage Bonds in Treasury at cost (par value 3,268)		3,160	2,972
Current Assets :—			
Inventories		30,708	30,650
Uncompleted projects for customers		21,253	13,099
Miscellaneous investments :—			
Stocks		37	—
Debentures		—	—
Receivables :—			
Long-term		3,450	3,587
Short-term		43,214	48,548
Miscellaneous		4,500	5,421
Cash at bankers and on hand		62,537	53,348
		165,699	154,653
Pledges :—			
Mortgages on land and buildings	20,030		
Floating charge on pledgeable assets	60,000		
Other pledges	49,596		
		387,536	370,373

Capital and Liabilities		1954	1953
Capital stock, reserves and accumulated earnings :—			
Capital stock :—			
Class A (par value Crs. 35 per share) outstanding 1,398,194 shares	48,937		
Class B (par value Crs. 35 per share) outstanding 2,097,288 shares	73,405	122,342	122,342
Legal reserve		21,500	20,000
General reserve		17,205	14,205
Accumulated earnings :—			
Balance December 31, 1953	18,070		
Less :—Appropriated to legal reserve	1,500		
Dividends	8,739	7,831	5,137
Net income for the year		13,949	12,932
		182,827	174,616
Reserve for contingencies		15,000	13,000
Payables to Associated Companies :—			
Subsidiary companies :—			
Accounts payable	16,161		21,011
Advance payments	5,449	21,610	8,316
Other associated companies :—			
Accounts payable	23		6
Advance payments	2,103	2,126	2,260
		23,736	31,593
Long-term liabilities :—			
L. M. Ericsson's pension foundation	10,000		10,000
L. M. Ericsson's independent pension foundation	20,000	30,000	12,800
3% mortgage bonds of 1947		16,677	17,818
4½% debentures of 1944	25,000		25,000
3½% debentures of 1950	13,347	38,347	13,347
Other		1,270	1,271
		86,294	80,236
Short-term liabilities :—			
1955 instalment of mortgage bonds of 1947		1,141	1,107
Advance payments from customers		38,759	39,175
Accounts payable—trade		7,316	7,284
Accrued taxes		9,567	3,532
Other		22,896	19,830
		79,679	70,928
Contingent liabilities	14,750		
		387,536	370,373

STATEMENT OF INCOME FOR THE YEAR 1954
(In Thousands of Crowns)

Income			1954	1953
Operating income			79,594	64,697
Income from associated companies (other than profit on sales to such companies)				
Dividends :—				
Subsidiary companies	2,314			
Other associated companies	743	3,057		3,396
Interest earned :—				
Subsidiary companies	3,386			
Other associated companies	1,219	4,605		4,482
Miscellaneous :—				
Subsidiary companies	234			
Other associated companies	4,367	4,601	12,263	3,221
Other income :—				
Dividends		4		3
Interest earned		2,472		2,516
Miscellaneous		197		338
			2,673	
			94,530	78,653

Expenses :			1954	1953
Depreciation on :—				
Land and buildings		950		871
Machinery, equipment, etc.		5,046		3,377
		5,996		4,248
Interest expense :—				
Subsidiary companies		32		221
Other associated companies		—		1
Other		3,159	3,191	2,997
Selling, general and administrative expenses			44,258*	38,742
Write-down of receivables and shares of stock, *less* recovery of previous write-downs :—				
Subsidiary companies		4,915		
Other associated companies		3		
Other		2,014	6,932	6,483
Taxes			54,381	48,444
Contributions to subsidiary companies			17,000	12,262
Transfer to LME's independent pension foundation			—	815
Transfer to reserve for contingencies			7,200	3,000
Net income for the year			2,000	1,200
			13,949	12,932
			94,530	78,653

* Including general administrative expenses amounting to about 9.1 million Crowns (1953, 7.5 million Crowns).

The full Annual Report can be applied for at the Swedish Ericsson Co. Ltd., 329, High Holborn, London, W.C.1.

THE DISTILLERS COMPANY LIMITED

THE YEAR'S RESULT A SATISFACTORY ACHIEVEMENT

INCREASED DISTRIBUTION BOTH AT HOME AND OVERSEAS

NECESSITY FOR REDUCTION OF EXTORTIONATE SPIRIT DUTY

SIR HENRY J. ROSS LOOKS TO THE FUTURE WITH CONFIDENCE

The seventy-eighth annual general meeting of The Distillers Company Limited will be held in the North British Station Hotel, Edinburgh, on Friday, September 16, 1955.

The following is the statement by the Chairman, Sir Henry J. Ross, which on this occasion has been circulated with the report by the Directors, and accounts, for the year ended March 31, 1955:

Very soon after my last year's statement went out to shareholders, we had the misfortune to lose by death our Director and colleague, Mr John Arthur Dewar. I made brief reference to this sad occurrence at the Annual Meeting but would like now to place on record our extreme regret at the loss which we have all sustained by his passing. Mr Dewar had varied interests and was widely travelled, and his detailed and intimate knowledge of overseas markets will be greatly missed.

As you will have noted from the Directors' Report three new appointments have been made to the Board since our last General Meeting, Mr E. G. Gross, Mr A. F. McDonald and Mr G. W. Scott. Both Mr Gross and Mr McDonald have acquired valuable experience of the Company's interests, and I am sure their election merits your approval. Following upon the retiral of Sir Michael Kroyer-Kielberg, we invited his successor as Chairman of the United Molasses Company Limited, Mr Scott, to join our Board, confident that he will maintain the valuable and constructive relationship between our two Companies which has existed for many years.

I have also to report the retirement from executive office of Mr S. H. Hastie, the Managing Director of Scottish Malt Distillers Limited and a Director of various other Associated Companies. His knowledge and experience of malt whisky production has been invaluable to the Company during his many years of service, and he will remain on the Board of this Company in a consultative capacity for a further three years.

Whilst on the subject of Directors, I should like to refer to the honour which has been conferred on the Chairman of our Management Committee, Sir Graham Hayman, by his election to the presidency of the Federation of British Industries. This is a distinction which has given us all great pleasure.

AN ACTIVE YEAR

As you will observe from the detailed reports of the various divisions, the year has been an active one, and you will see from the Accounts that the trading profit after depreciation, for the year ended March 31, 1955, is much the same as last year at £18,069,073, constituting a very satisfactory achievement. But for the lower profits shown by our Scotch Whisky Blending Companies, this would have been higher. There was, however, an appreciable reduction in these by comparison with last year, in spite of the fact that sales actually showed a marked increase, particularly exports, and thus from the national point of view, our dollar earnings and other currency receipts were higher. It should be made clear, however, that we are exhausting the whiskies laid down before the war and are moving into a higher cost range of whiskies produced after the war. This is bound to reflect itself in our profits although if, as we hope, the strong sales position is maintained, the effect should be largely offset as the result of increased sales. A further factor, of particular significance in the accounts now before you, is that in order to increase our sales beyond the limits imposed by the quantity of matured whisky available at this stage from our own stocks, we have purchased quite substantial quantities of whisky in the open market. The relatively high price of these purchases has, to an appreciable extent, been charged in the accounts now under review.

Income from Trade Investments is considerably higher than last year, at £431,517, mainly owing to the receipt of a dividend for the first time on our investment in British Petroleum Chemicals Limited. Interest payable on loan capital is lower at £556,995, so that our net profit before taxation amounted to £17,956,109, compared with £17,632,289 for the previous year. Taxation absorbs £9,451,347, and of the balance remaining £631,353 is attributable to other shareholders in certain Subsidiary Companies.

The net profit attributable to the Group is accordingly £7,873,409 compared with £7,316,549 last year.

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet discloses further expenditure on fixed assets of approximately £4 million. This has been widely spread throughout the various sections of our business and, in so far as the developments involved call for comment, will be dealt with later in these remarks. Our stocks have again increased—this time by some £5 million, and once more this is mainly due to the building up of our stocks of maturing Scotch Whisky. It is inevitable, therefore, that our cash resources should be lower than last year, and you will notice that they are down by over £4 million. The net excess of current assets other than stocks, over current liabilities, is now roughly £10 million, compared with £13,500,000 last year.

The other items in the Consolidated Balance Sheet and in the Balance Sheet of the Distillers Company itself which call for some explanation are the changes in the share capital of the Company and in its loan capital. Full details of these are set out in the formal Directors' Report. We now have an Ordinary Capital of £41,717,704 in the form of 125,153,112 Ordinary Shares of 6s. 8d. each, held by more than 85,000 shareholders. The remaining items in the Balance Sheet, when read in conjunction with the notes to the Accounts, are self-explanatory, and I have no further comment to make.

NET PROFIT

Reverting to the Profit and Loss Account, the net profit attributable to the Group is £7,873,409. You will notice that provisions for taxation made in previous years, amounting to £1,029,782, are not now required. In view of the size of this figure, I should explain that it arises mainly from the conversion of the businesses of certain Subsidiaries into divisions, which I mentioned last year. At that time we could not ascertain accurately the taxation liabilities which would arise from these changes, but the reserves set up have proved to be more than adequate, to the extent of nearly £700,000. In addition, the position of the Group in relation to Excess Profits Levy has been brought to a stage which enables us to release provisions made on this account, amounting to over £200,000. After providing for the cost of certain additional pension benefits which the Board have authorised, and writing off some minor items, the amount available for appropriation is £8,467,350. Of this the Subsidiaries have retained £2,800,851, and there is £5,666,499 to be disposed of in the Accounts of the Distillers Company. Your Board proposes to increase the General Revenue Reserve to £3,250,000 by a transfer of £1,620,069.

Our capital investment programme has been heavy, but although major projects are only adopted after careful assessment of their value to the Company as well as to the national interest, such developments are perforce regulated by the extent of our current liquid resources. Taxation in various forms still takes too high a toll of industry's earnings to enable opportunities to be seized at the rate our expanding economy demands, and your Directors are therefore faced with a difficult task each year in deciding how much of the Company's earnings must be retained in the long-term interests of the business.

In view, however, of the satisfactory results for the year, it is considered that our shareholders are entitled to the modest increase in dividend which is suggested. It is accordingly proposed to pay a final dividend of eight and two-fifths pence per share (10½ per cent), which, with the interim paid of four and four-fifths pence per share, is equivalent to 16½ per cent for the year on the revised capital. On the same basis, this compares with 15 per cent for the previous year. The proposed dividend will require £2,518,706 and leave a small balance of £76,790 to be added to the amount brought in. If these appropriations are approved, the Revenue Reserves of the Group will have been strengthened by the retention of £4,497,710.

SCOTCH WHISKY

The production of both Malt and Grain whisky has again been satisfactory, with our

Distilleries operating at full capacity. As a result, our stocks of maturing whiskies have been substantially increased. We are also carrying out major reconstructions of certain of our Speyside Distilleries which should in time further strengthen our stock position.

With the assistance derived from the acquisition of stocks of matured whiskies, our Group Blending Companies were able during the year under review to increase the distribution of their brands both in the Home Market and Overseas. Despite this, we are still unable to match demand with supply. I would again like to emphasise that maintenance of quality remains the keynote of our sales policy. The curtailment during the war years of our distilling activities has had a long range effect, and it is regrettable that there still remains a considerable degree of unfilled consumer demand for our brands in practically all markets.

The United States of America continues to be our principal overseas market, and shipments showed an increase over 1953. Here, as elsewhere, our various importers, whilst recognising our difficulties, urge the need for a greater volume of shipments.

In case my remarks may be taken as depicting a situation in which the only unsatisfactory aspect is the inadequacy of supply, I should mention that the export of Scotch Whisky presents an ever-increasing number of difficulties and problems. For instance, import restrictions have practically closed the doors of our two main South American markets where formerly we enjoyed a substantial volume of business. At the moment, these troubles are not of serious importance to your Company by reason of the fact that all available supplies can readily be shipped to other areas, but, taking a longer view of the situation, they naturally cause us some concern.

Close contact has been preserved with our widespread markets through visits by myself and other members of your Board, as well as by the sales representatives of the various companies within our organisation.

OUTSTANDING PROGRESS

The calendar year 1954 was one of outstanding progress for the Scotch Whisky Industry as a whole. Shipments to overseas markets reached the record figure of 13.69 million proof gallons, an increase of approximately half a million gallons over the preceding twelve months and 60 per cent over prewar. In this great achievement your Company played a notable part.

So far as the Home Market is concerned, slightly greater supplies were available during the calendar year 1954, and Industry releases totalled 4.79 million proof gallons against 4.35 million for the previous year. This total is still only a little above 50 per cent of prewar sales. The Home Market has undoubtedly been the hardest hit as regards supplies; not through any wish on our part but because of the supreme National importance of extending our Overseas trading activities. The reduced availability of Scotch Whisky has naturally been exploited by the manufacturers of other products, not all of which are home produced, and it would be unwise to disregard the fact that the restoration of our Home Trade will present difficulties, one of which will be the task of reshaping consumer preference.

I make no apology for returning to a subject which I have mentioned on previous occasions, and one, I am convinced, vital to the future prosperity and development of the commodity which is our main source of earnings. I refer to the extortionate Duty of 210/10d. per proof gallon on Scotch whisky, or, if expressed in more readily understood terms, 24s. 7d. per bottle. This compares with 8s. 5d. per bottle prewar. The Spirit Duty is in fact 500 per cent of the wholesale selling price. In my view it is imperative that the Duty should be reduced, not only in the long term interests of the Home Trade but for the preservation and expansion of our Export markets. The Industry's record of service to the country under successive Governments since the start of the war has been second to none. Official acknowledgement of this performance has been encouraging, but it would be of more practical value if such works of praise were translated into action.

Subject to the points I have mentioned, there is reason for quiet confidence concerning the future of our Scotch Whisky activities. The expanding demand for our Proprietary Brands experienced over recent years—stimulated no doubt to some extent by shortage of supply—shows no sign of diminution. Scotch Whisky is, perhaps, the best ambassador this country possesses. It is universally recognised as the beverage par excellence. The art and skill, and unfailing regard for quality, which have contributed so much throughout the years to this fine reputation will be jealously guarded, not only by your Company but I am sure by all engaged in this great Industry.

GIN

I am glad to report that our Gin Companies have had a most satisfactory year and sales both at Home and in the Export field have shown good increases. Beyond this brief but encouraging statement, I have no further comment to offer except perhaps to underline once again the fact that the short supply of Scotch Whisky during recent years has favourably affected the Gin Industry. The upward trend in sales may therefore be reversed or modified in due course.

In my last statement, I mentioned that our Gin Company at Linden, New Jersey, USA, had experienced a record year. It is therefore a particular pleasure to say that again this year a further new record has been achieved.

Our Gin Company in South Africa continues to show promising development and our decision to manufacture Gin in that country has so far been justified by results.

YEAST

The fall in the consumption of bread arising from the wider and fuller supply of foodstuffs, to which I referred in my last statement, has continued during the present year. The demand for yeast has, in consequence, shown further contraction, accentuated by the tendency for small bakers to be acquired by larger groups. This has enabled bread to be produced at a relatively small number of machine bakeries, with resultant economies in the usage of yeast.

Costs of distributing yeast and Bakers' sundries have also risen during the year, but our reorganisation of distribution is being developed and already reflects improvement. Increased competition has been experienced during the year from imports of foreign yeast. Whilst we have so far successfully met this competition, it does constitute a challenge to an industry which in the national interest must be maintained at full strength. We have achieved a reasonably satisfactory return in the circumstances.

Allied to our yeast organisation is The Peerless Refining Company (Liverpool) Limited. This Company produces fats and margarine, which are valuable in themselves and are complementary to the activities of the Yeast Group. The modern plant located at Netherton, Liverpool, has

extended and is contributing usefully to our earnings.

INDUSTRIAL GROUP

In my last statement, I indicated that steady recovery had then been made in most of our divisions. I am glad now to report that further marked progress has been achieved during the past year, resulting in increased sales and profits.

You will recall my drawing your attention to the rapid rate of development in the chemical industry. This continues at an even faster pace, in fact the chemical and allied industries are expanding at about twice the rate of any other, which imposes a heavy responsibility upon managements and personnel and creates continuing demand for capital investment.

Our Industrial Group is largely concerned with the bulk production of chemical intermediates and basic plastics, which are the raw materials for firms who produce finished goods. Our business, therefore, is to anticipate and meet the requirements of those industries which supply the needs of the public. The plants required are highly mechanised and instrumented, and involve heavy capital expenditure. Obviously, our industry should seek to supply a substantial proportion of the new capital out of its internal savings, but as I have indicated earlier, with present rates of taxation, the amount available in this way is limited and quite inadequate in relation to the rate of development necessary to enable this country to maintain its position in this field.

Chemical Division.—The British Petroleum Chemicals plant at Grangemouth has had a very satisfactory year, all units being fully employed and operating well in excess of design figures. In view of the growing importance and widening range of chemicals from petroleum, an expansion scheme has recently been decided upon which will double the production of olefines and diversify the list of products at present made. One of the new plants, which is of special interest, will make butadiene, a material of primary importance for the production of synthetic rubbers, as well as for use in conjunction with polystyrene and other types of resins. The major extensions to the monomeric styrene plant of Forth Chemicals Limited are proceeding satisfactorily. The construction of the detergent alkylates plant is fairly well up to schedule and production should commence in October of this year. This material is required in the production of detergents or synthetic soaps and the Company manufacturing it will be known as Grange Chemicals Limited, in which British Petroleum Chemicals Limited is associated with the Oronite Chemical Company, USA.

The use of industrial alcohol has steadily increased and the distilleries concerned have been operating at maximum capacity. Fortunately the price of molasses has remained stable.

Sales of carbon dioxide were good in spite of the inclement weather last summer. It is indicative of the widespread industrial uses of CO_2 that our trade is now less dependent on the seasonal demands of the carbonating and ice-cream industries, although these are, of course, important outlets.

Sales of solvents, synthetic chemicals and intermediates were satisfactory, although competition, particularly in European markets, was keener than in 1953. In this respect a particularly undesirable development has been the offer of bulk chemicals by foreign producers both to this country and in some of our normal export markets, at prices far below those ruling in the country of origin. Whilst we are confident of our ability to

ing is serious, and I am glad to note that the Government intends to take powers to deal with it here.

During the year we formed a Company, Hedon Chemicals Limited, to produce vinyl acetate at our Hull centre, in partnership with Shawinigan Chemicals Limited, Montreal. There is a rapidly expanding demand for vinyl acetate, particularly for emulsion paints and for the plastics industry.

SEVERE COMPETITIVE CONDITIONS

Biochemical Division.—The competitive conditions in the sale of penicillin and streptomycin have been increasingly severe during the year under review, particularly in export markets, but significant technical improvements and economies in our production have been achieved. Your company is maintaining its place as a leading producer of antibiotics, certain vitamins and nutritional supplements, and our sales efforts are being intensified.

I am glad to say that the Ministry of Health is adopting a more reasonable attitude in their investigation of the cost of drugs for the use of the National Health Service. There is still insufficient appreciation, however, of the damage which may be done to British prestige abroad by this kind of inquisition concerning the manufacture of those proprietary branded products which have contributed so much towards raising exports of British pharmaceuticals from £3¼ million in 1938 to £33½ million in 1954.

Plastics Division.—The demand for our synthetic resins and moulding powders has increased substantially, despite strong competition. The new polystyrene plant should come into operation shortly and its product "Styron" should find ready acceptance in home and export markets. Polyvinyl chloride —"Geon"—is still in strong demand. The first part of the new extension to which I referred last year has been brought into operation and the second stage should be completed by December next. Our total capacity will then be 27,000 tons per annum, whereas the original unit designed in 1945 was of 3,000 tons capacity.

During the course of this year, in conjunction with Fisons Limited, we acquired from the Finance Corporation for Industry Limited the whole of the Ordinary Share capital of Murgatroyd's Salt and Chemical Company Limited, which manufactures chlorine, caustic soda and other derivatives. Chlorine is one of our essential raw materials in the manufacture of polyvinyl chloride and this acquisition has been made to safeguard our supplies of this material.

Magnesium.—As announced during the year, the Board decided to sell a majority interest in Magnesium Elektron Limited to the British Aluminium Company Limited. The latter Company was desirous of expanding its interests in light metals, and your Board feels that this partnership with British Aluminium, with its great experience in fabrication, will bring added strength to Magnesium Elektron Limited. That Company's operations for the year were very satisfactory.

OVERSEAS

South Africa.—Our associated Company, National Chemical Products Limited, recorded increased earnings. Industrial demand in South Africa has now reached a sufficient scale to warrant the manufacture of certain chemicals which are imported at present. Expansion plans are proceeding, and plants for the manufacture of phthalic anhydride, formaldehyde, acetaldehyde and acetic acid—all important basic chemicals—are now under construction.

Australia. — Our associated Company, CSR Chemicals Pty. Limited, reports increased sales in its general chemical division, and production of polystyrene has now commenced. The present trading position is, however, overshadowed by the difficulties experienced in marketing cellulose acetate at the low world prices at present prevailing.

The application to the Tariff Board for assistance in connection with cellulose acetate for rayon manufacture, to which I referred in my last statement, was not successful. The Tariff Board has, however, agreed to a rehearing of the case, and we still hope to secure the help which this industry needs in its early stages of development.

RESEARCH

In the highly technical and competitive fields in which we operate, research has become an indispensable part of our organisation. Quite apart from the value of new processes or developments, the contribution made by our Research Department to the successful development of the Company's diverse operations is most important, though often unspectacular, and I am glad to say that a high degree of efficiency has been attained in the organisation of this work and its co-ordination with production and sales effort throughout the Group.

FUTURE PROSPECTS

The favourable conditions of last year have so far been maintained in the current period and the outlook appears encouraging. Subject, therefore, to any major unforeseen setback, I think we can look forward with confidence to making further progress.

PERSONNEL

It may interest the shareholders to have some information about our non-contributory Pension Schemes, for which all employees over the age of 21 having two years' service are eligible. It provides pensions for its members when they reach retiral age, according to the number of years' service which they have given to the Company, the maximum being reached after forty years' service. If an employee dies, his widow receives half the pension which he would have received had he survived to retiral age, and similar treatment is accorded to the widows of pensioners. These provisions for our employees are expensive, but we consider that the security which they afford makes them well worth while. The funds at present held by the Trustees of our schemes amount to more than £10 million. The Trustees have recently reviewed the benefits payable to employees and their dependants, and the Board has approved recommendations which will increase the pensions payable to weekly wage earners.

In view of the publicity which has recently been given to profit-sharing schemes in industry, I should like to remind our shareholders that our Company has, over a period of years, operated a scheme under which employees have participated in the profits of the Company through the medium of a cash bonus. The amount of this bonus has ranged from 7½ per cent to 10 per cent of annual salaries and wages. For the year under review the amount distributed was over £700,000. This method of participation was chosen as being simple and avoiding some of the complications of alternative methods. We shall, however, continue to study other schemes with a view to achieving the maximum community of interest between the company and all who serve it.

I should like to pay warm tribute to all employees for their sustained efforts during the year, because the Board fully recognises that upon them largely rests the responsibility for the progress made and the results achieved.

CHUBB & SON'S LOCK AND SAFE

RECORD TURNOVER

The seventy-second annual general meeting of Chubb & Son's Lock and Safe Company, Limited, was held on August 15th in London, Mr H. Emory Chubb, CBE, MIMechE, chairman, presiding.

The following is an extract from the chairman's circulated statement for the year ended March 31, 1955:

Our activities during the year have been many and varied. These days when we read of increased production and profits in most manufacturing businesses it should not be surprising that our turnover is an all-time record.

In spite of the new capital raised during the year and record profits, the company is still short of working capital. To meet this situation we have obtained from the Capital Issues Committee permission to issue further Ordinary share Capital and to issue a new class of "A" Ordinary Non-voting Shares on capitalisation of reserves, thus bringing the Issued Capital more into line with the assets. In addition it is the intention of the Board at some future date to obtain further cash to pay off the overdraft, either by the issue of further Unsecured Notes or Unsecured Loan Stock.

In the year under review, despite the disastrous dock strikes the Parent Company's trade continued to prosper. Sales were up and we ended the year with an increased order book, despite the lengthening delivery times for certain of our standard products. On the export side, some markets have been closed to us and others have been affected by various governmental restrictions, but our export representatives have continued to find regions where development of our trade can take place.

The report and accounts were adopted.

At the extraordinary general meeting which followed, the resolutions dealing with the capital alterations were duly passed.

WILSON, SONS & COMPANY LIMITED

CONTINUED RECOVERY

The Annual General Meeting will be held at noon on September 7th, at Winchester House, Old Broad Street, London, E.C.2.

The following is a precis of the Statement of the Chairman (Mr F. A. Stacpole) which has been circulated with the Directors' Report and Accounts for the year to December 31, 1954, to Stockholders:

Although this is the first public general meeting of Wilson, Sons & Co. Ltd., the continuity of beneficial ownership has been substantially maintained throughout the recent reconstruction, and in this broad sense Stockholders are meeting together for the fifth time in about two years. The Board's hands have been strengthened in taking the many important decisions contributing to the group's recovery by these frequent contacts with Stockholders—a striking example of a company extricating itself from adversity by close co-operation between its Board and its Stockholders.

In the middle of 1953 the Stockholders endorsed certain policies recommended by the Board and 3s. per Unit was in due course repaid. In addition, the Stockholders received, unit for unit in the former parent company, the whole of the capital of Wilson, Sons & Co. Ltd. Only one obvious

remark need be added: no further repayments of capital in cash are to be expected in the succeeding phase now in progress.

The second main objective of our policies was to terminate Wilson's losses and generally to valorise that valuable holding. This part of our mission is not yet completed, but the success achieved to date has also been quite striking.

UK TAX RECOVERIES

The Company has received various repayments of UK tax, totalling £660,000, and hopes for further repayments in the near future, which should amount to about £150,000. Stockholders will be informed at this meeting if they have been received. The effect of these recoveries, which are only recent and still uncompleted, is not reflected in the Accounts for the year 1954.

The ready response of the Inland Revenue is in itself proof of the propriety of the action, which only in reality represents a set off against subsequent losses of past taxes paid, and in no wise involves avoidance of taxes properly payable.

Adding the sums mentioned (and also the last major instalment of compensation stock —£198,000—received on June 15, 1955) to previously existing sterling resources, the Company's sterling resources in London should soon amount to about £1½ million (including £235,000 deposited as security for overseas advances).

TRADING RESULTS

In 1954 there was a Trading Profit of £133,092, as against a loss of £464,408 in 1952 and a loss of £129,379 in 1953.

Comparison of the trading figures as converted into sterling over the last three years does not, of course, give the complete picture behind the figures. To take one example, the Brazilian cruzeiro, valued in the Accounts at 52½ to the £ at the end of 1951, had in effect to be valued at 120 to the £ at the end of 1952, 150 to the £ at the end of 1953 and 210 to the £ at the end of 1954. It is satisfactory that the Company have been able to cope with this heavy currency depreciation.

Turning to the Company's other South American activities, the Uruguayan Branch continues to prosper quietly. Cory Wilson S.R.L. has been formed by Wilson, Sons & Co. Ltd. and Cory Brothers & Co. Ltd. to handle their coal businesses in Argentina. This is purely a local arrangement for Argentina, which is working to the satisfaction of both partners. Other activities in Argentina have been reduced, losses stopped and the local financial position stabilised.

Wilsons have been in South America for well over a century and are likely to be still there in a big way during the foreseeable future. The substratum of the business has changed more than once as conditions around them have changed. Today, after a setback, trading profits are again being made, and the Company is stronger, both at home and overseas, than ever in its history.

COAL

Receipt of the last major instalment of colliery compensation marks the end of an era in our group's history, but Stockholders can feel proud that Barry Docks and a large section of the South Wales industrial area remain as memorials to the outstanding vision and enterprise of the founder, David Davies, and of his family over three generations.

As regards coal trading anyone can see from his newspapers that although coal will continue to figure as an item in international commerce for many years to come, it would only be prudent to recognise that the palmy days of foreign coal business are over.

Only in recent weeks has the financial reward of past planning been reaped, and until then the Board could not be sure of the ultimate position. They hope to be able to form definite plans as to the next phase of the Company's affairs by the early months of 1956, and thereafter they will be submitted to Stockholders.

NORTH WESTERN GAS BOARD

HEAD OFFICE, MANCHESTER
ASSISTANT STATISTICIAN

Applications are invited for the above pensionable appointment at a commencing salary within Grade A.P.T. 7 (£620 to £700 per annum).

Candidates must hold a first or second class degree in statistics or in economics combined with statistics. The successful candidate will act as mathematical specialist in the statistics section of the Board, and will be required to develop, on his own initiative, the techniques appropriate to the solution of problems in the field of market survey, cost analysis, quality control, demand forecasting, etc., in this large scale enterprise. Prospects for advancement, based on results achieved in this work, are favourable.

Applications, giving the names of two referees, should reach the Secretary, N.W.G.B., 60 Whitworth Street, Manchester, 1, within 14 days.

THE INTERNATIONAL CO-OPERATIVE ALLIANCE desires to appoint immediately (1) a Principal Assistant for Economic Research, (2) a Librarian.—Full particulars of duties and conditions of service will be sent on application by the International Co-operative Alliance, 11 Upper Grosvenor Street, London, W.1.

ABBOTT LABORATORIES LIMITED, manufacturers of fine pharmaceuticals, have a position vacant in their Production Department at their factory in the North-East of England. Candidates should possess a first or second class honours degree in Chemistry or Chemical Engineering, age about 30, and should have some years' practical experience in production at least at junior management level. The position will initially be that of Assistant to Production Manager, but a candidate will be sought who has the capabilities of rapidly acquiring greater responsibility. —Applications, in own handwriting, giving full details of career to date, should be made to Production Manager, c/o Abbott Laboratories Limited, 3 Wadworth Road, Perivale, Greenford, Middlesex.

GENERAL MANAGER/MANAGING DIRECTOR

Wykehamist, 46, Oxford Honours, seven years each industrial and commercial/sales management, wide experience prospecting markets, proven record organiser, excellent staff and industrial relations, urgently seeks independent command with full scope expansion and initiative.—Box 174.

SHIPPING. Young man (32), educated Harrow, experienced general shipping practice, seeks good position of responsibility, with prospects, in Shipping Company where keenness, ability and integrity will be valued. Capital available. Highest references.—Box 176.

A.M.I.B.A., Dip. Com. ex-Lieut. RNR, age 34, single, experienced shipping and fishing industries, desires return to commercial sphere, preferably abroad.—Box 179.

EXPORT SALES MANAGER.—Man aged 30, who has understanding of a large number of Export Markets in which he has achieved successful sales results, now wishes to reside in UK, and has ambition to obtain the post of Export Sales Manager, for which he feels his knowledge, energies and administrative ability are most suited. Particular experience advertising and marketing of branded products.—Box 168.

BRITISH-BORN AMERICAN BUSINESS MAN with many years' experience in American industrial marketing, interested in making connection or investment in British Companies desirous of improving their export position in the United States.—Box 162.

OXFORD ECONOMICS GRADUATE, 30, with purchasing experience in produce, non-ferrous metals and engineer stores, seeks Buying Office post where hard work, integrity, and a systematic approach are appreciated. Good French, some Italian.—Box 182.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited, Dept. 99, Lenham, Maidstone, Kent. Harrietsham 381.

THE BSc(ECON) DEGREE of London University is open to all, without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services; Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations, at reasonable fees. More than 1,000 Wolsey Hall Students have passed London BSc(Econ) (Final) exams. since 1925.—Prospectus from C. D. Parker, MA, LLD, Director of Studies, Dept. P17 WOLSEY HALL, OXFORD.

INDUSTRIAL SITES FOR SALE within 40 miles of London with excellent main road frontage.—For details of factories to be erected to Industrialists' own requirements apply Venture Property & Development Co. Ltd., 3 Buckingham Palace Gardens, S.W.1. (Sloane 0630/0639.)

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PROFESSIONAL OR INSTITUTIONAL USE, close Wigmore Street, W.1. Over 4,000 sq. ft. floor area plus first-class self-contained maisonette over contained in superior dignified stone-fronted building with many refinements. Splendidly appointed conference room. Central heating and excellent natural light. £25,000 for long head lease.—Box 178.

NATIONAL BANK OF INDIA

NOTICE IS HEREBY GIVEN that the Transfer Books of the Bank will be closed from August 24th to September 6th, both days inclusive.

26 Bishopsgate, London, E.C.2. By Order of the Board,
August 16, 1955. N. W. CHISHOLM, General Manager.

THE EASTERN BANK LIMITED

THE TRANSFER BOOKS and Register of Members will be CLOSED from September 1 to September 14, 1955, both days inclusive.

By Order of the Board,
2 and 3 Crosby Square, London, E.C.3. C. L. MANNING,
August 17, 1955. Secretary.

GOVERNMENT OF SOUTHERN RHODESIA

FOUR AND A HALF PER CENT INSCRIBED STOCK 1958/68
CITY OF JOHANNESBURG
THREE AND A HALF PER CENT REDEEMABLE STOCK 1959/60

NOTICE IS HEREBY GIVEN that in order to prepare the Warrants for Interest due October 1, 1955, the balances of the several accounts in the above-mentioned stocks will be struck on the night of September 1st, and that on and after September 2nd the stocks will be transferable ex dividend.

For Barclays Bank DCO (London Registrars for the above Stocks),
Circus Place, London Wall, E.C.2. G. A. D. HARRISON, Manager.
August 9, 1955.

FOR SALE OR LEASE

OLD ESTABLISHED CANADIAN COMPANY engaged in the manufacture of general hardware.

The Company is located in a city of 35,000 population approximately 60 miles from Metropolitan Toronto.

The Company has a well equipped foundry together with a machine shop, small woodworking shop and an assembly plant.

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This company recently disposed of one division of its business but has retained its hardware business. Its hardware lines are disposed of through jobbers and distributors throughout Canada.

This would be an ideal opportunity for a U.S. or foreign company wishing to establish manufacturing facilities in Canada or a Canadian company wishing to expand its operations.

Arrangements may be made for the purchase of the business as a whole or of the plant and equipment. Consideration will also be given to leasing the facilities to responsible parties.

Inquiries should be addressed to:
J. D. Woods & Gordon, Limited,
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For Examinations—B.Sc.Econ., LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4.

THE NEW SOUTH WALES UNIVERSITY OF TECHNOLOGY

DEPARTMENT OF ARTS, NEWCASTLE UNIVERSITY COLLEGE

The University invites applications for the following vacant Lectureships in the Department of Arts, Newcastle University College:

ECONOMICS
GEOGRAPHY
HISTORY

The Department of Arts, Newcastle University College, prepares students for Arts Degrees of the University of New England. Applicants should have honours degrees and previous University experience will be an advantage.

Salary £A1,200 range £A1,750 per annum. Commencing salary according to qualifications and experience. There will be future opportunities for promotion to Senior Lectureships.

Appointees will be eligible, subject to medical examination, to contribute to the State Superannuation Scheme for a retirement pension of £A1,046 per annum (maximum). Lecturers are eligible to apply for twelve months' leave on full pay after completing six years of service with the University. First-class shipping fares to Sydney of appointees and families will be paid.

Five copies of applications (together with five copies of testimonials and other supporting documents) should be forwarded to the Agent General for New South Wales, 56-57 Strand, London, W.C.2, and one copy of each to the Bursar, NSW University of Technology, Box 1, PO, Kensington, New South Wales, Australia, not later than September 30, 1955.

THE NEW SOUTH WALES UNIVERSITY OF TECHNOLOGY

Vacancies for LECTURERS IN GOVERNMENT, School of Humanities and Social Sciences, Sydney.

Salary: £A1,200 to £A1,750 per annum. Commencing rate according to qualifications and experience.

Applicants should possess a degree with honours in Government, Political Science or a closely allied field or equivalent qualifications. Experience in research and/or lecturing in the above fields will be an advantage. The appointees will be required to participate in the teaching and research programmes of the School.

Further details can be obtained from Professor R. M. Hartwell, Head of the School of Humanities and Social Sciences, Kensington, New South Wales.

Appointees will be eligible, subject to medical examination, to contribute to the State Superannuation Scheme. Lecturers are eligible to apply for twelve months' leave on full pay after completing six years of service with the University. First-class shipping fares to Sydney of appointees and families will be paid.

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HER MAJESTY'S OVERSEA CIVIL SERVICE

Applications are invited for the following post:

A vacancy exists for a Chief Statistician (BG/D.59/30/01) to undertake work in British Guiana similar to the function of the Central Statistical Office in the United Kingdom. A good academic background and wide practical experience are essential qualifications.

The appointment is on contract terms for two or three years. Salary at the rate of £1,700 per annum. A gratuity is payable on satisfactory completion of contract. Generous home leave on full salary; free passages provided for the officer, his wife and children not exceeding five persons in all.—Intending candidates should write for application forms to the Director of Recruitment (Oversea Service Division), Sanctuary Buildings, Great Smith Street, London, S.W.1, from whom further particulars may be obtained.

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for pensionable appointments. Applications may be accepted up to December 31, 1955, but early application is advised as an earlier closing date may be announced. Interview Boards will sit at frequent intervals. The Scientific posts cover a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects the number of vacancies is small: individual vacancies exist for candidates who have special knowledge of, or who are interested in palaeobotany, and recent and pleistocene mammals.

Candidates must have obtained university degree with first or second class honours in an appropriate scientific subject (including engineering) or in Mathematics, or an equivalent qualification; or possess high professional attainments. Candidates for Senior Scientific Officer posts must in addition have had at least three years' post-graduate or other approved experience.

Candidates taking their degrees in 1955 may apply before the result of their degree examination is known.

Age Limits: Senior Scientific Officers, between 26 and 31, but specially suitable candidates under 26 may be admitted; for Scientific Officers between 21 and 28 during 1955 (up to 31 for permanent members of the Experimental Officer class). Salary (London) Senior Scientific Officers: (men) £1,010 to £1,185; (women) £893 to £1,077. Scientific Officers: (men) £492 to £885; (women) £492 to £795. Women's scales subject to improvement under equal pay scheme. Somewhat lower rates in the provinces.

Further particulars from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S.53/55 for Senior Scientific Officers and S.52/55 for Scientific Officers.

CENTRAL ELECTRICITY AUTHORITY require an Assistant in the Economics and Statistics Branch, Headquarters, London. Candidates should have a degree in Economics and some experience of industry and commerce. The work will be concerned with general economic intelligence. Salary within Grade 3, N.J.C., £615—£677 p.a., inclusive.—Applications, stating age, present position and previous experience, to D. Moffat, Director of Establishments, Winsley Street, W.1, by August 31, 1955. Quote Ref. AE/656.

BRITISH CELLOPHANE LTD. requires a young male graduate in economics (with statistics) to fill a new post in its Market Research Department at its London office. The work will be primarily concerned with the conduct of trade surveys into the current and future market potential for the company's products and into the factors influencing that potential. An ability to analyse large amounts of factual material and to prepare clear and concise reports thereon is required. Whilst preference will be given to applicants with similar experience, applications are also invited from new graduates. Please reply, giving full details including salary required, to the Personnel Officer, British Cellophane Ltd., Bridgwater, Somerset, and quote Ref. No. S33.E.

MARKETING EXECUTIVE. Alfred Bird & Sons Limited, Birmingham, makers of Bird's Custard Powder, Bird's Complete Cake Mix, Jell-O and other quality food products, require a senior Marketing Executive. He should have a good educational background, preferably with a University training, and not be over 45. Experience in Sales, Sales Promotion and/or Advertising with a leading national Company or Advertising Agency, is also essential. He should be capable of assuming responsibility for a group of the Company's products. The position offers considerable opportunity for the selected applicant and the salary will be commensurate with the responsibility envisaged.—Write, giving full particulars, which will be treated in strict confidence, to the Personnel Manager, Alfred Bird & Sons Limited, PO Box No. 236, Devonshire Works, Birmingham 12.

THE BRITISH MARKET RESEARCH BUREAU invites applications, in confidence, for a Senior Executive vacancy. The man or woman appointed will be responsible for market research for a group of accounts and should have experience in analysing manufacturing and marketing problems, and in the practical application of market research. Salary will be commensurate with age and experience.—Write to Managing Director, BMRB Ltd., 47 Upper Grosvenor Street, W.1, marking envelope "Personal."

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ACCOUNTANT/COMPANY SECRETARY seeks lady assistant age 24 to 33. Progressive salary starting up to £416 per annum according to age and experience. Very pleasant working conditions in West End office, pension scheme. Ladies of good education and knowledge of accountancy and bookkeeping and typing should apply in confidence, giving full details of training and experience, to Box 175.

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above studentships, tenable for one year in the first instance, and renewable for a further period not exceeding two years. The studentships are normally of the value of £250 or £300 per annum. They are offered to candidates who have obtained the Degree of Bachelor or Master in this or any other approved University.—Applications should be sent not later than September 7, 1955, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF GLASGOW

RESEARCH ASSISTANTSHIP IN SOCIAL AND ECONOMIC RESEARCH FOR THE SURVEY OF GOVAN

Applications are invited for a Research Assistantship in the Department of Social and Economic Research. The successful applicant will be required to undertake field work and to organise household interviews in connection with a sociological survey of the Govan district of Glasgow. Salary scale: £550—£650. Initial salary according to experience and qualifications.

Applications (three copies) should be lodged, not later than September 3, 1955, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

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Applications are invited for the position of LECTURER IN PHYSICAL GEOGRAPHY.

The salary will be in the range of £A1,200 to £A1,750 per annum with annual increments of £A80, and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to qualifications and experience.

Finance is available for home purchase under the Staff Members' Housing Scheme.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in London and Australia, is September 24, 1955.

AUSTRALIA—UNIVERSITY OF TASMANIA

The University invites applications for the CHAIR OF HISTORY which will shortly become vacant owing to the retirement of the present occupant.

The present salary is £A2,500 per annum.

An allowance is made towards travelling expenses.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in London and Australia, is October 30, 1955.

LANCASHIRE COUNTY COUNCIL

PLANNING ASSISTANT (RESEARCH) £500-£775 required. Candidates should be university graduates, with an honours degree in economics, sociology or related social subjects. Salary according to qualifications and experience. Duties include collation of statistical material and investigation of problems connected with population, industry and housing.—Applications, giving age, qualifications, experience, present appointment, etc., and two referees, to County Planning Officer, East Cliff County Offices, Preston, by August 31, 1955.

THE PIGS MARKETING BOARD (NORTHERN IRELAND)

invites applications for the following posts for which the duties and qualifications required are as stated:

ACCOUNTANT (Salary Scale £1,200 to £1,500 per annum).

Responsible, under the Chief Executive Officer, for the Board's Accountancy work and for advice on financial matters.

Candidates should be members of a recognised body of professional Accountants and have had considerable working experience in a large scale trading organisation.

ADMINISTRATIVE OFFICER (Salary Scale £1,200 to £1,500 per annum).

Responsible, under the Chief Executive Officer, for:

1. General office management, organisation, accommodation and supplies, and for staff recruitment, allocation and authorisation of live pig payments.
2. The preparation and interpretation of statistical records relating to the pig and bacon industry, analysis of bacon factory costings and preparation of data for pig price negotiations, market research and advisory and public relations work.

Candidates should preferably have a University degree or recognised diploma in Agriculture and/or Economics with subsequent experience in statistical and economic analysis, costings, etc. Special knowledge of the pig and bacon industry would be a particular recommendation.

GENERAL CONDITIONS

Other things being equal, preference will be given to persons who have served in HM Forces during the 1939-45 War.

Selected applicants with special qualifications may enter the appropriate scale at a point above the minimum.

Officers appointed will be required to contribute to the Northern Ireland Local Government Officers' Superannuation Scheme.

Appointment will be subject to confirmation on the completion of a probationary period of one year.

Application Forms may be obtained from the Secretary, Pigs Marketing Board (Northern Ireland), 36 Victoria Square, Belfast, to whom they should be returned by August 31, 1955.

CROSSE & BLACKWELL LTD. have vacancies in their Work Study Department, which includes Organisation and Methods, for WORK STUDY OBSERVERS. The scope offered by these appointments is unusually wide owing to the very great variety of jobs covered by the department; and the commencing rates payable vary from £500 to £900 per annum according to qualifications.—Applicants should write to the Personnel Manager, Crimscott Street, London, S.E.1, giving the fullest possible details of themselves.

IMPERIAL CHEMICAL INDUSTRIES requires an Economist with first or second class honours degree for industrial and commercial research involving the preparation of reports for higher management. Age 35-40. Must have personality, drive and experience of the practical application of economics and statistics to industry. The work requires a broad outlook, the ability to recognise the essentials in a complicated situation, to exercise independent judgment and initiative and to write clearly and concisely.—Applications should be sent to H.O. and Regions Staff Department (GDC), Imperial Chemical Industries Limited, Imperial Chemical House, Millbank, S.W.1.

CHAIRMAN of medium sized group of Machine Tool Companies (Home and Abroad with London Headquarters) invites applications for post of Assistant to the Chairman and Liaison Officer to the Group. Age 25 to 35; education at a leading Public School essential; some legal or commercial knowledge desirable, e.g. Barrister or Chartered Accountant not finally set on a professional career. Good salary and exceptional prospects. Send full details to Box 159.

CHARTERED ACCOUNTANTS, under 35, wishing to widen their experience while engaged in lucrative employment, are invited to submit applications for a progressive appointment with a well-known industrial organisation. Only those who have held responsible positions in industry will be considered. Knowledge of standard costing, budgetary control and modern accountancy practice essential. Post involves considerable responsibility and carries correspondingly high salary.—Full particulars in strictest confidence to Box 151.

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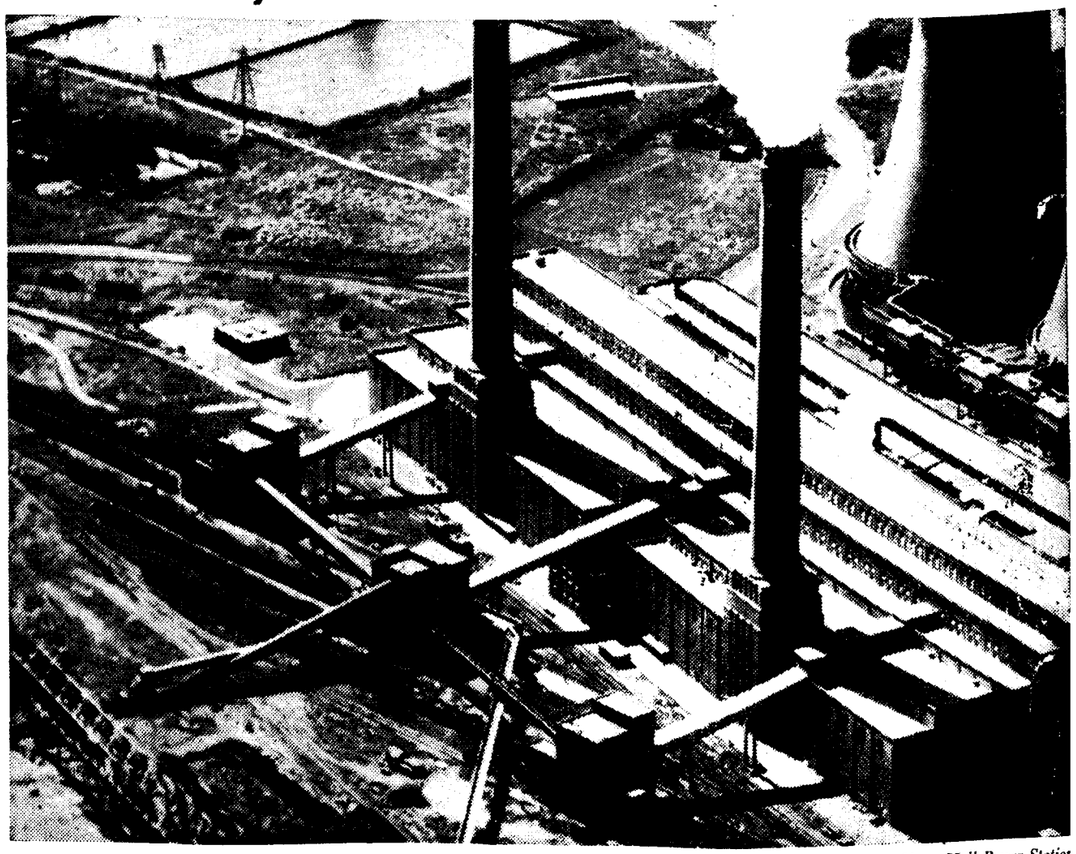

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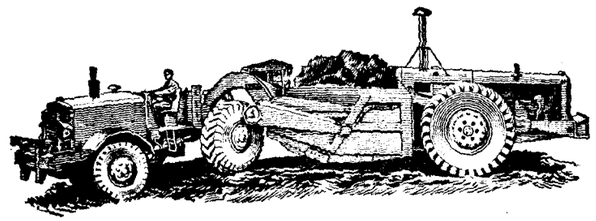

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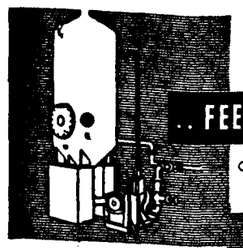

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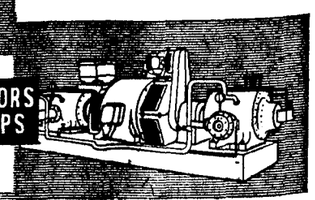

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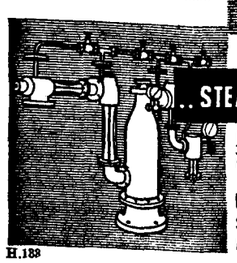

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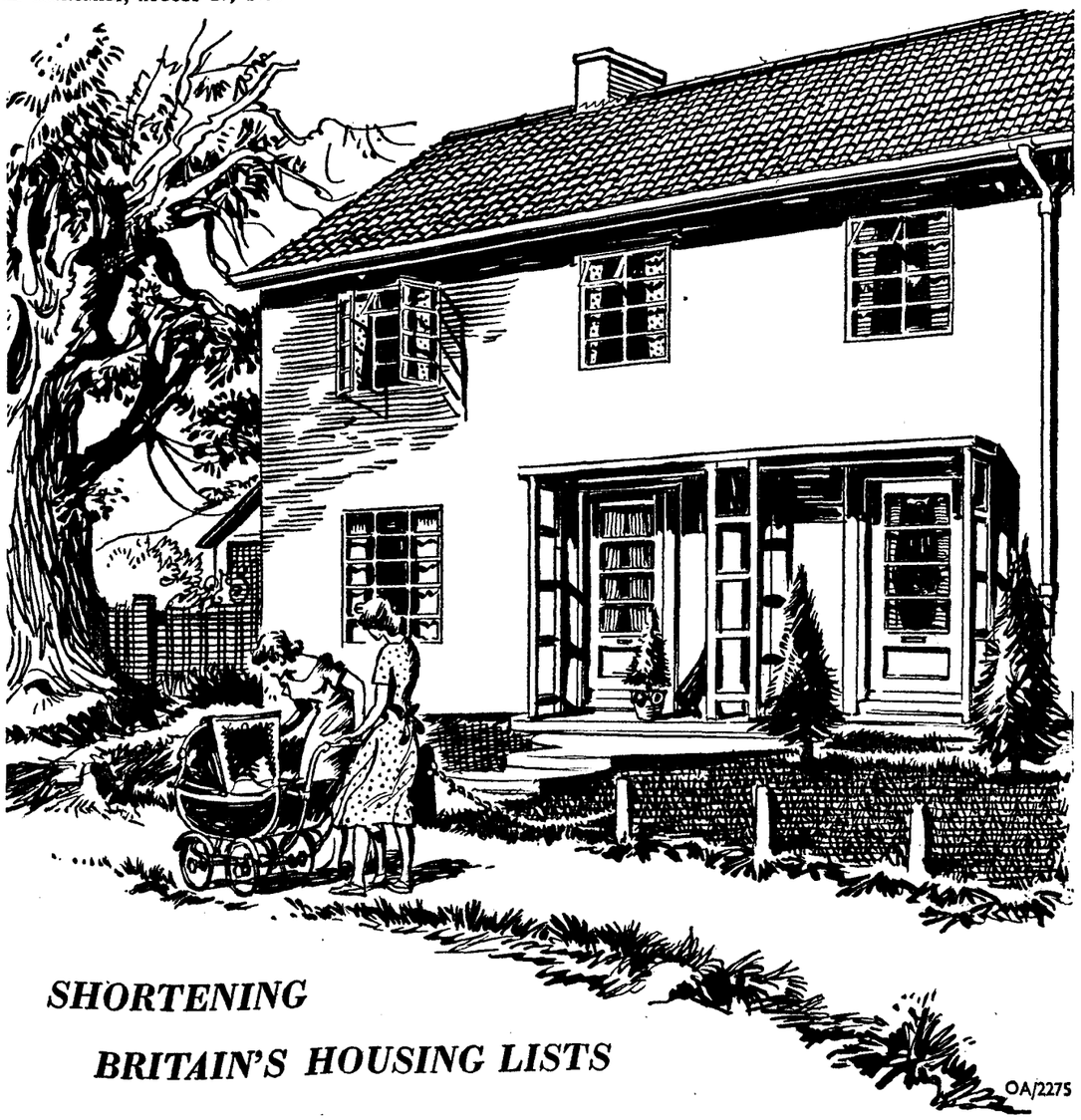

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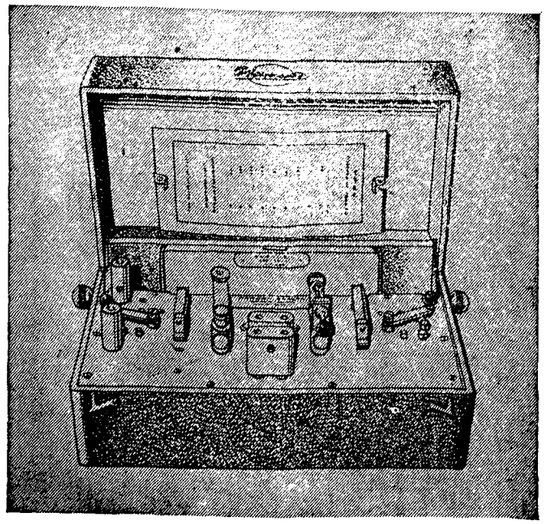

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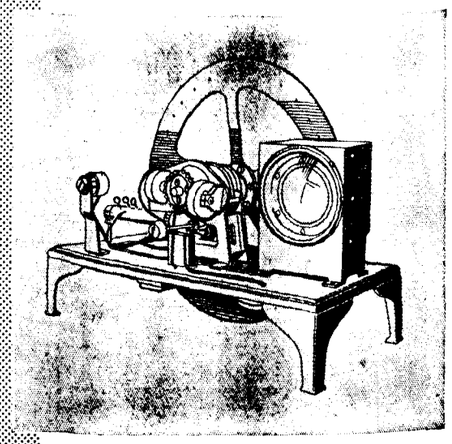

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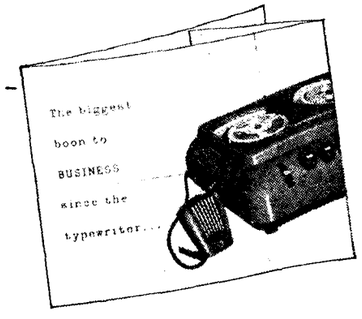

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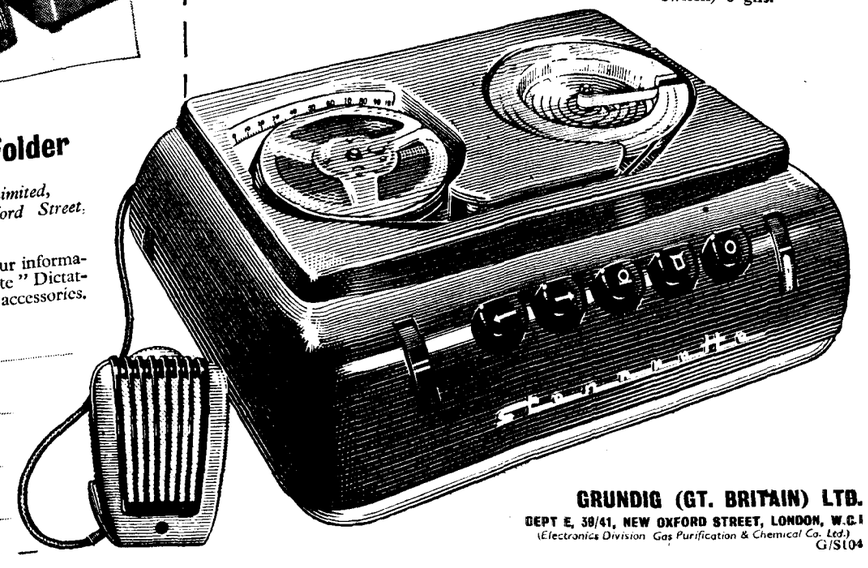

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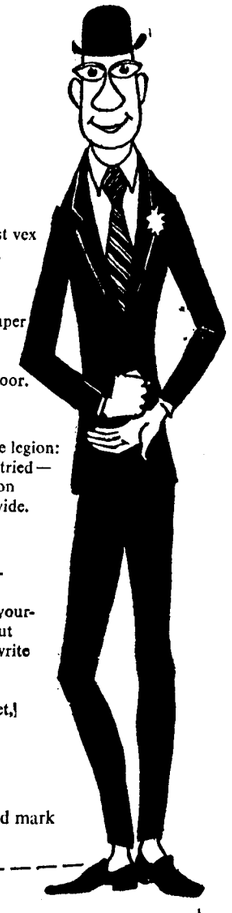

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AUGUST 27, 1955
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Trade Backpedalling

PRESIDENT EISENHOWER'S bicycle act is not difficult for any politician to understand. The American Tariff Commission had recommended that the import duty on all bicycles should be raised to 22½ per cent. He has raised the present duty of 15 per cent on heavy bicycles (which are the type on which the American industry has specialised) to the recommended level, but the rate on light bicycles (which are the sort that British makers have sold successfully in the United States, and which American firms hardly make at all) from 7½ to only 11¼ per cent. He can justly say that this is a measure designed to do the least practical harm (which means to have the least practical effect); that America has promised to give sympathetic consideration to compensatory tariff reductions, under Gatt rules, in favour of Britain and the other exporting countries; and, *sotto voce*, that he is making this concession in the hope that he will thereby find it possible to take a stiffer line later on more important matters, such as ratification of the Organisation for Trade Co-operation and oil imports.

In face-to-face discussions with the Americans, British diplomats are likely to accept these arguments; the standard official mien in a matter of this kind is a formal expression of regret, and at cocktail parties an understanding shrug. But, behind the scenes, the shrug will be more significant than the understanding. It is a gesture that mixes cynical despair and commercial indifference in about equal proportions. The despair contains a fair element of criticism of the Americans; the indifference unfairly fails to recognise what the Americans have done in lowering trade barriers and unwisely shuts its eyes to the things that ought to be done to British economic policy. But both countries need to realise where this decision has brought trade prospects now, speaking not in an orgy of mutual recrimination but as from kettle to pot.

The paramount point for the Americans to realise is that in this country the long-delayed bicycle decision has always been regarded as a test case. The reasons for this are partly psychological. British exporters, urged to sell in the difficult dollar market things they could too easily dispose of at home, have long relished the excuse that in America "protective action is taken so soon as a product is being successfully marketed." Traders with impossibly voracious domestic markets cannot be wholly condemned when they parade this excuse, for the fault lies in economic mismanagement as much as in unenterprise of their own. But the real tragedy is that traders who are capable of a greater export effort should be given a cast iron example to justify their refusal to undertake it.

Previous irritants in American trade policy—such as Dutch cheese, Swiss watches, and all those Buy American generators—could be partially explained on partially respectable grounds: dairy farmers are a special case in every community; the watchmakers were said to be the guardians of particular skills that would be essential to

America in time of war ; and the after-care of complicated electrical machinery is at least as important as the initial tender price. But nobody can make such special pleading on behalf of the American bicycle factories with their 5,000 or so workers. They are merely a small and absurdly unimportant pressure group ; yet they have been considered large and important enough for the President to pacify with his back-pedalling over foreign trade.

The Americans will say that this will not reverse the forward impetus of American trade policy, even if it seems to put the brake on a little. The increase need not seriously affect trade in bicycles themselves ; the American who finds that the retail price of a bicycle has risen by perhaps $1.50 over the previous price of perhaps $40 will not be choked off thereby. The decision is meant merely to make a noise, to give special pleaders who want to say that the Republicans are protecting their own a tangible example to display. The trouble is that it will have precisely the same effect here. The Americans can then say that if fearful British exporters assert that the American market is more difficult to enter than it is, the reason must be that the British market is too soft with inflation ; to this the British answer—with one reservation—should be complete agreement.

The reservation is that it will always require more toughness at home to push a fearful exporter into an overseas market than it takes to push a confident exporter ; and British policy is bound to recognise this fact. It would be absurd to say that Britain should not carry disinflation far enough to get the dollars it needs in order to buy essential supplies ; but it would be equally absurd to say that it should carry deflation to a hair-shirt degree merely to get enough dollars to enjoy the undoubted—but not unlimited—benefits of completely non-discriminatory trade. It is for British policy to find the right balance. But that balance will inevitably be shifted a little further towards discrimination now that the advocates of separate dollar and sterling trading worlds can chant back the one word, "Bikes."

Morocco—Dialogue or Duel?

LAST weekend, over one thousand people were killed in rebellions in French North Africa. Paris had foreknowledge that the date would be an inflammable one, for August 20th was the anniversary of France's deposition, two years ago, of the then Sultan of Morocco. The Faure cabinet had drafted extra troops into the Protectorate. But few Frenchmen foresaw what actually happened—a spell of organised quiet and mourning in Morocco's politically conscious towns, but of impulsive savagery in one Berber region up-country, and of well-planned insurgence in the Constantine province of eastern Algeria. The fact that nearly a fifth of the victims were French men, women and children has aroused French emotions that M. Faure will find difficult to quell.

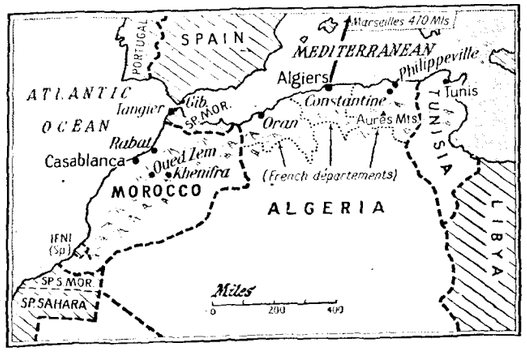
A black weekend has therefore increased the complications that beset the conference between the North African committee of his cabinet and Moroccan leaders of all colours which he is holding this week at Aix les Bains. If only this were happening before, instead of after, the fateful anniversary and its present dark aftermath of police punishment and military reprisal, the outlook would be brighter.

M. Faure has but himself to thank for the unhappy choice of date. For weeks, it has been clear to everyone except the right-wing members of his cabinet, and the wirepullers behind them—such as Marshal Juin and the aged Glaoui, Pasha of Marrakech—that no improvement in Franco-Moroccan relations is attainable unless Paris will grasp a nettle and settle the vexed question of the Sultanate. M. Faure is to blame for frittering away precious days before the 20th in manoeuvres to preserve cabinet unity in Paris, gambling, meanwhile, on the chance that a show of might in Morocco would tide him over while he tried to wriggle round right-wing opposition to any change on the Moroccan throne. With home politics in the forefront of his mind, he miscalculated a foreseeable risk, and he cannot escape responsibility for the price in human life that was paid for his error of judgment. For what was gained by dawdling ? The only new feature of the Aix conference is that the French cabinet itself, as opposed to mere cabinet emissaries to Morocco, is listening to all the Moroccan groups and parties ; the facts that these will reiterate have been known for months to all the ministers concerned, and as any dispassionate narrative of events shows, the missing link is neither ignorance of local wishes, nor lack of Moroccan will for a settlement, but the incapacity of successive French coalitions to agree on the way ahead.

In the two years since a fateful combination of French officials and Moroccan reactionaries conspired to disobey orders from Paris and to dethrone Sultan Sidi Mohammed ben Youssef, that young man has been transformed in Moroccan eyes from a wayward and undependable figurehead into a symbol of independence —a combination of pin-up boy and saint in exile. Conversely, Sidi Mohammed ben Arafa, the aged puppet successor whom the French and the Glaoui set on the throne, is the subject of lampoons in all but die-hard circles. By making the appointment, and justifying it, the French identified themselves with the forces of reaction in Morocco, alienated the younger generation that they have been at pains to educate in their image, and

gave tacit encouragement to the element among the European settlers known as the "*Présence Française*" which aspires to a share in Moroccan sovereignty. There followed the long months of terrorism and counter-terrorism during which Paris prevaricated while Frenchmen in Morocco made a mock of their "*mission civilisatrice*" by murdering French liberals of their own kith and kin.

In Morocco, almost the only gratifying development of recent months was the sudden onset of French awe, and of Moroccan moderation, that followed the appointment of a Resident General capable of showing that France still knows how to display aplomb and firmness and to give a fair hearing all round. By the beginning of August, this morally and physically courageous man, M. Gilbert Grandval, had produced an atmosphere in which the most important groups among the Moroccan nationalists were ready to waive demands for restoration of the ex-Sultan and accept a compromise council of regency, provided Paris was correspondingly ready to cease upholding Ben Arafa. On August 4th, the Paris opponents of M. Grandval's diplomatic technique trumped this ace by encouraging the Glaoui to declare that removal of Ben Arafa was unthinkable. On the 13th, a group of other Berber leaders disclaimed the Glaoui's right to speak for all Berbers, and reiterated the importance of "settling the throne question."



From that moment, right wing opinion within the French cabinet became vocal in support of the Glaoui's view and in demanding M. Grandval's withdrawal, and M. Faure reprehensibly began to let slip his best chance of compromise. He temporised by suggesting that Sidi Mohammed ben Arafa should be asked to form a "really representative" all-Moroccan cabinet. Perhaps he thought this device would prove the limited scope of the old man's following, and so demolish the arguments of his right-wing colleagues ; in fact, most observers in Morocco report that it launched amongst many Moroccans a new wave of despair at French intransigence. Although, in the towns, the nationalist leaders had sufficient control of local emotions to pass round word that there were to be no demonstrations before Aix and to make their word felt, the same did not apply to the countryside. It was the Berber followers of the Caids who had issued the anti-Glaoui protest of August 12th who gave full rein to old passions, and perpetrated last Saturday's butchery. It is noteworthy that Moroccan nationalists are showing sufficient self-control and political maturity to attend the Aix conference despite the news of violent French reprisals that reaches them every day, and that hardening of opinion as the result of last week-end is far more evident on the French right than on the Moroccan side. There is growing pressure for removal of M. Grandval, and one group of right-wing deputies has gone so far as to tell M. Faure that it will withdraw its support if he continues to treat with "murderers."

Undoubtedly, this blinkered approach to a problem of the utmost delicacy, and of moment to the whole of France's future in Africa, is rendered more sweeping and emotional by the fact that last week's disturbances extended to Algeria. For Algeria is in French eyes sacrosanct. One fact that strikes any traveller there is that whereas all Arabs refer to it as one with its neighbours, most Frenchmen prefer to ignore its great similarity to them in human make-up and in its racial and social problems, and to regard it as "different" because they have for decades administered it as part of France. In their eyes, the fact that the educated Algerian Moslem is entitled to sit in the French Chamber and to travel the world as a full French citizen places Algeria in a class altogether apart from its neighbours, and they are therefore blind to its many likenesses to, and reasons for sympathy with, the Moroccans and Tunisians. For many of these last are compelling. The proportion of Europeans to Africans is 1 to 9 in Algeria, 1 to 14 in Tunisia and 1 to 23 in Morocco, and all three territories suffer from a range of the same familiar social maladies — in particular, those provoked wherever a protecting power educates a dependent people to aspire to jobs and roles that are blocked by its own nationals, and where it develops industries that draw indigent peasants townwards, and convert them into a proletariat that can see with its own eyes the extent to which it is underprivileged.

Last week most Frenchmen were disconcerted, and hugely nettled, that what should by their standards have been only a Moroccan uprising spread to Algeria. Surprise added to their discomfiture because, only the day before, Algeria's Governor General, M. Soustelle, had returned from the areas of last winter's rebellion to broadcast that everyone was harvesting happily, confidence had returned and hearts had changed. Hardly were the words out of his mouth than they were proved wrong. But was the outbreak so surprising ? In fact, discontented Algerians saw that the troops set to contain them had been withdrawn to police Morocco, and not unnaturally chose, while the going was propitiously soft, to strike a blow to draw attention to their own discontents as well as to those of their Moroccan brothers. One of the biggest anomalies in an anomalous pattern is that the cabinet committee which has been

appointed to handle North Africa, and is hearing the Moroccans this week, does not include the Minister responsible for Algeria (who is France's Minister of the Interior).

At Aix, one impediment to progress is bound to be the difference of opinion between the Moroccan witnesses; the testimonies of el Glaoui and of the independence parties cannot fail to be poles apart, and much will hang on the weight attributed to the shades of opinion that lie between the two. But an even greater obstacle—as ever—is the difference of view that prevails within the French team. This difference is, in a word, that between championing repression and championing negotiation as the best way of dealing with North Africans who have grown recalcitrant at French failure to keep promises of reform, and as a result, view France not as paternalistic and beneficial but as frustrating and retrograde. At the one extreme sits General Koenig, at the other M. Robert Schuman, with, reading from right to left, M. Pinay, M. July and M. Faure himself pitched somewhere in between. It is difficult to see how men so differently minded can even agree on the significance of the evidence they hear.

As they digest it, two precedents need to be borne in mind—those of Tunisia and Indo-China. It is early days yet to proclaim success for the experiment in Tunisia, but surely there is a conclusion to be drawn from the fact that rebellion last week did not extend there and that, if it had, a responsible Tunisian government would be as concerned as the French to put it down. And could there be sharper proof than that afforded by last week-end that only by a military effort even more costly and exhausting than that in Indo-China can France protect settlers all over so vast an area as North Africa? How do the 50,000 reservists called up this week view their role if they are to be only the first of a long line of soldiers sent to a new battle front?

The choice that lies ahead of any French premier is that between organising a "dialogue" with politically-conscious Moslems and hammering out reforms acceptable to both, and capitulating to the demands of the French Right for troops to defend die-hard settlers no matter how these behave. If the second choice is made, the prospect can only be one of further bloodshed.

China Maps Its Path

CHINA is fast usurping Russia's role as the sphinx of world politics. One of the questions now dominating international affairs is whether, and in what form, the "Geneva climate" may spread to the Far East. Theories about the causes of recent Soviet moves abound, but few analysts are eager to tackle the Chinese puzzle. While the Big Four sat in Geneva, however, the Peking leaders opened the second session of their National People's Congress, and its proceedings, now concluded, tore some large holes in the bamboo curtain that has hidden their country's economy. They revealed the objectives of their first five-year plan half way through its course (1952-57); they also provided an unexpected amount of data on present economic conditions (some of the more revealing statements are cited in an article on page 705), and they mapped the road they intend to travel towards "socialism." This material may prove a valuable clue to the likely future lines of Chinese foreign policy.

The Chinese leaders have reaffirmed their ultimate aim, to develop a powerful state industry combined with a large-scale collective agriculture, but their timetable is now somewhat more realistic. They expect to take fifteen years to squeeze private enterprise out of the towns and eliminate smallholders from the countryside. Half a century is allowed for China to reach the level of "the more advanced capitalist countries." This may seem a modest goal by the standard of Communist boasting. It is tremendously ambitious in relation to the gap which must be bridged: China is now producing annually about 8 lb of steel per head of population, compared with nearly 900 lb in Britain.

The Soviet example is acclaimed as the model to be followed, but in China the bias towards heavy industry is to be even more pronounced than in Stalin's Russia. In Peking, as in Moscow before it, light industry and agriculture are cast as Cinderellas waiting for a distant day. In the current Plan (1952-57) less than 8 per cent of the total capital investment is earmarked for agriculture; nearly one-fifth for transport; and three-fifths for industry. Capital goods are to absorb 89 per cent of industrial investment. Through this concentration on heavy industry, the Chinese hope rapidly to create a basis for further industrialisation. Yet, as can be seen in the following table, this base will still be very

CHINESE BASIC PRODUCTION

	1952	1954	1957 Plan	% Increase 1957 over 1952
Coal (mn. tons)	63·5	80	113	80
Crude steel (mn. tons)	1·4	2·2	4·1	200
Cement (mn. tons)	2·9	4·6	6·0	110
Electricity ('000 mn. kwh.)	7·3	10·9	15·9	120

limited at the close of the first Plan. It is after 1960, when the 700 or so "great projects" ought to be completed, that the Chinese expect a big jump in their industrial capacity. Then, with the "model" Anshan plant alone producing over three million tons of steel, Manchuria should have enough native equipment and skill for the Soviet economic tutelage to be somewhat relaxed. At present, it is openly admitted, only half

the necessary machinery can be produced in China, while all the construction work is to be designed by the Russians or under their supervision.

It is far from clear what expansion of light industry can be expected. The Minister for Light Industries told the congress that output of consumer goods would rise by 12 per cent per year during this Plan; but, in the same speech, he argued that "before the development of heavy industry, it is impossible to promise an increase in production of cloth or food." Hopes are chiefly pinned on a fuller exploitation of existing capacity and a better supply of agricultural raw materials.

But in a backward agricultural country like China a natural calamity, such as last year's floods, may throw planning badly out of gear, and textile production has already slumped as a result of last year's poor cotton crop. The targets set for the countryside are, naturally, more modest than those for industry, but so small is the intended investment in this sector that even these may not be reached. In the first two years of this Plan, at least, agriculture lagged sadly behind the planned schedule; one consequence is the drive to cut food consumption in towns, which was intensified this week by new rationing regulations.

CHINESE AGRICULTURAL PRODUCTION
('000 tons)

	Grain	Cotton	Jute and hemp	Tobacco	Sugar-cane
1952 actual	163,900	1,304	300	221	7,142
1957 plan	192,800	1,635	365	390	13,150
% increase	17·6	25·4	19·7	76·6	85·0

The planners are clearly aware that they are not yet ready for the radical transformation of the countryside. The first tractor plant is to begin operations only in 1959, and until Mao Tse-tung can provide machinery and fertilisers on a large scale as well as launch a vast scheme of land reclamation, he would prefer to avoid a vast rural upheaval. Industrialists and traders in the towns are to be eliminated rapidly by creeping state invasion; but peasant smallholders have their economic death-sentence spread over a longer instalment plan.

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Some fifteen million Chinese rural households, out of a total of over 100 million, have by now been linked in fairly loose producer-cooperatives (not to be confused with the highly integrated Soviet collective farms), and the *People's Daily* has just announced that by next spring thirty million households will have been drawn in (a forecast which it is not easy to reconcile with Peking's claim that entry into the cooperatives is voluntary). The Chinese Communists, however, at least on paper, show no intention of launching a collectivisation drive modelled on the bloody Soviet experiment of the late twenties. The question remains whether their hold on the countryside, together with grain marketing control, will prove sufficient not only to raise agricultural production, but to extract the growing surpluses which will be needed, in addition to foreign help, for the task of industrialisation.

The precariousness of Chinese planning can be gauged from the number of imponderables, such as the vagaries of nature, peasant resistance or the amount of foreign assistance. The protracted bargaining with the Russians by itself is enough to account for the fact that the Chinese did not produce the blueprint of their five-year plan until it reached its half-way stage. The Chinese Communists are advancing by trial and error in a backward country. The Marxist tools are once more being applied to a primitive background, and the Soviet experiment in "primitive accumulation" is being re-enacted; it seems that no shortcut makes it possible to by-pass the Stalinist stage. Rapid industrialisation, heavy investment, the adaptation of backward peasants to the rhythm of modern machinery—all these demand both an iron discipline and a lot of "mythology." Already failures have become indistinguishable from "sabotage", and Hu Feng, who demanded more freedom for the arts, is used as a *diabolus ex machina* to account for economic shortcomings and to justify Draconian penalties. Soon, show-trials of "wreckers in the pay of imperialists" may be needed to justify the discrepancy between Plan and fulfilment.

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Yet the birthpangs of Soviet industrialisation were no less painful, and there is no reason why, however frightful the cost in human terms, the Chinese should fail where the Russians have succeeded. Mao Tse-tung has, in fact, the clear advantage of being able to draw on Russian experience and the aid, however limited and grudging, of the Soviet bloc. His drawbacks are an even more backward starting point and a heavier defence burden. Stalin, in a corresponding period of development, used the threat of war to tighten discipline, but devoted only about one-twentieth of the budget to arms; in the latest Chinese budget, defence accounts for nearly a quarter of total expenditure. With all resources strained to the full, the Chinese rulers may genuinely want to lighten the arms burden, while continuing to use the "imperialist" bogey as a means of silencing domestic discontent. A *détente* also means for them a chance of easing or even ending the United Nations embargo on strategic supplies, and getting more machine-tools and other crucial necessities for industrialisation.

Obviously, economic logic is not the only determining factor, though it is an important one. After years of secrecy the Chinese rulers have revealed the route along which they intend to march their backward peasants towards a modern industrial society. Western observers, while keeping an eye on the false claims,

the zigzags and retreats, would do well to concentrate on two vital and still obscure points which will decide the success of the venture: the amount of foreign aid and, above all, China's own effort of primitive accumulation.

It is now officially admitted that for years to come the purchasing power of the population will rise faster than the supply of consumer goods, and this pressure will be intensified if population growth continues unchecked. Yet, if they intend to travel as fast as the Russians, will the Chinese leaders be able to extract the necessary surpluses from the countryside without a ruthless collectivisation on the Stalinist model? How closely, indeed, can the Stalinist model be followed in China's utterly different natural conditions? The fate of the industrialisation plan, of the Peking regime itself and perhaps of the whole Far East will depend on the answer to these questions.

The Business of Marriage

BY A CORRESPONDENT

AFTER the holidays it takes a little while for most businesses to recover from their August inertia. But one line of business that will shortly find itself at the height of its yearly activity is the marriage agency. If the beach, the holiday camp or the summer school have failed to provide the hoped for life-partner, it is time to try some less chancy method. Britain's six or seven leading marriage bureaux and its one matrimonial newspaper are preparing for their seasonal peak.

The marriage business is heavily concentrated in London, which boasts four of the principal marriage bureaux and the office of the industry's one newspaper. There used to be two papers, one founded in 1860 and the other in 1904, but the older went out of business this year. The survivor, now edited by its founder's widow, is really the advertising medium of one particular bureau. Once a month, it is true, its 12-page crown-size publication appears, filled with advertisements classified under "Ladies" and "Gentlemen"; and there is a splendid leader which informs the reader that

> By its unique and selective methods of introduction appropriate marriages are arranged as speedily as propriety makes possible.

But if a reader picks out, say, a wealthy good-humoured widower with fair hair turning grey, it is no use writing an artless reply to his box number. The letter will not be forwarded without enrolment in the newspaper's books and a fee of 10 guineas. That sum once paid, however, there is no limit to the time one can remain on the books or to the number of people one can be introduced to—that is, unless other clients throw doubt on one's *bona fides*. To insert an advertisement costs from 7s. 6d., in addition to the enrolment fee, but if it is an adornment to the newspaper it may be inserted many times for this sum. There are many people on the paper's book besides those who advertise, however; and if the wealthy widower turns out to be suited, the "Editor" can usually suggest someone else.

The matrimonial newspaper gets some severe competition from the marriage bureaux proper, most of which were founded either just before or just after the war. Here the fees vary. At one bureau the enrolment fee is four guineas, which entitles a client to unlimited introductions, though only one at a time. Another bureau, which aims at a rather different social stratum, charges 5 guineas for enrolment and a further 20 guineas from each partner on marriage. Fifty guineas for every success is not bad from the bureau's point of view, and who can say it is a high price for living happily ever after? There is sometimes some difficulty in collecting the marriage fee, which it is hard to make a matter for legal recovery; and the bureau concerned earnestly scans the marriage announcements in the newspapers for indications of stolen, though not illicit, bliss. But most people have no wish to cheat Cupid of his due, and the bad debts are fairly few.

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The working methods of the bureaux vary, but all begin with filling up a form, on which the client writes such particulars as age, nationality, income, tastes and height. This last is extremely important, for one and all regard it as a first essential that a husband should be taller than his wife. (The complaints that are received in the office are rarely concerned with improper conduct; they are more likely to be "You told me he was 5 feet 8 inches, and he's only 5 feet 7.") The application form also has a space for a description of the dream man or woman, and the bureau then ransacks its files to find someone who approximates to it. At first it sends anonymous particulars, and not unless both parties consent to meet does it supply names and addresses—after which the couple make their own arrangements. If one party refuses to meet the other, some tactful formula is produced—such as "We regret that Mr So-and-So, who we had thought would be a suitable gentleman for you to meet, has made a contact outside the bureau and wishes to withdraw his name from our books."

Pairing off the clients is not easy. One difficulty is that the women—at least when they first join—always want to marry a professional man, as do the heroines of women's magazine stories. Another is that the clients are widely scattered across the country; and the impression is that while the women are willing to travel the length and breadth of the land to find a mate, the men will not spend an hour on a cross-country bus. Most of the bureaux get more enquiries from men than from women, but usually more women want to register. One bureaux gets four applications from women to every one from a man—but it claims that it keeps its registrations fairly evenly balanced. Another finds, very awkwardly, that it has twelve men to every one woman between the ages of 21 and 30, while at over 40 it has many more women. The matrimonial paper, too, finds that the men who apply are often very young.

This may seem strange, but all the agencies are agreed that these young applicants are for the most part perfectly ordinary young men. They may be shy, in jobs where they do not meet women, or cut off from the local supply by being unable to dance; they are often, to judge from the advertisements, in search of a nonconformist total abstainer and non-smoker. But they are not peculiar people. That they need the services of a marriage bureau may merely reflect the change in the sex ratio of the British population. At ages of 30 and upwards there is a surplus of women, which is greatest among the elderly. But at all ages under about 30 there is a surplus of males: the two wars left their numbers intact and better medical services preserved them in infancy, when many boys of earlier generations, frailer than girl babies, used to die. Their use of marriage bureaux may also be due to the fact that they have grown up in a world where, whatever you want, the first thing is to get the appropriate form and fill it in. Some people, indeed, are very surprised at having to pay—surely as bad a flaw in the welfare state as the charge for prescriptions and dental treatment.

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Of the men over 40 who enrol with marriage bureaux a few are inevitably odd, but the bureaux claim that it does not take them long to find that out—especially as they like to interview clients personally whenever possible. There are also men who are merely rather unsuccessful, who have never earned enough to support a wife without abandoning the style to which they have been accustomed, and who are now looking for a nice widow with a house and a private income. ("I am interested in someone who values true affection and companionship above money.") To bring together two lonely and self-supporting people is one thing, but the marriage bureaux do not look kindly on fortune-hunters; one bureau, indeed, scrupulously refuses ever to tell a man a woman's income. In any case, it would be wrong to think that all the older men on the books have a mercenary interest. One bureau in particular (the expensive one with the marriage fee) reports frequent applications from successful professional and business people. Those returning on leave from the colonies to find all their girl-friends married are a class to be catered for. Sometimes this bureau has even had the task of marrying off Members of Parliament; but it says that it is the civil servants who really go like hot cakes, because of the pension.

The success rate claimed by the marriage agencies—for those who are prepared to wait—is high. One claims to receive four or five new registrations a day, to have some 700 people on the books, and to hear of about two marriages among its clients a week. There will be perhaps two more, it thinks, which are not notified, for some couples like to forget as soon as possible that they married into a filing cabinet and formed an alliance with a punched card. But others have no such inhibitions, and little boxes of wedding cake are continually dropping through the letter boxes of the marriage agencies. Ecstatic letters, eloquent of love, arrive too. It appears that the dart is just as lethal if it costs a few guineas as if it is free.

The reputable marriage agencies can claim, with justification, that they perform a useful service, and that they do as much to combat loneliness and unhappiness as any social worker. They therefore take it a little hard that for the purpose of press advertising (and, incidentally, for commercial television) they find themselves classed with so-called introduction bureaux and friendship clubs. Their advertisements are debarred by the Newspaper Proprietors' Association—the London morning, evening, and Sunday papers—and also by the Newspaper Society, which represents most of the provincial and London suburban papers. The proprietor of one bureau (whose winsome feminine name conceals a lieutenant colonel) had his advertisement firmly refused by a certain Sunday newspaper. "Well, that from you!" he said; "My bureau is utterly respectable." "That's the trouble, old boy," said the advertisement manager. "So long as you're respectable you won't get a mention in this paper even if you pay the earth. But put a foot wrong, old boy, and I can guarantee you headlines two inches high." The agencies ought to get together to establish their own respectability. Two of them, indeed, have tried to form a Marriage Bureaux Association, bound by a professional code of conduct, but it has proved impossible to get the others to agree on its articles of association. If the agencies had their own interests at heart they would reopen negotiations, for a comprehensive association would be in a stronger position to argue with the newspapers.

Wider advertising would no doubt greatly increase the volume of business. At present there is a living, but not a fortune, to be made out of it; and the "job satisfaction" appears to be the matchmaker's traditional one, of fixing up other people's lives. To meet some of those who run these agencies is to be impressed with the good-heartedness and lack of cynicism with which they take on their task. One's only doubt—and that momentary—about the worthwhileness of it all occurred when the proprietor of one agency concluded an impressive interview with the comment: "Actually it's wonderful to be single, isn't it? I've had a splendid time since I've been alone again."

Notes of the Week

Mr Attlee's Successor

THERE are more than personal reasons for welcoming the news that Mr Attlee has recovered from the slight stroke which he suffered three weeks ago. It is important for the future of Labour, and for the future of British politics, that he should be fit enough to appear at the annual conference at Margate to fill the role that is expected of him. At most previous Labour conferences the delegates have gathered with some burning Bevanite issue—such as "German rearmament"—in the forefront of their minds. This time they are gathering to apply some salve to the bruises of electoral defeat. The stage has been carefully set for Mr Attlee to provide that salve; and for the delegates to unite to say—with some justification—what a jolly good fellow he is. If he retired before the conference, or even possibly during it, the party might still be split on the succession, and fasten upon some such drifting expedient as Mr Griffiths. After the show (and it will not be merely a show) of unifying affection and goodwill that is going to surge up around Mr Attlee, the wilder men from the constituency parties are expected to be in a mood to accept the arrangements for the succession that are under way.

These arrangements are that, whether or not Mr Morrison holds the party leadership for part of the period of Opposition, the next Labour Prime Minister will be Mr Gaitskell. He can take an important step towards the throne during the conference. Mr Bevan has to decide before this weekend whether to oppose Mr Gaitskell for the Treasurership; at the moment it is expected that he will stand fast to this intention, if only because retreat now would be an obvious rout. But if Mr Bevan does stand he is likely to go down to thumping defeat. Moreover, as the Treasurer elected in 1954, Mr Gaitskell will this year make his first appearance on the platform. If his performance is as carefully trimmed to the party's taste as some of his recent eloquence at Westminster, then the left-wing constituency delegates may decide that they actually like him. Any such performance may appear to the outside world to be a dangerous aberration from previous Gaitskell policies. But it is not policy that is to be fought over at Margate. It is the question of the succession.

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An even more intriguing pointer to the strengthening of Mr Gaitskell's position is the recent widening of his support within the Parliamentary party, and particularly his alliance with Mr Harold Wilson. Mr Wilson was previously regarded as a potential leader of the Left. He is now believed to see himself—in the blithe way in which portfolios are counted before they are hatched—as the Chancellor of the Exchequer in the next Gaitskell government. To this end, he is keeping clear of any clashes on policy, and is devoting himself to studying and suggesting possible reforms in party organisation. He is dominating the party committee that is now investigating this matter, and the shadow of this committee's coming report is already a frightening spectre in some offices at Transport House. And as Mr Wilson draws back his hand with this grenade, it is reported, most significantly, that he has Mr Gaitskell's full backing and support.

Old Faithful

THE annual report of the General Council of the Trades Union Congress has often, since the war, come as a pleasant surprise; the collective wisdom of trade union leaders has appeared in sage contrast with the subservience of individual general secretaries or presidents to the unenlightened self interest of their members. The report which the council will present to the 1955 Congress suffers from the fact that its most constructive proposal—for earlier intervention in industrial disputes—was well known beforehand, and therefore strikes no new spark of interest. One searches the report in vain for other significant contributions to the economic problems of the year.

The council proposes to amend Rule 11 of the congress rules: to enable it to intervene in a dispute, not merely when negotiations have broken down, but if they seem likely to do so. And since several recent strikes were caused by inter-union differences, it also hints—but only hints—that changes are needed in trade union structure. Ninety of the 184 unions affiliated to the TUC have less than 5,000 members, and the committee on organisation has recommended that there should be more amalgamations. This committee also recalls the recommendation of the 1939 Congress that each union should make agreements with other unions with which it has frequent contact, defining their spheres of influence and conditions of transfer for members. But the council's report does not for a moment consider that there should be any alteration in the Bridlington agreement, which forbids a union to organise where another is already in a majority. This seems a complacent attitude to what can be, as the recent dock strike showed, a restriction of explosive force.

On the subject of wage claims and inflation, the council has nothing to say. It merely repeats its strictures on the Government for allowing profits and dividends to increase, and ignores the fact that until recently they had risen far less than wages. The British trade union movement has yet to learn that high profits and high wages go hand in hand.

Dr Adenauer's Steady Course

PREPARATIONS for Dr Adenauer's trip to Moscow are taking satisfactory shape. A tactfully worded message from Bonn, indicating that the German government representative intends to raise the essential questions of reunification and release of German prisoners, has been received coolly by Moscow, but it has not been rejected. While Dr Adenauer has proved in this way that he does not intend to accept Germany's continued division, the vice-chancellor, Herr Blücher, has reaffirmed the government's absolute loyalty to its Nato partners, and has repeated the western demand for free all-German elections. At the same time, Dr Adenauer is said to be quite satisfied that Germany's allies have not changed their views on Germany's reunification and European security since the Geneva conference.

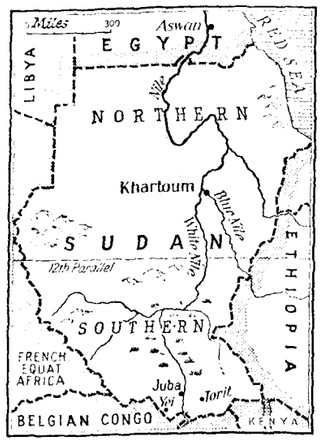
Dr Adenauer evidently wants to keep all the main threads in his own hands when the talks begin on September 9th. Even Dr Erhard, it seems, will not be in the delegation, and technical trade matters will be in charge of the head of the commercial policy department of the Bonn foreign office. Industrialists who hoped that a big expansion of eastern markets might result from the trip are said to be indignant at the report that neither the Minister of Economics nor industrial representatives will be included in the official party.

Most West German industrialists and bankers are solidly pro-western in sentiment, and many of them have acquired realistic views about the snares in east-west trade. But some had the idea that western links, patriotism and good business might all be combined, if America would finance large-scale German deliveries to Russia, in return for German reunification in freedom. Any hope that such a Utopia would be proposed in Moscow must now be abandoned in the Ruhr. The very sober estimates that have appeared recently in Germany suggest that the establishment of "normal" relations can only lead to a modest increase in Russo-German trade from its present almost negligible level. There is no danger that the delegation to Moscow will indulge in any adventurous or disloyal deals with the Russians. On the other hand, Dr Adenauer may lose support among German industrialists if they think his government is missing chances of good business. This is a risk which the British may do something to avoid by sharing information on trade with the East, and by offering the Germans co-operation in developing the non-Communist areas of the world.

Revolt in the South Sudan

LAST week the Northern Sudan was ringing with cheers as Parliament voted an end to the last relic of condominium status, calling for the exodus of British and Egyptian troops. But almost before the cheers had died away the Southern Sudan, or parts of it, had risen against its northern administrators; and the hard core of the uprising, which is the southern corps of the Sudan Defence Force, has told Khartoum that it will surrender only to British or Egyptian troops. Since these are the unwanted guests to whom the North is just waving goodbye, the situation presents a conundrum of horrid dimensions—indeed, of a size almost overwhelming for an infant government on the eve of self-determination and independence.

The hard fact that the revolt renders incontrovertible is the difference of outlook that caps the physical differences between the Northern and Southern Sudan. It is common knowledge that the areas to the north and the south of the twelfth parallel are different in climate, race, religion, language and the daily pursuit of livelihood. What no British voice could mention in the past without being branded as subtly separatist is that the underdeveloped southerner knows the developed world chiefly through northern slave traders, British administrators, Egyptian irrigation engineers and Christian missionaries of several European nationalities. The last three he can tolerate, but the first he hates because of his father's black memories of their rapacity. The Northern Prime Minister, who this week has been broadcasting to rebel southerners appeals to surrender unconditionally and promises to be fair, is therefore burdened, through no fault of his own, with a legacy of hatred that is the greater because primitive memories are so long.



When the news of revolt first broke, the Egyptian government suggested that an Anglo-Egyptian force should be sent to quell it. This idea, which does not tally with Cairo's broadcast to Khartoum last week on the "end of imperialism," was turned down by Britain. It was anyway fraught with dreadful prospects of foreign troops taking sides within the Sudan. The Sudan government must try to restore order on its own. Otherwise, its path to nationhood will be in jeopardy.

In De Gasperi's Footsteps

LAST weekend the Italian Christian Democrats marked the first anniversary of the death of Signor De Gasperi—the outstanding leader whose loss has had such an unfortunate effect on the stability and cohesion of his party. It was, therefore, appropriate as well as mildly encouraging that the latest meeting of the party's national council should give grounds for a little cautious and restrained optimism about the future prospects of the Christian Democrats—and, in consequence, of stable parliamentary government in Italy. The secretary of the party, Signor Fanfani, who is very able but also apparently very adept at making enemies, was clearly deter-

mined to smother the fires of internecine strife that have caused such damage since Signor De Gasperi died. The bones of contention that might have been worried and chewed over to no good purpose were left on one side; the final burial of these bones, however, is a much more doubtful matter.

But even if the Christian Democrats really manage to close their ranks, the danger is still that they can only do so by pursuing such negative and anæmic policies that the centre is discredited and the chances of the extreme Left much improved. Signor Nenni has by no means abandoned his hopes of securing his own inclusion in a coalition government and thereby of engineering a decisive shift to the Left; in a recent interview, published in *Pravda*, he said that his opposition to the present government was designed to speed up an "opening to the Left." His Communist allies are needling towards the same objective in the belief that once the Nenni Socialists get their foot firmly in the door, their own turn will come not long after; so much is clear from the remarkably frank report made last month by Luigi Longo, the deputy general secretary of the Italian Communist party, to his central committee. Signor Fanfani has strongly disavowed the possibility of any collaboration between the Christian Democratic party and those who would imperil its ideals. Such assurances are, of course, to be expected. But a potentially stronger guarantee against the danger from the extreme Left lay in the reiterated determination of the Prime Minister, Signor Segni, to go ahead with his agrarian and industrial reforms.

An Egg Monopoly?

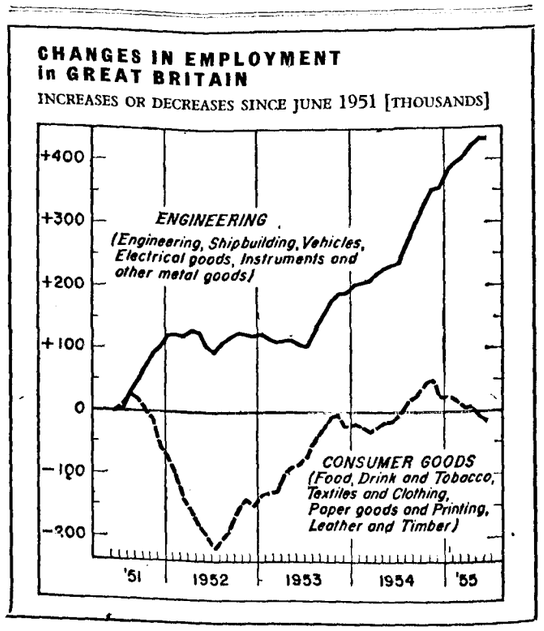
THE latest compulsory marketing scheme to be fathered by the National Farmers' Union, that for eggs, is encountering stronger opposition than usual. Even producers are divided over its merits and the Poultry Association is opposing the scheme. Consumers have still more reason to suspect a scheme which, under the claim of promoting "efficient and economical marketing," would compel all producers to sell their eggs to a statutory board elected by themselves.

It is hard to see what would be gained. All the advantages of testing, grading, and standardisation can be secured through the present chain of egg packing stations without restricting the alternative outlets open to producers. Complete monopoly control is surely the worst way to set about speeding and cheapening the distribution of any perishable foodstuff; and the board's close control over egg movements would hardly improve anyone's chances of getting a really fresh egg. These defects are so obvious that the Government should be very sure that there are countervailing advantages before it approves the scheme. And it should be firmly understood that it will not be an advantage if the board merely shifts some of the burden of supporting poultry farmers from the taxpayer to the consumer; the only argument for accepting the scheme would be if it gave farmers some spur to efficiency.

Under the proposed scheme the Government would continue to guarantee egg prices and would pay a fixed subsidy per egg to the board, but the board would be encouraged to sell at the highest price it could in the open market. There would be a margin of 2d. on either side of the guaranteed price within which the board could keep the whole of any profits or would bear the whole of any losses. Outside that range it would be allowed to retain 50 per cent of any profits, while the Government would cover 90 per cent of any deficit. To some extent, these arrangements would stimulate the board to prod farmers towards greater efficiency in supplying eggs at the right time and place. But they would also, of course, give the board an incentive to gouge consumers by its statutory powers to prevent undercutting and by keeping part of the daily throughput of eggs off the market to prevent "temporary fluctuations" in prices. Before this scheme can come into effect it has to be approved by the Government, then by both Houses of Parliament, and then by a poll of producers. It is to be hoped that somewhere along this line it will be blocked.

Sitting Duck at Earls Court

THERE has been a revealing pattern behind the disputes that have postponed the start of the National Radio Show at Earls Court from Wednesday to Friday of this week. The troubles began last week. First, the Electrical Trades Union demanded an exhibition bonus of 5s. a day for its 2,000 members working on the stands. This grievance was then submerged in a protest against the employment on the BBC's stand of members of its Staff Association, which is not affiliated to the Trades Union Congress. This led to a total stoppage of work, lasting from Thursday until Saturday. A temporary settlement of the latter issue was arranged on Friday, when the BBC and the ETU agreed to postpone the argument until after the show. But the claim for a 5s. exhibition bonus was then revived, supported by the carpenters and painters, and all refused to work overtime during the weekend. On Monday, however, the National Federated Electrical Association—the contractors who are employing the electricians—conceded the 5s. bonus "in the national interest," on the understanding that it should be a temporary settlement and that the final settlement should be by arbitration.



The use of one grievance after another to stir up trouble shows the ETU's tactics in their familiar mould. But there is another lesson from this dispute. Although the ETU will give its support to almost any strike, it naturally prefers strikes where the employers will feel desperate for a settlement and also strikes that are cheap to run; in 1954 the union's expenditure exceeded income by nearly £300,000, and two-thirds of this deficit was accounted for by "dispute pay," so that stoppages that can drag on indefinitely probably no longer suit its book. It is therefore not surprising if it regards an exhibition due to open on a certain day, and involving a lot of committed trade money, as a sitting duck. This is the third year running that the ETU has delayed the opening of the Radio Show; and the cost, in terms of a higher wages bill, loss of gate-money, and perhaps of export orders also, is substantial. In future, organisers of exhibitions in which electricians take part might be wise to reckon the possibility of a strike as a permanent item in their costs.

Still Crowded Prisons

THE daily average population of prisons and borstals seems to have reached its postwar peak three years ago. Then came a slow but steady decline, which, however, according to the prison commissioners' latest report (Cmd 9547), was itself halted at the end of last year. From then until last March the population remained stationary at around 21,300; this is at least an improvement on the 24,000 of three years ago, but it is still much too high to be properly handled by present prison accommodation and staff.

Between the wars the highest figure reached was about 13,000, and the increase of nearly two-thirds since then shows against what odds the prison commissioners have had to struggle in administering the more constructive provisions of the Criminal Justice Act of 1948. First, in a period of severe restrictions on building, they had to find extra accommodation, which has mostly been provided in open institutions and camps. Secondly, in a period of full employment, and with a government axe being wielded from time to time on recruitment, they have had to find the staff to look after the vastly increased numbers of prisoners. How successful they have been is shown by the remarkably few serious disturbances in prisons since the war and by the doubling of the established strength of prison officers since 1947. How far they have to go is shown by two facts recorded in their report: at the end of last year there were still more than 3,200 men in local prisons sleeping three in a cell; and although the three-shift staff system, which allows longer workshop hours and consequently a shorter time in the cells, was extended to Dartmoor and Parkhurst during 1954, the commissioners were not able, as they had previously hoped, to extend it to some of the local prisons. Moreover, staff will have to be found for the additional institutions that will soon be opened.

The commissioners point out once again that the pressure on local prisons would be greatly eased by a reduction in the unnecessarily large numbers of receptions. In 1953, there was, it is true, a drop of 2,700 to 24,761 in the receptions of men sent to prison without the option of a fine. There was also a fall, from 23,502 to 21,115, in the number of men received on remand or to await trial. But the fact that, of these, 8,534 men were either acquitted or punished otherwise than by a prison sentence shows that an extra burden is often unnecessarily thrust upon local prison staffs when bail is refused.

Mr Marshall's Victory

MR MARSHALL, the Chief Minister of Singapore, probably gained as much from the Colonial Secretary's visit to the island as he could accept without embarrassment. Cries for immediate self-government, whether intoned solo or in chorus, so soon after the advent of limited home rule, raise more questions than they solve. In the event, Mr Lennox-Boyd's offer of talks in London next year "to consider the situation in the light of the year's working of the constitution" was appetising enough for Mr Marshall to feel that he had scored a victory, particularly as it was accompanied by a promise that the Governor should use his discretionary powers only in accordance with the Chief Minister's advice.

Mr Marshall's victory was soured only slightly by the walk-out of eleven opposition members of the Legislative Assembly in protest against alleged dictatorial conduct in denying them time. Then the Chief Minister, with the elation of success behind him, turned once more to face the unpleasant local realities, of which the most urgent was a strike of city council labourers. Undeterred by an outbreak of violence between strikers and strike-breakers, Mr Marshall displayed his customary energy and courage in addressing dissatisfied sweepers from the top of a wall and threatening to jail lawbreakers in their midst.

The two aspects of Mr Marshall's week, the constitutional victory and the industrial challenge, are not so far apart as they might seem at a superficial glance. To the extent that Singapore's continuing industrial troubles are due to Communist infiltration and trouble-making, they merely underline the limitations which security must impose on the speed of the advance towards full self-government. Mr Marshall, and possibly his successor, may have to be content with something less than the full fruits of independence.

French Labour Troubles

AFTER a long period of relatively quiet relations, labour unrest has flared up in France with an extraordinary violence. Earlier this month the shipbuilding workers of St. Nazaire gave the signal. Last week it was the turn

of the engineers in Nantes, where the struggle took the form of a local civil war. Workers were locked out, police reinforcements poured into the town, a man was killed and many wounded on both sides during the fights. The St. Nazaire workers won a 22 per cent increase in their wages; those of Nantes claim one of 25 per cent, but they obtained it only on paper, since the employers refuse to honour their signature extracted under duress, in siege conditions.

Such a violent outburst may seem astonishing after two years of price stability and moderate wage increases. French workers, however, have an old grievance and do not consider that they are being compensated fast enough. The Communist thesis of "absolute pauperisation"—the claim that real wages are now actually lower than before the war—has numerous backers. The small reward for skill, the great disparity in scales between Paris and the provinces are additional causes of friction, while the huge increases now granted reinforce the workers' conviction that many firms can bear a much heavier wage bill.

The whole episode cannot be dismissed as a Communist plot. Both in Nantes and St. Nazaire the outburst seemed spontaneous and trade union delegates—Catholic, Socialist as well as Communist—were actually led by their troops. The *pavé* is being put back in its proper place in the streets of Nantes, but the conflict is not yet over. Unrest is gaining in other metallurgical centres and may well spread to other branches of the economy. In the circumstances it may be preferable to call wage negotiations on the national level and dispel the impression that a bigger packet must be gained through brute force.

Mr Diem's Visitor

SENATOR MANSFIELD'S visit to Vietnam last week-end was more than a courtesy call on an old friend; it was, rather, in the nature of a tour of inspection. It is generally assumed that the prime minister of southern Vietnam, Mr Ngo Dinh Diem, would not have survived the successive crises of the past year without American support, and this support has been largely based upon the senator's recommendation, after his visit last autumn, that the whole question of aid to Vietnam should be reconsidered if Mr Diem fell from power. In a sense, then, Senator Mansfield has been looking at his creation and finding out whether its present blemishes offset the simple felicity of the original concept. His report to the Senate Foreign Relations Committee on his return to Washington will have a considerable bearing on future United States policy in regard to Indo-China.

The balance sheet is by no means easy to draw up. American help alone would not have seen Mr Diem through the crises of the past year if it had not been for his own courage and stubbornness. But, while he has always emerged on top of the situation, it is equally clear that his sway now extends—and that uncertainly—to little more than the Saigon-Cholon area and certain central towns. Despite the sweeping claims of victory over the Hoa Hao and Binh Xuyen rebels, there is no evidence that the national army has done more than inflict limited casualties on them and force them to shift their headquarters.

Indeed, the lull that has settled over western Cochin-China seems to be due not to victory over the fanatical Ba Cut, but to the withdrawal of the national army. This withdrawal, however, does not imply the army's defeat; it has been brought back to Saigon-Cholon partly because the head of the American training mission, General O'Daniel, wanted to pass on to the next phase of training, and partly because the security of the capital required the presence of men loyal to Mr Diem. One immediate consequence has been a drastic shortage of rice in Saigon and soaring prices partly due to speculation by rice dealers. The inference is clear: the Hoa Hao and Binh Xuyen still control the Mekong delta paddy fields and are able to renew their blockade of Saigon at will now that the army has stopped controlling the roads.

Politically, there are continued and disturbing reports of Viet Minh infiltration, not only into the village councils but this time into the sectarian armies, hitherto relatively free of Communist influence. This is a trend which Mr Diem's preventive arrests and control of the press do nothing to offset. Yet Mr Diem has chosen this moment to send to Paris a mission to negotiate the accelerated withdrawal of the French expeditionary corps and the transfer of the high command to Vietnamese hands. There is no easy way out of the chaos of southern Vietnam; but it may be hoped that Senator Mansfield, when he makes his report, does so with his eyes wide open and not on the basis of a guided tour.

Limited Liability Act

The Old Act and the New Act alike proceed on the unwarranted supposition that Parliament must make regulations for trade; that there are some portions of it which cannot be trusted . . . to the laws of trade; that individuals are incompetent to look after their own concerns; and that Parliament must take care of them, and make regulations to prevent them from doing or suffering wrong. . . . The unlimited liability, imposed by the law on individuals contrary to their own declarations and intentions, is nothing better than a gross injustice and wrong done by the law, speaking in past time by the mouths of common law judges—men wholly ignorant of trade, and whose predominant idea was to protect the landowners against the success of combined capitalists; and it is this injustice and wrong which we look to the Legislature to repair. . . . More is not necessary. . . . Modern experience of the effects of commercial legislation, or regulating the trade and business of individuals, as well as its origin in the jealousy of old classes of the growth and success of new classes, should have satisfied the most ardent believer in the virtue of restrictions, that they never attain, whatever may be their effects, the end proposed. What they invariably do is to substitute an inefficient and dead law—sometimes nothing more than a helpless piece of parchment, blotted with words that are not always understood—for the efficient and living discretion and vigilance of individuals. The law stifles the qualities by which fraud would be overmatched. . . . We distrust, we discard all faith in the power of restrictions and regulations to make men honest; and therefore we condemn all the old restrictions on trading companies, and all the restrictions which the present Act continues or creates, while pretending to do away with one unjust restriction.

The Economist

August 25, 1855

Fish Not Above Suspicion

IN its fourth annual report the White Fish Authority gives a rather less hearty blessing than before to the scheme whereby the owners of distant water trawlers at Hull, Grimsby and Fleetwood regulate the size of their catch and fix prices. But it is still, unfortunately, a blessing. Under the scheme a quarter of the fleet is laid up during the summer, and no trawler may sell as fresh fish a catch of more than 70 per cent of its capacity. Last year's report defended these arrangements in detail, arguing that the effect on landings is not as great as might be supposed: during the summer a part of the fleet is normally laid up in any case for annual refit and overhaul, and it is exceptional for a vessel to catch much more than 70 per cent of its capacity. In the authority's view, no one can reasonably expect the owners to catch more fish than the market can absorb and to sell large quantities at uneconomic prices.

This year, however, the approval of these arrangements is not quite unqualified. The authority still believes that they have not been harmful to either supplies or prices. But it is unhappy about the principle, and considers

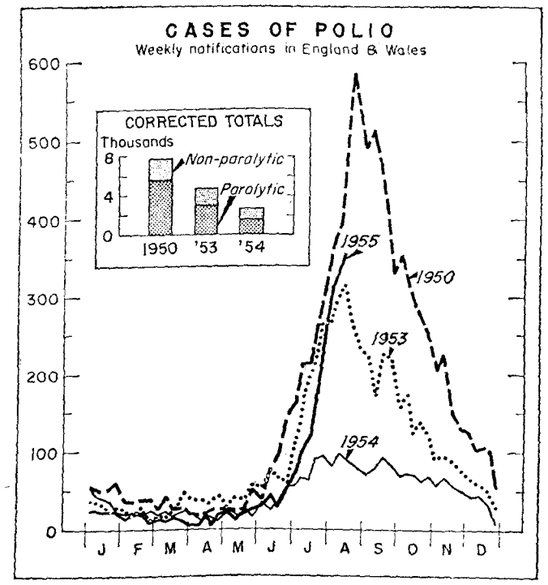
> that some modification of procedure is desirable in order to ensure . . . that the interests of the public and other sections of the industry are taken into account and so to allay any sense of suspicion and mistrust.

Suspicion and mistrust are hardly to be wondered at when the trawler owners control not only the home market but imports as well, through their ban on landings of Icelandic fish. The authority has therefore been wondering whether to take over the responsibility for price fixing itself. But that would be awkward because it would then be responsible for the profitability of the industry; and it would be dangerous to put into official hands the power for price-fixing in an industry which is already subsidised by the taxpayer, through grants and loans for building and refitting trawlers and through the subsidy paid on the weight of the catch. The proper course for an outsider is to deprecate these arrangements by the trawler owners; but to deprecate even more the suggestion that an authority, which is capable of expressing the views in this report, might take over and perpetuate them.

The Rise in Polio

ANOTHER polio scare is beginning. The accompanying chart shows the weekly uncorrected notifications of the disease this year up to August 13th, with those of some earlier years for comparison. The year 1947 was the first time that this country suffered a serious epidemic; since then only in 1950 has the 1947 total been—very nearly—reached. Whether the recent increase in notifications heralds an epidemic for 1955 on the scale of 1947 or 1950 is as yet impossible to say. We are now in the polio season, and, as a rule, the top of the curve of polio notifications is reached early in September; but there is no certainty about it.

Over the year as a whole, and over the country as a whole, the number of paralytic cases tends to be very roughly two-thirds of the total. The unusual prevalence of non-paralytic cases in recent weeks may mean that an illness resembling polio—but in fact something else—was being



wrongly diagnosed. The corrected total of polio cases is, in fact, sometimes only about 75 per cent of the initial notifications. Conversely, however, many minor cases of polio are not notified at all.

Japanese Doldrum Diplomacy

AUGUST has taken the wind out of the diplomats' sails. In the *Palais des Nations* at Geneva the discussions between the Chinese and American ambassadors lie apparently becalmed in their fourth week; although the Americans are now reported to be ready to accept Indian help in the repatriation of Chinese from the United States, no agreement seems to be in sight yet on the essential first point at issue—the release of the 41 American civilians detained in China. Equally sluggish progress is being made at the semi-official meetings, also in Geneva, between the Japanese and Chinese consul-generals, at which the Japanese are asking for the release of their nationals held in China. Peking has countered with a threat to claim reparations for losses suffered between 1937 and 1945, and has suggested direct talks with Tokyo, which would involve Japan against its will in a *de facto* recognition of the Communist government. But the prize for the long and slow haul must go to the Russo-Japanese negotiations in London, which are now approaching the end of their third month. Thirteen leisurely meetings have been completed in this time, on one side of Kensington Palace Gardens or the other, without agreement on any of the main problems, and reports from Tokyo now say that the chief Japanese delegate, Mr Matsumoto, has "rejected the idea of forging ahead for an im-

mediate settlement," and is preparing himself, if necessary, for "a long drawn out series of conferences."

Apparently some marginal issues have been settled. Russia is ready to support Japan's application to join the United Nations; each side is willing to promise not to interfere in the other's affairs; and both seem to accept the basic principles of agreements on trade and fisheries. But on the territorial question the delegates have got no further than exchanging quite incompatible draft treaties—the Russians asserting their claim to the Kuriles, southern Sakhalin, Habomai and Shikotan, and the Japanese equally firmly reasserting theirs. Japan is still insisting that its prisoners of war must be repatriated before a peace treaty is signed, whereas the Russians say this should wait until afterwards; and the Japanese still refuse to consider the Russian request that they bind themselves to a policy of neutrality. In these circumstances, Mr Matsumoto's decision to go slow is a wise one, provided his government in Tokyo supports him. The chief danger is that the Japanese government will try to win prestige at home by demanding quick results in London. Fortunately, it is reported that the Prime Minister, Mr Hatoyama, is now less eager to achive a merger of the conservative parties, and is looking forward to some months yet in office. In that case, Mr Matsumoto is likely to be left to continue in his cautious way in London.

Moscow Learns from Guest Kulaks

So far, the "exchange of experiences" between American and Russian farming experts seems to have been a pretty one-sided affair. The Soviet visitors to the Middle West have made copious notes; the Americans, on the other hand, have concluded their tour of the Ukraine and other agricultural areas by offering their hosts a number of trenchant criticisms and constructive suggestions. The American advice covered such points as the use of contour ploughing and terracing to check soil erosion, which, they observed, was causing serious damage in many Soviet farming areas; increased rural adult education, especially for peasant women; reconsideration of the current intensive drive to increase maize production in dry areas where other crops would offer better prospects; greater initiative for farm managements in planning crop and livestock programmes; and more economical use of both manpower and machinery, which to the Americans' eyes seemed often to be most wastefully used on both collective and State farms.

These blunt criticisms and positive suggestions were received by the Soviet ministers and technicians not only with a politeness which was in itself remarkable—how long is it since any senior Communist official listened patiently to the advice of a kulak?—but even with an honest admission that the Americans had, in the words of Mr Benediktov, Minister of State Farms, "made correct observations of our shortcomings." Not so long ago any such admission would have been unthinkable; it would have amounted to "servile grovelling before rotten capitalist ideas." Moscow may not in the event accept all its guest advisors' recommendations; Mr Khrushchev's maize campaign, for instance, is too much a matter of political prestige to be drastically modified at American behest. But the mere fact that the visitors' criticisms were reported at considerable length in the Soviet press is a noteworthy break with the past. The Russians have still a long road to travel before their mental picture of the outside world corresponds to reality closely enough to provide a basis for genuine co-existence. But due credit should be given for these first moves in the right direction; and it should be made clear to the Soviet rulers that a pinch of honesty does more than a ton of backslapping *bonhomie* can to encourage western confidence in their professed desire to behave as good neighbours in the future.

Black Eye for the Press

THIS seems to be the in-season for criticising the British popular press, abroad as well as at home; and the press is not in a good position to defend itself in a week in which so many faces in Fleet Street are barbecue-red. But British readers of last week's *Time* magazine must still have felt a certain shock at finding the majority of London dailies arraigned—from America of all places—on account of sensationalism, frivolity, lurid exploitation of crime and sex, misuse of "slam-bang headlines" and failure to purvey information. *Time* offers two explanations for its dismal findings; first, that lack of newsprint has put a premium on "luring" readers; secondly, that the uneducated British majority—"only 4 per cent of Britain's adult population have attended school until they were eighteen or older"—cannot be expected to read anything better.

This last explanation, and the conclusion that may be drawn from it, misses the whole point. It just is not true that Britain now has one of the worst national presses in the world; the only tenable charge is that there has been a crashing deterioration in the last thirty years, and especially in the last ten, of what used to be one of the best. Over that period a very genuine "popular" public has largely disappeared from the mental vision of Fleet Street: the public that built the trade unions, the co-operative movement, the Friendly Societies (to say nothing of the Labour Party, which has lately complained of its supposed mouthpiece's lack of political seriousness); which supplemented a shortened full-time education with WEA classes and evening courses, and formed the backbone of the Adult Schools; the public that produced in the nineteenth century the heroes of Mack Rutherford and Hardy, and in the twentieth century those of H. G. Wells. The newspapers that once served its needs, and kept its taste in mind, increasingly feel that it is not worth while to do so; it is the pin-table public, the pools public, the Radio Luxemburg public, which now constitutes the Public with a capital P. The latter is so much larger, and it has come with a clatter into the newspaper-reading field. One of the tests of newspaper values (and of the technique of British journalism) in the next few years will be to see how many of the popular dailies use their new, unwelcomed freedom of access to newsprint to re-build their appeal to that minority—substantial, surely, even if outnumbered—who find the *Times*, *Telegraph* and *Manchester Guardian* too much like someone else's house-organ, but who would welcome something other than a lightweight daily magazine.

Elementary—
my dear Watson

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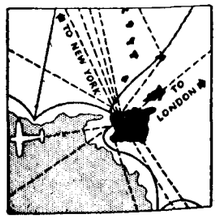

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Letters to the Editor

Goa in the News Again

SIR—The article in the issue of August 6th deserves some comment. You state that Portugal lost eight years in parting with Goa. I cannot but wonder if you can ask the Portuguese government to maintain such exact timing with Mr Attlee's opinions about Indian problems. By your standards, I gather that both our governments have lost several years already in handing over to Indonesia some island or other.

On the other hand, you imply that Dr Salazar's attitude shows less statesmanship than demagoguery. If by this you mean that his stand in the Goa problem finds the almost unanimous applause of the Portuguese *demos*, you are entirely right. As far as I can ascertain from friends of mine belonging to different political parties, not one of these would dream of including in its programme the handing over of Goa to the Indian Republic. (There is always the possibility of a Communist government in Portugal, but I fancy this chance of seeing your advice followed would not appeal to you.)

Portugal has in the past given political freedom (and without bloodshed) to an overseas province, which is now Brazil, and I can assure you we never repented. But to give away our own land and our own people to foreign countries is unthinkable for a Portuguese mind. And you can be sure that our government did not need to use some kind of collective brain-washing to make us feel this way about it. It comes naturally to us.—Yours faithfully,

J. F. RIVERA MARTINS DE CARVALHO
Lisbon

Newsreels Only

SIR—In your issue of August 13th you stated, in regard to television of this year's annual conference, that the Tories have chosen "simply to repeat the formula." You wrote there would be no televising of the conference in the true sense of the word and there would only be a half hour programme in the evening, which would only show extracts from the day's proceedings. I should make it clear that so far as the Conservative National Union Executive Committee is concerned they accepted what the BBC was prepared to give them by way of television facilities. There were hopes that there could be a "live" television of the proceedings, but I think that on the grounds of practicability and the limited times when television programmes were possible last year the BBC thought the "live" television of the conference would be impossible.

When we were approached by the BBC they made it quite clear that they took full responsibility for the television production as a news feature, and we, the organisers of the party conference, had no say in the production at all except the one important question, whether or not we accepted in principle what the BBC offered. The technical difficulties of "live" television of big political conferences have, I am satisfied, not been completely solved and that is, no doubt, the reason why the BBC has determined on the method adopted last year again for this year's annual Conservative conference.—Yours faithfully,

ERIC ERRINGTON
Chairman of the Executive Committee
National Union of Conservative and Unionist Associations

A Nightmare of Prisoners

SIR—Your suggestion that prisoners of war in Communist hands should bamboozle their captors' attempts at brainwashing by pouring out fake "confessions" strikes me as stimulating table talk, but I am a little sceptical of its value behind barbed wire. The effect on people at home, who would presumably be exposed to a barrage of sworn affidavits that life under Communism was fine, that our own army was run by a pack of nincompoops and that Marxism was unanswerable (and so on) would be unsettling, to put it mildly. It would be profitless for our authorities to make it clear "that no statement whatever signed by a prisoner could be taken seriously," for that is already the case, and the Communists would certainly persuade the prisoners to include a protestation that everything they wrote was true and unsolicited.

More seriously, you admit yourself that it needs a sophisticated man to use such a technique successfully. Officers and senior NCOs might have the mental stamina to sustain what amounts to a huge conspiratorial hoax for a number of years, but I feel that for the majority of prisoners the only chance of preserving morale and self-respect in a prison camp is to keep up an uncompromising opposition to their captors; and what you are suggesting is a compromise, even if an ingenious one.

The Communists would not be so naïve as to be satisfied with "confessions" about "fox-hunting millionaires with top-hats and lacquered whips." They would probably require prisoners to make degrading personal confessions; to criticise their officers and NCOs in writing; to stand up at camp meetings and praise the indoctrination to which they had been exposed (and to which, under your system, they would have made no overt opposition). And at whatever point along this downhill course a man jibbed, they would be ready with all the methods of "persuasion" with which the last few years have made us familiar. Once the absolute prohibition of the "name, rank and number" rule is abandoned, one "confession" will tend to lead to another. And when a prisoner is kept hungry and is exposed to all kinds of mental pressure, it is almost impossible for him to judge where the practical joke ends and betrayal of his fellow-prisoners and his country begins.

This is a difficult matter, and discussion ought to be provoked; but it is hard to see that any real alternative has yet been produced to a policy of trying to keep a stubborn and united silence. To pretend to "play along" with the Communists, even with the aim of misleading them, is a dangerous thing to do when they hold the key to the prison camp.—Yours faithfully,

London. B. J. ZAMBRA

German Cocksureness

SIR—Speaking as one of the younger generation of economists, I must question the opinions expressed by your reviewer of Dr Schacht's autobiography "My First Seventy-six Years." Dr Schacht will surely go down in history as the first Minister of Finance to accept responsibility for and to remedy unemployment in a capitalist economy.

Your reviewer apparently "scans Dr Schacht's pages in vain for the technical enlightenment that so brilliant a banker might be expected to offer." May I suggest p. 317-18, where he shows how the issue of 4 per cent Mefo-bills contributed to set production on its feet again. This successful issue is technically most enlightening because it implies that German recovery was initiated by a dear money policy and because it tends to contradict modern theory on the subject.—Yours faithfully,

Parkgate, Cheshire P. L. GRIFFITHS

To and Also Fro

SIR—Members of the Russian Baptist Church have visited other countries every summer for the last three years. This makes your statement of August 20th that "such opportunities will presumably be granted, at least to begin with, only to true-red trusties whose faith is considered proof against the intoxicating air of a free country" a little out of date.—Yours faithfully,

W. G. MCCLELLAND

Millfield House,
Whickham, Co. Durham

[Mr McClelland has failed to notice the important distinction between delegations, which Russia has long exported, the Baptist delegations being only one of many varieties, and ordinary tourists, who are only now to be allowed to leave the Soviet Union. This was the point of our comment.—EDITOR.]

Books & Publications

Europe's Century

HISTOIRE DES RELATIONS INTERNATIONALES. *Vols. V and VI. Le XIXe Siècle.*
By P. Renouvin.
(Paris: *Hachette.*) 421 pages and 401 pages. Frs. 1,100 each.

A GOOD deal has been talked in this country recently about the claim of "international relations" to be an independent academic discipline; some have even gone so far as to envisage a body of theory applicable to relations between separate political communities in abstraction. Like most other attempts to apply the inappropriate methods of the natural sciences to the complexities of human behaviour, it is more than doubtful whether any real advance in knowledge or understanding is possible along these lines. Painters learn to paint by painting; international relations can only be studied in action; and since it is given to few of us to be a Bismarck or even a Delcassé, we have to make do with history. For an historian like Professor Renouvin, "international relations" is simply one of the ways of looking at the history of a given area and period. This splendid synthesis of our knowledge of the international relations of the states of the western world, both with each other and with the wider world outside, provides abundant testimony to the belief that history properly conceived is the only method by which human society can be studied, and that the role of the so-called social sciences, including the *soi-disant* science of international relations, is to act as ancillaries to historical scholarship.

All this does not imply that Professor Renouvin is not conscious of the limitations of his study. Over and over again he reminds us that important aspects in the international history of the period—the role of finance and of some other aspects of business enterprise, or the development among peoples of those mental images of other peoples that play so large a role in the mass-psychology with which statesmen have to reckon—are still largely unexplored, either for want of documentation, or because the appropriate techniques have not yet been worked out. He is well aware that the purpose of such a synthesis as his is as much to suggest new lines of research as to summarise the existing state of knowledge. He knows merely that this is the only way of getting at least a partial understanding of events whose total inter-relationship we shall probably never wholly be able to grasp. He is aware of the real dilemma that faces the historian of international relations. It is not the imaginary dilemma of escaping from "bias" which bemuses the non-historian but which, as these volumes show, in their handling, for instance, of the origins of the first World War, is not an important factor for the professional historian; it is the dilemma that arises from the abundance of one kind of document emanating from diplomatic archives:

> Historical research always oscillates between two traps; to remain too strictly tied to a documentation which is apparently solid and unexceptionable, and so to risk ignoring the essentials, or else to look beyond the documents and to be content with fragile evidence whose interpretation leaves too much place for seductive hypotheses.

What Professor Renouvin does is to explore, in the successive periods of about twenty years each into which his century naturally divides, those forces which between them make up the substance which the diplomats (and where they fail, the soldiers) have to handle: the changes in social structure within states and the tension to which these give rise, and in particular the ramifications of nationalism; economic development both as the seed and as the instrument of foreign policy; popular sentiment in its varied manifestations; and last, but for Professor Renouvin not least, the role of the individual. While much less detailed on actual diplomacy than Mr A. J. P. Taylor's "The Struggle for Mastery in Europe," the English work with which it is most natural to compare it, Professor Renouvin's study comes much nearer to the heart of the matter than the plan of that excellent work permits. Nor is he hampered by the curious belief pervading the plan of the series of which Mr Taylor's work is a harbinger: the belief that Europe provides a suitable framework for even its own history in the post-Napoleonic age. On the contrary, although European rather than "imperialist" rivalries remained determinants of policy right up to 1914, Europe cannot be understood except in its overseas expansion and in the beginnings of the reaction that makes it today almost as much colonised as coloniser.

This means, for the period in question, attention in particular to the rise of Japan and of the United States. On Far Eastern matters, Professor Renouvin is an expert, and his treatment is magisterial except for a curious statement giving the population of southern Manchuria as twenty-five million at a time when the population of the whole of Manchuria probably did not exceed half that amount. In the case of the United States, Professor Renouvin has himself worked on Theodore Roosevelt. But for earlier periods he has to rely on others, and there the French weakness in American studies is rather obvious. In particular his section on the origins of the American Civil War is quite misleading even on simple matters of fact; he also takes the "open door" episode more literally, and at the same time more lightly, than recent American scholarship would desire. The treatment of Russia also presents problems; was western ignorance of Russia really complete before Custine's book? This view seems to overlook a very large body of literature going back at least to the sixteenth century; and is it true to say that the objective of the abolition of serfdom was to establish a class of peasant proprietors? If so, an odd method was chosen. English readers will be surprised to find Mr Gladstone appearing as Lord Chancellor and will regret that the proof reading of the bibliographies has been so weak on English names and book-titles.

Nevertheless the book is an outstanding one; and since university teachers in this country are being forced to abandon the pretence that their undergraduates can read French, a translation should find a ready market.

Unanswered Challenge

THE BOMB: CHALLENGE AND ANSWER.
By Professor Alexander Haddow and others. Edited by Gilbert McAllister.
Batsford. 160 pages. 25s.

THE challenge is familiar by now, and fairly restated here; but as for answer, if the contributors to this book feel they have provided one, any honest examiner would return their papers to them marked "try again—and think a little harder." Starting from the proposition, in Bertrand Russell's words, that mankind now faces either "peace by agreement or the peace of universal death," they proceed to argue, quite validly, that the only sure guarantee against war would be a central world authority virtuous enough to be free from rebellion or civil war, or strong and alert enough to nip revolt in the bud. But they also claim to show how our poor world can become such a utopia; and here the lazy thinking, the naiveties and the evasions abound.

Lord Russell thinks that "the most difficult step" would be to get the powers to agree that war will no longer secure their aims. Did they not do so in 1945 at San Francisco, as well as in the pre-war Kellogg pact? From there on, he proposes organising the world into great federations—"the USSR and its European satellites; China and any other East-Asian countries that may have adopted Communism; the Mohammedan world" and so on, each federation sending to a central authority representatives (who could either be elected or appointed by totalitarian regimes) who would jointly control an irresistibly powerful armed force. Lord Beveridge, likewise, makes no attempt to discuss the real problem of how such an irresistible force could be controlled by a body made up partly of democratically elected representatives and partly of the nominees of despotisms. Lord Beveridge tosses the problem of electoral methods briskly to the next contributor, Mr. Henry Usborne, MP; he suggests that they should be "elastic," and blithely assures us that we need not worry about Russia and China, as the Indians will undertake to overcome their doubts about world government, so that "our job is to convince Indians."

What is one to think of the distinguished men who have taken part in so strange an exercise in over-simplification? Turning, with a last flicker of hope, to the final chapter, headed "Practical Steps Towards A World Authority," one finds that Mr McAllister has filled it out with long quotations from Lord Acton, Lewis Mumford, Lionel Curtis, Christ, Jacques Maritain, Sir James Fraser, Whitman, King David and others. The world's real difficulties, the great ideological rifts and problems of human understanding, are smoothed out in this book like the bedsheets of a fractious child. "Lie still," one can hear nanny saying as she tucks us in good and tight, "and don't let's have any more of that nonsense about there being an adder in bed with you; don't think about it, and it will turn out to be just another of those silly nightmares of yours." If the horrors of nuclear war are really to be banished for good and all, some keener thinking than this will need to be done. The book's main value lies in its revelation how far short of meeting that need we still are.

Rose of Yesterday

OLD GARDEN ROSES: Part I.
By Sacheverell Sitwell and James Russell, with paintings by Charles Raymond.
George Rainbird. £7 7s.

THIS is the first volume of a work in six parts on the origins of the rose as far back as the beginning of the Christian era, and on its subsequent development in the late eighteenth and the nineteenth centuries. It was at this point that rosarians turned their attention to breeding the modern hybrid perpetuals and hybrid teas from the perpetual-flowering China rose which had been introduced at the end of the eighteenth century. The flowering period of these new hybrids was so much longer than that of the earlier roses that the old varieties went completely out of fashion. It is only recently that interest in them has revived, partly because in the process of breeding for size and colour, the scent seems to have been almost lost in the latest varieties.

The publishers are to be congratulated on their enterprise and on the high standards they have set themselves. The colour reproductions are beautifully done and, combined with Mr Sitwell's poetic prose, evoke the touch and scent of the flowers and captivate the reader, though he may never have seen an old rose. The whole book is in itself a work of art, for which seven guineas is not a high price, particularly when one considers the cost of even well-established flower prints.

Comparison with Redouté's *Album des Roses* is inevitable but not altogether to the point. For one thing, many old varieties were not known until after 1824, when the last of Redouté's three volumes was published, so that there is much information to be added and a far wider field of choice for the illustrator. The paintings, too, cannot really be compared, since each generation has its own artistic climate, and while Redouté's illustrations, based on line drawing, are a botanist's representations of actual flowers, Mr Raymond is a creative artist who has relied solely on carefully built-up colour. His paintings are more nearly related to the lovely but less well-known rose paintings by Ehret, where the same technique is used, but with perhaps a greater sense of modelling.

Now that so many gardens must be planned for ease of upkeep, old roses should be more widely used, since many of them can be grown as shrubs or hedges and more or less left to look after themselves. Some, such as the *rugosas*, are so hardy and tough that they are used on housing estates in Denmark and Sweden, an example which may one day inspire our own local authorities to forsake their ubiquitous privet.

Past Art and Present Problems

THE OPPOSING SELF.
By Lionel Trilling.
Secker and Warburg. 247 pages. 15s.

WHAT may be termed the higher literary criticism has of recent years become much preoccupied with rhetorical analysis; in America in particular there has been evolved a technical vocabulary and an abstract manner attractive to some specialists, but apt to repel the general reader. And commonly the focus has been narrowed. The "local life" of an imaginative work—the extent to which its texture rewards scrutiny under the microscope—has come to be regarded as the supreme test of art.

In his present volume of essays—ranging from Wordsworth to Orwell—Professor Trilling's critical vision is in no danger of this myopia. On the one hand, he admits the old-fashioned notion that a writer's personal history may be of some interest to criticism—seeing significance in the fact that Keats's maternal grandfather "was said to have been so extreme in his love of eating that his wife and family spent four days in the week preparing for the Sunday dinner," or admitting that he has never been "quite able to resist the notion that in her attitude to Lady Bertram Jane Austen is teasing herself." On the other hand, Mr Trilling is constantly concerned with a literary work in its present social implications. And this takes him always to what a painter would call the edges: the places where the work stands out against, or merges with, its general background in the history of ideas. What (aside from her relationship to Lady Bertram) is important about Jane Austen? That she "first represented the specifically modern personality," Mr Trilling replies—and is at once led on to observations upon Hegel, Nietzsche and Dewey. "Little Dorrit" reminds him that, after the fall of the Bastille, "men began to recognise the existence of prisons that were not built of stone," and that "the modern self, like Little Dorrit, was born in a prison."

The relevance of the acknowledged art of the past to present problems is clearly of the greatest importance in criticism, broadly conceived. But Mr Trilling seems to incline to the view that a work is better if—so to speak—still in the swim; it is one up to Wordsworth, we are made to feel, that we may be reminded of him by Lawrence, and that "the character of Leopold Bloom . . . is conceived in Wordsworthian terms." This constant forward reference is always interesting in itself, but it sometimes serves to obscure rather than to illuminate the actual works which Mr Trilling has proposed to discuss. Perhaps the best essay in the book is that on "George Orwell and the Politics of Truth," where the subject is virtually contemporary in itself.

Britain Overseas

Egypt, the Sudan and Ethiopia

Report of the United Kingdom Trade Mission which visited North-East Africa last February.

6s. (by post 6s. 4d.)

Australia

Economic and Commercial Conditions in the Commonwealth as at November 1954.

7s. 6d. (by post 7s. 10d.)

Nyasaland and Tanganyika

Distribution and Consumption of Commodities among Africans, 1952-3. (Colonial Research Studies No. 17.)

12s. 6d. (by post 12s. 8d.)

HMSO

from the Government Bookshops or through any bookseller.

Law of Cheques and Bills

THE HISTORY OF NEGOTIABLE INSTRUMENTS IN ENGLISH LAW.
By J. M. Holden.
University of London, The Athlone Press. 389 pages. 42s.

"THE history of what the law has been is necessary to the knowledge of what the law is"; thus Oliver Wendell Holmes, junior. This history of Mr Holden's is more than a bare statement of what the law has been; it is the story of the evolution of means of payment in a world becoming inexorably more and more complex, of the search and research by merchants for greater facility in the making of payments and the granting of credit, alongside the quiet efforts of the banking community to match a growing legal responsibility by adequate protection. It is an equal merit of his book that, having laid the foundation for inquiry and persuaded the reader to think again on some of the problems that have affected the law from time to time, Mr Holden does not hesitate to take us into the future, to ask where we are now going. To the student of law—of the law of banking and negotiable instruments in particular—this book will prove fascinating, for it provides a comprehensive account of the growth of negotiable instruments in the United Kingdom right up to the present day. But, naturally, it is with his criticisms and essay in history making that the author arouses the greatest interest.

Conjecture on why things happened when and how they did is, perhaps, not likely to carry us very far in considering the future. Welcome, therefore, as the purely historical survey is—though it is disconcerting to discover from Mr Holden how wrong the exponents of legal history have been—it is his last two chapters, dealing with modern times, which will call for comment, for here and there he displays a daring that will startle the more mature student. For instance, his suggestion that a transferee of a negotiable instrument who takes *bona fide* and for value should acquire an indefeasible title even through a forgery needs much more forcible argument before it will find acceptance. He asks, too, in relation to the "account payee" crossing, how far a collecting banker should make inquiry, under s.82 of the Bills of Exchange Act, 1882, in order to be exonerated from the charge of negligence; yet, if the banker is collecting for the payee, the question does not arise, nor, seriously, if he collects for a satisfactory customer not the payee.

Nor can his view be accepted that the abolition of endorsements on cheques is not likely to find favour with the business community. Providing the difficulty arising from the inclusion of receipts on cheques can be overcome and proper protection found for the banks, the growing clamour for abolition will assuredly carry the day.

Two other points need to be mentioned. Speaking of commercial credits Mr Holden suggests that "The modern tendency seems to be to regard the negotiation of the drafts by the promisee as fulfilling" the requirement that the banker's promise to the seller shall be supported by consideration. Modern thought, however, seems to incline to the view that the banker's promise is effective immediately upon communication, though not actionable until the seller has fulfilled his part of the bargain by tendering the documents called for by the buyer. Lastly, the subject of travellers' cheques is somewhat perfunctorily dismissed in a paragraph which suggests that these instruments are bankers' drafts and therefore negotiable. This is not the case with many of them, which have several facets distinguishing them from bankers' drafts.

None the less, this book is profoundly interesting, and Mr Holden deserves wide congratulation on an excellent piece of research and some intriguing thought.

Lighter India

GOLDEN INTERLUDE.
By Janet Dunbar.
John Murray. 239 pages. 18s.

"UP the Country," the travel book written by Emily Eden, sister of the Governor-General, Lord Auckland, is well known to all acquainted with nineteenth-century Indian history as a witty and vivacious chronicle. It has been aptly described as "skilled in perception of all that lay on the surface." Now comes Miss Dunbar, who has discovered a mass of letters written by Emily's sister, Fanny, which reveal her to have been as full of high spirits as the brilliant Emily, but withal gentler, less opinionated and satirical, and perhaps, to some tastes, the more attractive character. Hitherto we have seen the Governor-General's famous tour, from Calcutta to Simla and back, only through Emily's eyes. Miss Dunbar has woven the stories told by Emily, Fanny, and by their equally well-known nephew, William Osborn (Auckland's Military Secretary), into a lively narrative that gives new burnish to the Arabian Nights glitter in which the Edens lived from 1836 to 1842.

The *Daily Mail* has shrewdly chosen "Golden Interlude" as its Book of the (holiday) Month, and it is likely that anyone who is in relaxed holiday mood, or alternatively who knows nothing of Indian history, will find these pages sparkling entertainment indeed, full of colourful descriptive touches, deftly told anecdotes, and genuinely amusing comment. On the other hand, the historically conscious may recall that these letters, probably the best ever written about India, were contemporaneous with what many regard as one of the less agreeable chapters in Indo-British relations—the beginning of the cynical liquidation of the Amirs of Sind (not even mentioned by Miss Dunbar), the unjustifiable, mismanaged, and disastrous first Afghan war, from which Dr Brydon emerged as the solitary survivor of many thousand troops—and it is ironical that the Eden sisters, so witty, so cultivated, so full of the liberal Whig tradition of humanity, and living at the very centre of Indian affairs, were oblivious of the significance of the sombre and terrible events in which their own brother's responsibilities were so heavily engaged. Against this background, the Eden lightheartedness occasionally strikes a jarring note. This, however, is no reflection on Miss Dunbar; she is to be congratulated on an enterprising piece of research which has produced a readable book that epitomises the lighter side of a Governor-General's life.

Dead Etruria

THE ETRUSCANS.
By M. Pallottino.
A Pelican Book. Penguin Books. 295 pages. 3s. 6d.

SINCE the war there have been two art shows by which the future historian may date stages in the development of European taste: the Mexican exhibition shown in London in 1953 and the great Etruscan exhibition recently assembled in Zurich. It is suggestive that both national arts, and the kind of outlook on life which they embody, should have found one of their earliest and most perceptive critics in an Englishman—D. H. Lawrence. To Lawrence, Mexican art stood for the ritual ecstasy of death. But Etruria and the "Etruscan places" were to him the bright focus of aliveness It is a pity that more of this sense of aliveness could not have found its way into this book, which is intended for a popular series—the Pelican archeology collection—and for the layman.

Sr Pallottino is the greatest living Etruscologist, and this is an extremely erudite report on "work in progress" addressed to fellow-experts. A major portion of the book is concerned with theories—often polemic—on the vexed problem of the ethnic origin of the Etruscans and with a truly brilliant but exceedingly difficult summary of Sr Pallottino's inroads into the mysteries of Etruscan speech and graphology. What there is about Etruscan daily life is dry and mainly philological in approach; and on Etruscan art—a subject with which the author has dealt in a larger work—the present book is thin indeed. The Etruscans and their strange land of citadels, urns and dances simply do not come alive. The layman is left with the odd feeling that the Etruscans were created by nineteenth-century scholars so that twentieth-century ones might correct them.

Anyone wishing to enter this fascinating field should climb to the gate of Volterra with Lawrence in hand, then study the plates in Sr Pallottino's "Etruscan Painting," and lastly get to work with the present volume.

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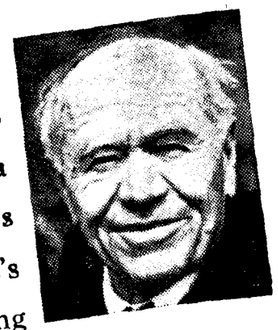

Lord Beaverbrook, Britain's present undisputed No. 1 press lord ("My political belief is a simple one: I believe in Britain's glory"), improved Northcliffe's formula* by aggressive, enterprising coverage, and brisk, clever editing. (He still bars cheesecake and leering sex from his papers.) The Beaver's standing order: "Ban the word 'exclusive' from the Express. Our aim is to make everything exclusive."

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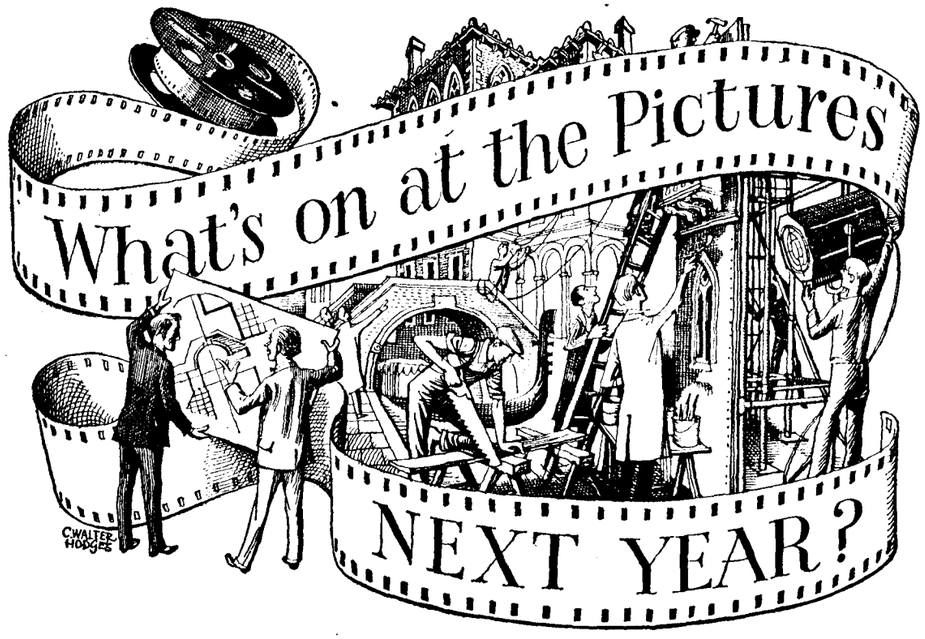

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American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Political Rites

Washington, D.C.

THERE has recently been concluded in the United States an annual ritual which gathers the Governors of most of the forty-eight states in one place to talk politics. These Governors, it should be noted, represent both the Republican and Democratic parties and it is mainly because, politically, they dominate their states that their assembly has importance. This year they met at a comfortable lake-front hotel in Chicago, the Edgewater Beach, which, although it is in the city, has some resemblance to a holiday resort.

While the Governors ostensibly discuss matters which are of interest to them as state executives, the real reason for their gathering is to make them accessible as a group to political reporters. They do everything they can to interest and attract journalists and, long after interstate resolutions on highways, hospitals, and what not are forgotten, the sum of their political judgments is being weighed against the current party scene. This year it is being related to 1956, when the presidential question must be settled again.

One of the judgments after this year's performance was that the campaign to make Mr Averell Harriman the Democratic nominee for the Presidency seems more solidly based than had previously been thought. Another is that the campaign of Mr Adlai Stevenson is founded upon a support which is brittle and honeycombed with doubt, and which might crumble under the pressure of a determined drive by Mr Harriman. A third is that Mr Harriman might make such a drive. It also became evident that most Republican Governors wish President Eisenhower to run again and that something like utter demoralisation would develop in the party if he chose to retire. Nationally there is no Republican party apart from Mr Eisenhower's personality. The Chicago meeting, also, showed that today there is no master politician at work on a national scale in either party. Finally, it suggested that the political spirit of the country may be withering away—an unusual and dangerous thing in the United States.

The relationship between Mr Stevenson and Mr Harriman is going to make interesting political history however it turns out. Mr Harriman, the Governor of New York State and one of the chief experts on foreign affairs and international economic co-operation in Democratic Administrations, theoretically wishes to defer to Mr Stevenson, a former Governor of Illinois and a presidential candidate in 1952. There is no doubt that a gentleman's agreement exists between the two, stipulating that while Mr Stevenson seems to have a chance for the nomination in 1956 Mr Harriman will not cross him. But will incipient developments permit Mr Harriman to live up to this agreement, and does he, in fact, wish them to?

In American politics the block of votes Mr Harriman will bring to the nominating convention from New York is of first importance, and may be decisive. Under the customary rules these votes are first committed to him and are his to release for Mr Stevenson if he wishes to do his friendly rival that favour. In the situation now developing Mr Harriman, while honouring his agreement with Mr Stevenson, may be able to say that, in spite of his best efforts, his supporters have got out of control and are insisting upon backing him to the end; thus he might claim that it had become impossible for him to give effect to the agreement.

★

Governor Harriman's position is difficult and delicate but not beyond him. He is, however, acting like a candidate for the nomination rather than like a man deferring to Mr Stevenson. Among minor but meaningful indications is the public relations job just given in the New York State government to Mr Roger Tubby. This apparently minor appointment had little immediate impact but Mr Tubby was once press secretary to President Truman and, all in all, is one of the cleverest and most proficient publicity men ever to serve the government. It will be Mr Tubby's duty to persuade the country that Governor Harriman has done a splendid job in conducting the affairs of New York State. The appointment is the act of a presidential candidate.

It is quite probable that Mr Harriman, in spite of his statements to the contrary, does not consider Mr Stevenson to be the nominee the Democrats ought to offer next year. Mr Harriman's intimates know that he, strangely enough, considers that Mr Stevenson is too conservative. It looks, therefore, as if Mr Harriman will be hoping that his own better nature will not prevent him from defeating Mr Stevenson in the 1956 nominating contest. He will have many on his side.

One of the circumstances which impresses an American observer as the election campaign begins to heat up is that, whatever the merits of prospective candidates may be, the roster of political personalities today does not contain one man who has proved his capacity to manipulate national political affairs. The best example of what is meant is

Mr James Farley, who went across the United States before 1932 arranging matters with politicians so that Franklin Roosevelt had a head start for the nomination in that year. Whatever may have been the merits or demerits of Mr Farley's activities, the present lack in either party of anyone of comparable stature and talent means that something like anarchy threatens both nominating conventions. It will certainly not develop among the Republicans if President Eisenhower agrees to run again. But if he decided not to, the essentially formless state of his party would be exposed. Since there is no one of equivalent power in the Democratic party, there is an evident risk of a carnival of self-defeating factionalism. It would be complicated by arguments over the vice-presidential nomination, by the dislike of conservative southerners for both Mr Harriman and Mr Stevenson and by the knowledge that, whatever happens in 1956, by 1960 the Democratic presidential nomination should be worth having.

Deluge

As Hurricane Diane moved northward, her wideflung arms drew in warm, humid air from the sea and the south-east, and on Thursday night of last week the centre of the dying storm whirled into this immense reservoir of humidity. The result was a deluge crashing down with little warning on the hillsides, and into the shallow rivers and narrow valleys of the north-eastern United States from Maryland to Maine. As the clouds receded, six states began digging themselves out from the most damaging floods in their history or in that of the United States. Nearly 200 people are known to have perished, some 100,000 are homeless, factories employing over 20,000 workers have been destroyed, and the cost was expected to reach $3 billion. Worst hit were western Connecticut, western Massachusetts and eastern Pennsylvania; throughout the devastated areas two factors combined to aggravate the loss of life—the density of the population and the number of summer and holiday camps crowded with people escaping from the heat of the Atlantic seaboard.

With daylight on Friday morning, military and civilian rescue teams went into action, but in many places the destruction of roads and railway lines made helicopters the only means of supply and evacuation. Water was polluted and, because of the fierce heat and the stoppage of electricity, food supplies in "dead" refrigerators began rotting. The Red Cross flew in tons of dry ice and vast quantities of serum to block the peril of epidemics. Directed by Mr Val Peterson, head of the civil defence services, National Guard and police reinforcements moved into the afflicted towns to prevent looting and restore communications.

In Connecticut, Mr Abraham Ribicoff proved himself to be a Governor of tremendous energy, and President Eisenhower promptly interrupted his vacation in Colorado and flew 2,000 miles to the heart of the disaster area. Broadcasting to the nation, the President appealed to everyone to contribute towards the immediate relief of the homeless and unemployed, and pledged federal aid towards the cost of reconstruction. The emergency fund at the President's disposal amounts to $11.6 million, but it is estimated that some $75 million will be needed, and congressional leaders have already granted the government an extension of its credit. However, what is needed above and beyond immediate assistance is a long-range flood control

programme and an insurance scheme for potential victims. At present, commercial flood insurance is very rare and costly and so far there has been little effort to control the comparatively small rivers of the north-east. On both these points, President Eisenhower is now considering federal action.

Captive Minds

Although the international atmosphere has improved of late the American people are being grimly reminded of the realities of war against Communism. In a report published last week, a special twelve-man committee set up by the Department of Defence reviewed the entire history of the treatment of allied prisoners of war in Korea and formulated a new "code of conduct" which President Eisenhower has now incorporated into official regulations for the armed services.

Of 1,600,000 men engaged in the Korean war, 7,190 became prisoners and of these 2,730 died in enemy hands. In the committee's frank and searching report it is emphasised that many American soldiers perished because they were unable to endure primitive physical conditions—not one Turkish prisoner died of illness—because they were unwilling to maintain strict sanitation and discipline behind barbed wire, and because echelons of command within individual units broke down.

At the same time, however, the committee recognises that American servicemen had not been prepared for the kind of psychological and physical tortures to which many of them were subjected in order to make them tools of Marxism. Although 192 men have been charged or are being charged with serious offences committed during their captivity, the committee points out that no one has been punished for "breaking" under torture, but only for doing harm to fellow-prisoners. It was strictly on this basis, for instance, that an army court martial this week condemned Sergeant James Gallagher to life imprisonment; he had been found guilty of murdering two fellow-captives to curry favour with the Chinese.

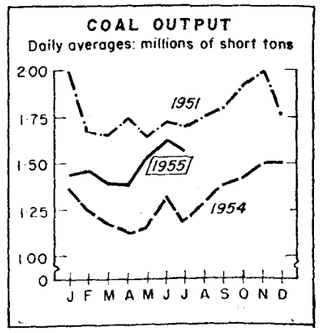
"The Korean story must never be permitted to happen again," concludes the committee's report, and its rather pompous declaration of principles is written for that purpose. The six articles in this creed enjoin the American soldier never to surrender if there is any hope of fighting on, to attempt to escape at all times, to reveal nothing save name, rank, date of birth, and serial number, to make no written confessions and to keep faith with his comrades. The committee also places on the community and the armed services the responsibility of educating and training men so that they can meet these high standards. Whether such principles are altogether realistic and whether they do not condemn to long years in prison those returned captives who fell short of them in Korea, are perplexing questions. They are already being raised by Senator Kefauver and no doubt more will be heard of them as further courts martial take place.

Coal Catches Up

Mr John L. Lewis remained the *enfant terrible* of the American labour movement long after he was better suited to an *éminence grise*. But since he celebrated his seventieth birthday in 1950 with a full-scale strike in the coal mines he has apparently reached years of discretion. The coal owners have co-operated to enable Mr Lewis to do as well for his miners by secret negotiation as he used to do by open defiance. His men have just been given a record wage increase of 25 cents an hour, to come in two stages, by the operators of northern mines, apparently without argument. The companies were perhaps grateful that Mr Lewis did not insist, as had been prophesied, on shorter hours in order to spread the work among the members of his union; the number working in the mines has been halved, to 200,000, since 1947. The operators of southern mines, and also of those west of the Mississippi, who employ about 80,000 of the men, are expected to grant the same increase, although perhaps not so eagerly, since in their less fully mechanised mines labour costs are an even more important factor than in the north.

After April 1st, when the full increase is being paid, the coal miners' basic wage will be $20.25 for an eight-hour day. This brings them once again ahead of the automobile and steel workers—except that few miners are earning overtime pay at present. They will, however, agree with Mr Lewis that the new contract is a "constructive instrument"; he adds, with a wink at the automobile workers' idealistic move towards a guaranteed annual wage, that his contract has "edible virtues" and is "devoid of Marxian babble." Furthermore, it is justified by increased productivity; each miner's average daily output has gone up by 40 per cent since 1950 and is now nearly 9.8 tons.

As did the leaders of the rival trade unions who obtained higher pay for their members this year, Mr Lewis is claiming his share of prosperity. In 1953 and 1954 he recognised that the coal companies, unlike other industries, were unable to pay higher wages; in 1954 only 392 million tons of coal were produced, the least in twenty-five years. But this year's output may run as high as 450 million tons, thanks partly to the increased demand from American consumers, especially the two largest, the steel and electric power producers. Even more credit for the improvement goes to the shortage of coal in Europe, which has stimulated American exports. But the coal industry is still convalescent—full recovery is said to require an output of 500 million tons a year—and a relapse could be brought on by the higher prices for coal which the new wage agreement seems to make inevitable.



The Elusive Mr Bridges

FROM A CORRESPONDENT IN CALIFORNIA

Very shortly, the Attorney-General will have to announce whether the government is going to appeal against the decision of the federal district court which recently defeated its latest attempt to deport Mr Harry Bridges, the Australian-born leader of the dock labourers and warehousemen on the Pacific Coast. For more than twenty years various government agencies have been compiling a dismal record of repeated proceedings against Mr Bridges; these have had various legal bases, but have all been concerned with his alleged membership of the Communist Party. Since the maritime and general strike in San Francisco in 1934, when he first came into prominence, Mr Bridges has been the object of two congressional Bills, two administrative hearings, two trials, at least nine decisions in courts of appeal and two rulings by the Supreme Court.

Although he was acquitted in 1939 of the charge that he was a Communist Party member and, as an alien, therefore subject to deportation, Mr Bridges was haled before another hearing two years later and was found guilty. But in 1945 the Supreme Court dismissed the charge on technical grounds. Shortly after that, Mr Bridges was granted American citizenship with no objection being voiced by the government. It was, to be sure, wartime, and he had become a zealous supporter of the war effort imme-

diately after Hitler attacked the Soviet Union, although until then Mr Bridges had been one of the loudest and most vociferous exponents of American isolationism.

Four years later, however, when the cold war had begun, the Department of Justice entered suits for both criminal and civil fraud against Mr Bridges. The criminal trial was held in 1949, and he was found guilty by a jury of having lied about his Communist Party membership when being naturalised. But in 1953 the Supreme Court once again reversed all the lower judiciary bodies on the ground that a three-year statute of limitations had outlawed the case from its inception. After this the government exercised its option and opened the civil suit it had filed at the same time as the criminal charge which had now been dismissed.

This case was tried without a jury, and at its conclusion last month the judge announced that the government had failed to prove its allegations concerning Mr Bridges' party membership "by clear and convincing evidence." The judge added that, in his opinion, Mr Bridges might well have been denied citizenship because he "knowingly consorted with those who hoped to achieve the overthrow of the government of the United States by force and violence," but that "denaturalisation is not a process for correcting errors of judgment in the naturalisation process." The next legal step is up to the government, but there appears to be little likelihood of an appeal, since higher courts very rarely reverse lower ones on assessments of fact.

Throughout the entire twenty years of investigations and trials, Mr Bridges fairly openly maintained his political allegiance to the Communist Party. Sophisticated trade unionists always considered him to be part of the Communist-influenced bloc which sought to dominate the Congress of Industrial Organisations until its members were expelled in 1950. Economically, however, Mr Bridges' trade union plays a role hardly distinguishable in any respect from that of a conservative craft union. Indeed, since the longshoremen's strike in 1948, labour relations on the west coast waterfront have been cordial and stable. Long-term contracts have been signed and arbitration has resolved wage questions which could not be disposed of by collective bargaining.

The 1948 strike marked a turning point in the employers' attitude towards the trade union. Before the dispute, the shipowners and maritime interests were convinced that Mr Bridges wanted to destroy their business. The strike itself, which the employers lost badly, was caused by their refusal to deal with the union unless its leaders signed the non-Communist affidavits provided for by the Taft-Hartley labour law. This condition was rejected by the union's spokesmen with the support of the rank and file.

At the conclusion of the strike, the employers decided that it was necessary to evolve some form of *modus vivendi* with the union, a policy which has justified itself, from the economic point of view. The employers' greatest concerns, at the moment, are the problems of the low productivity of dock labour and of the rivalry between Mr Bridges' union and the seamen's union, led by Mr Harry Lundeberg, who is his bitter enemy. It is a curious spectacle to see Mr Lundeberg, an ex-syndicalist who has gravitated, over the years, into the right wing of the Republican party, denouncing the ship-owners as "Commie lovers" and being attacked by them for "fighting the class war," while Mr Bridges even has his capitalist employers acting as character witnesses at his trials.

Housing Knots

IN adapting its rules to the new legislation passed as Congress adjourned, the Federal Housing Administration has made it clear that Congress had no part in the recent tightening of mortgage credit. Already in July, before official action on housing loans had been taken, new housing starts had come down sharply, to 115,000 compared with 129,000 in June and 116,000 in July last year. But Congress gave the FHA an increase of $4 billion in its authority to insure mortgages, bringing the total up to $25.7 billion, and the agency points out that other amendments will "make financing more readily available to urban renewal and co-operative projects." This is the result of a rise, from $5 million to $12.5 million, in the individual value of the loans on such projects that are eligible for FHA insurance; the agency is also now allowed to estimate mortgages on replacement cost, instead of actual value, which should raise the amount insurable; and loans for multi-family units for only eight families may now be insured, replacing a previous minimum of twelve.

The FHA has not yet sorted out the tangle of mortgage insurance for trailer camps, one of the Act's new provisions which was criticised for its administrative difficulty. Another was the authority to make loans to municipalities on long and easy terms for public works such as sewers and water facilities. A third objection was to the granting of independence to the Home Loan Bank Board, which provides credit for savings and home-financing institutions; it had previously been a co-ordinated unit in the government's network of housing finance agencies. But the objection which led to some doubt about whether the President would sign the Bill concerned the public housing section, always the most controversial part of the legislation.

The President had asked for authority to subsidise 35,000 units of public housing a year for two years; the Senate gave him authority for a maximum of 135,000, and a minimum of 50,000 a year for four years; the House refused to approve any public housing at all. In the end, however, it accepted the compromise worked out in conference, for 45,000 units over a period of thirteen months starting on July 1st. This means that the whole argument will have to be gone through again next year and that local housing authorities will continue to lead a hand-to-mouth existence, unable to make the long-term plans which encourage satisfactory and economical development. Last year the public housing programme was further hampered by being tied too tightly to slum clearance projects; as a result, many local authorities have been unable to take advantage of the scheme at all during the past year; only 10,600 public housing units were started between January and July. The Senate insisted on cutting this knot altogether but the Administration disapproved of the complete removal of the strings.

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Strawhat Trail

FROM A CORRESPONDENT IN CONNECTICUT

THE summer theatre in New England, known to stage journalism as the strawhat trail, was doing very nicely until the hurricanes hit. July was hot and dry, a condition which favoured the converted barns where many summer companies find a home, and did even better for the few which had enough capital to air-condition their auditoriums. Luck continued during the first week in August, and optimists thought the season might break all records. Then came news of Hurricane Connie meandering up the coast; people revised their holiday schedules, battened down their houses and stayed at home to watch for the greater drama of high wind and raging sea. Seven days after Connie struck, Hurricane Diane arrived and unleashed disastrous floods. Tent shows were flattened, barn shows cut off by drowned roads and wrecked bridges. Some of them will recover in time to complete their summer contracts, but for the more fragile of them the 1955 strawhat trail is washed out.

This does not, however, mean that they will not be back in business next year. Summer theatre in the United States may be a child of the automobile age, but it is no longer experimental. If, in the early days, it set up shop with hardly more than the traditional four planks for seating and the tail of a cart for a stage (one of the first famous ones, called the Jitney Theatre, carried its tent and its props in a Ford truck), it now rents a barn on a year-around basis, or persuades summer residents to put up capital for an air-conditioned playhouse. One Connecticut town bought $78,000 worth of shares for this purpose, while a town in Massachusetts raised $15,000 for a summer season in a college auditorium. Meanwhile, earlier patterns are repeating themselves in new places. Abingdon, Virginia, started a Barter Theatre in the lean nineteen-thirties, when real money was scarce among mountain people; home-made food could be bartered for tickets. This season the same policy has been adopted on a limited scale by an enterprising manager in Maine; on Friday nights he accepts edibles in place of cash and lets the drama-hungry find their own seats.

The economics of the summer theatres continue to be curious. Many of them claim to be not only fine try-out stands for new plays, but also schools for young actors. In the latter capacity they exact a training fee, and then allow the stage-struck young people to paint all the scenery, put up and take down stage sets, act as ushers, collect tickets, and manage the lights. In return for this off-stage labour they are permitted to play minor parts. Thus a skilful manager puts together what is, in effect, an amateur company and gets paid for his pains. He must, to be sure, hire a star or two in order to attract audiences, but summer residents are tolerant and few of them expect Broadway perfection in a converted barn.

This year, with well-paid summer jobs available for so many of the young, this system appears to be weakening. In some sections "training fees" have been dropped. Aspiring amateurs are still willing to work without salary, but they do better if given a small wage for a specific job of work. They cannot be paid much, however, without damage to the frail economic structure within which the short summer season operates. Nor can they be paid enough to attract the greedy attention of the various trade unions which make the professional theatre so fantastically expensive a business.

★

These economic factors lay an increasingly heavy burden on the manager, whose skill in putting a company together cheaply, while at the same time charming the young and satisfying the old so that the pool of actors and the bank account both fill, becomes a crucial element. Perhaps the most famous of these magicians is a former British citizen, Mr Lawrence Langner, who came to the United States some forty years ago to build a successful business as an international patent agent. Having, when very young, been a devoted slave to Ellen Terry, he was so badly bitten by the theatre bug that he spent all his available leisure with plays and players.

His dream was the permanent stock company with a large repertoire, its own theatre, and a subsidiary training school, somewhat in the manner of the Old Vic. Having started with a group that nurtured Eugene O'Neill, he moved with them to manage the Theatre Guild which, for a time, approached his ideal on Broadway. When mounting costs and changing demands threatened to wreck it, he was astute enough to help make a play called *Green Pastures* into a musical comedy called *Oklahoma*. Its success has made Mr Langner a somewhat astonished Crœsus. Meanwhile, to help him pass the long vacations when the theatre in New York was largely idle, he made a Connecticut barn into a theatre and spent his summers trying new plays and players for the winter season.

This dream, this experience and this success lie behind Mr Langner's latest venture, the American Shakespeare Theatre Festival and Academy at Stratford, in Connecticut. The result thus far is criticised as being perhaps more notable for its architectural than for its theatrical excellence, but the managers remind themselves that neither the Old Vic nor Stratford-on-Avon were built in a day, and it is hardly fair to expect more of Stratford-on-Housatonic. Meanwhile it is no small achievement to have made *The Tempest* a smash hit and *Julius Cæsar* a paying success in a hot summer.

The plays are presented in a wonderful new structure bearing some resemblance to drawings allegedly reproducing the old Globe Theatre of Shakespeare's day; but it is more interesting to most Americans because it rose in five short months from ground-breaking to first performance, and is built of steel, concrete and a teakwood called Angelique, which, coming from French Guiana, is so hard that it broke the saws. The play-house cost close to $1 million and

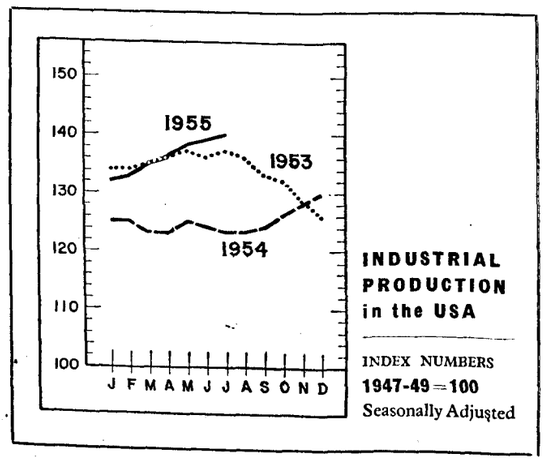
most of that money was given free. To succeed within the next few years, this American Stratford must compete successfully with the restless lethargy of summer nights, the beach, the television shows, the drive-in cinemas, and an ingrained American preference for the new over the old.

The challenge is considerable, but with its handsome building, its 1,500 comfortable seats, its lawns for supper picnics rolling down to the river's mouth and the wider reaches of Long Island Sound, this Stratford-on-Housatonic is the apotheosis of the summer theatre, the place where the straw hat trail reaches Heaven. Whether it also will prove to be a place where Shakespeare can take root and go native is a question to be saved for 1960.

Delay on the Line

A SHORTAGE of railway goods wagons is usual in the autumn, when the maize harvest follows the wheat crop from the farm to the grain elevators, and when Christmas shipments are pouring out of the factories. But this year the shortage began with the summer and early in July was already serious enough for special regulations to be introduced, speeding up the unloading and repairing of railway wagons, which have been lagging badly in some places. Road transport strikes in New England and on the west coast recently put an unexpected burden on the railways; grain storage space was still full of last year's surplus crops when this year's wheat harvest began, so that the normal pattern of grain shipments was disrupted. But the main reason for the present difficulties of the railways is that they were caught unprepared by this year's boom, with insufficient equipment to meet the demands of industry, particularly of automobile and construction companies for deliveries of steel.

The railways seem to have taken last year's recession too seriously. When, in 1954, the average number of goods wagons loaded each week fell to 651,000 from 1953's 737,000, some 50,000 units were retired; there are now about 1,760,000 goods wagons in service. In June the companies stepped up their orders for new rolling stock, but they had left it too late; competing demands for steel mean that the railways will have to wait until the end of the year for delivery of most of the 38,000 extra goods wagons they have at last ordered. Five years ago, Congress began to give special financial aid to the railways so that they could build up their stocks of equipment and be ready for a wartime emergency; now the companies are being accused of having used this aid for replacements which would have been needed in any case, rather than for additions to their capacity. The latest suggestion, from a committee of experts, is that the government should collect a reserve of component parts to facilitate the building of the 320,000 new goods wagons which, it is estimated, would be needed in a three-year war.



SHORTER NOTES

After a strike lasting fifty-two days, the transit workers who operate Washington's buses and street-cars have accepted a substantial wage increase and returned to work. The Capital Transit Company has also obtained an increase in fares which, it is hoped, will cover the cost of the wage rise. Meanwhile, the Commissioners of the District of Columbia are asking other companies to apply for the franchise to run the system.

★

Sitting in New York, the Un-American Activities Committee of the House of Representatives has been investigating alleged Communist infiltration in the acting profession. Out of twenty-three actors and entertainers summoned before the committee, only one proved co-operative; all the others refused to answer questions on various constitutional grounds and denounced the inquiry as a piece of cheap witch-hunting. The public appears to have been bored with the whole unoriginal performance.

★

One of the few Bills vetoed by the President after the adjournment of Congress would have forced the government to double its purchases, for the strategic reserve, of seven minerals—tungsten, manganese, chromite, mica, asbestos, beryl and columbian-tantalum. The goal of 15 million pounds for the last named has been met, but buying of the other six minerals will continue for some time, although not for as long as members of Congress from mining districts would have liked.

★

The magazine *Business Week* has begun separate publication of the six indices covering new orders for different kinds of machinery, from which its general index for new machinery orders is calculated. Based on confidential reports from capital goods manufacturers, these are expected to provide a sensitive barometer for the general business outlook.

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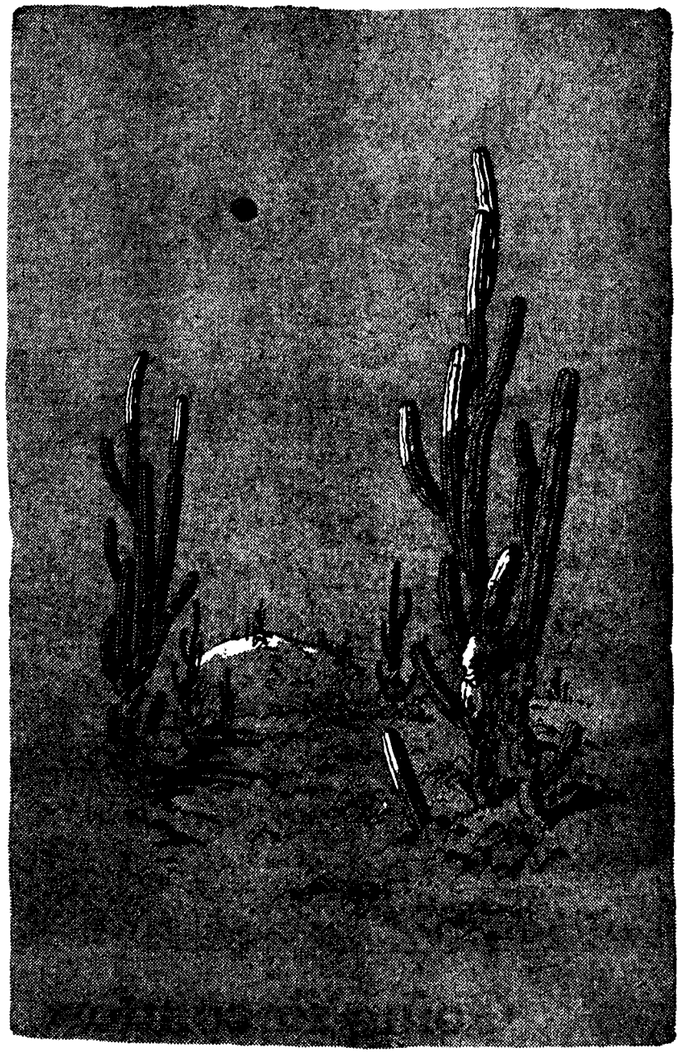

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The World Overseas

The Resurrection of Comrade Nozaka

FROM OUR TOKYO CORRESPONDENT

AT long last Peking appears to have a policy for the Japanese Communist party. After five years in hiding the veteran intellectual leader, Sanzo Nozaka (alias Susumu Okano), product of the London School of Economics (1919), has re-emerged and been appointed first secretary of the party. His dramatic appearance coincided with the leisurely announcement of the death in Peking, two years ago, of his tough contemporary and one-time successor, Kyuichi Tokuda. The two events are so artlessly synchronised that it is difficult to avoid the conclusion that Comrade Nozaka personally brought the belated news of Comrade Tokuda's passing to the Japanese faithful. He himself ridicules the suggestion that he has been in Peking, without protection of a Japanese passport visa. In any event, the loyal Japanese comrades must be heartened by the tangible presence of the frail but durable Nozaka, hoping that he may now give them some clue as to what their policy is supposed to be. One can only surmise at possible secret chagrin in some honourable breasts at the revelation that for two years they have been cynically deceived by the high command and have been obeying orders issued in the name of a leader already dead.

However, the humble and bewildered Japanese Communist party has long been inured to ingratitude and worse from its own side—as well as to police brutality and savage prewar prison sentences in its own country. In 1950 Nozaka himself, the intimate of Mao Tse-tung, thrice imprisoned by the Japanese police and an exile for 14 years, was contemptuously denounced, hammer, sickle and candle, by the Cominform for advocating his celebrated "make-the-people-love-us" line, which is now the respectable party line. Nozaka, of course, abjectly recanted, and the late bully-boy Tokuda took over—although, to his credit (from an ethical bourgeois viewpoint), there is evidence that he derived no satisfaction from his promotion at the expense of Nozaka, and he certainly maintained close friendly relations with him to the end.

There will be no legal action against Nozaka, who vanished to avoid an Occupation directive which no Japanese court would now uphold, and is now out of prison without bail. Japan's Public Security Investigation Agency, red-faced at its five-year failure to pick up Nozaka, assumes —not implausibly—that his resurrection will not please the ruthless and ambitious Yoshio Shiga, a fugitive like Nozaka who emerged from hiding in time to contest and win a Diet seat at the last elections.

The conviction deepens in top PSIA echelons that the Communist party, still in process of reorganisation and reorientation under shrewd Peking instead of clumsy Moscow direction, is contracting deliberately around an inner nucleus of carefully selected and screened active members. The comrades have undoubtedly succeeded in infiltrating unions and government departments—sometimes openly: there are 28 known card-carrying members in the Ministry of Justice, for example. But the PSIA, in turn, has of course infiltrated the Party with a host of planted agents and has, until recently, been remarkably well-informed on party policy and strategy. There are jests that this counter-intelligence infiltration has been carried through on such a secret and elaborate scale that some PSIA agents spend much time reporting on the activities of other PSIA agents.

The best information available at the moment on the Communists in Japan includes the following facts, suspicions and deductions: Of the 100,000 official membership of the Party, 2,500 went underground in 1950-51 and only 1,000 have now returned to public activity and political serenading in the current "Love-us" campaign. The Party's dingy central headquarters in Yoyogi, Tokyo, has been refurbished and now directs 10 district committees, 45 prefectural and metropolitan committees, nine provincial committees and more than 200 local committees, 100 country committees, 10 regional organs and 5,700 cells. There is evidence that the old "military organisation" has been dissolved in appearance—or at least that the Party wishes to spread the impression that it has been dissolved. This organisation is believed to have comprised 500 so-called "nuclear defence groups" of 8,000 specially trained and dedicated strong-arm thugs. *Kokumin-no-Hoshi* ("Star of the People"), which was the organ of the "military organisation," has suspended publication. *Akahata* ("Red Flag"), the Party daily, keeps repeating its pious New Year resolution: "We absolutely sever relations with all the extreme leftist adventures we were guilty of in the past."

It would be easy to become over-subtle in reading the tea-leaves in the Japanese Party's tea-cups. The Party was treated like a poor, weak-minded, illegitimate son by the Cominform in 1950 and has never been sure since what line it should follow. Once the official policy was to throw fire-bottles at *gaijin* (foreign) cars and acid at the police. Now it is to be gentle and co-operative and to promote such social functions as teaching workers and students to sing the "Marsellaise" and local compositions with felicitous titles like "No Atom Bomb to be Permitted."

It would not seem unreasonable to presume that contemporary transitional policy would be to take it easy, to continue to infiltrate the Left-wing Socialist party, govern-

ment departments and the new army, to screen out doubtful members and form a trusted élite core, to try to win public support, and to explore and exploit the manifold possibilities of identifying the Party line with the popular and rising Japanese sentiment against rearmament, American bases and atom bombs. The Party bosses still remember the bitter reaction of public hostility which they aroused when they stupidly, if logically, attacked the Emperor. The resurrected Nozaka deplored that line: his own line will certainly be more subtle and more dangerous.

Patching Israel's Economy

FROM A CORRESPONDENT IN TEL AVIV

MAPAI, Israel's labour party, is still the largest group in its new and multi-coloured Knesset which met for the first time last week, and Mr Ben Gurion has been asked to form its first coalition cabinet. He may dislike splinter parties, but there would be advantages just now in a coalition ranging over the many groups that differ about the road to economic salvation. For such a team might be better placed than any single party to speak frankly about the difficulties that still beset a frail economy.

In recent years the slogan "economic independence" has been dinned into the ears of the Israeli public. Already American grants have been reduced, and German reparations, which are of great importance in the Israeli economy, will cease in eight years' time. The doubling of the population by immigration during such a short period created storms that were weathered successfully; now the economy must be made self-supporting. The measure of progress towards the goal of economic independence is to be found in the balance of payments. In 1951 Israel paid for only 12 per cent of its imports by exports; in 1954 for 30 per cent. This jump was hailed as a great success for the vigorous development drive. Both in agriculture and in industry production rose quickly as a result of increased power supplies and improvements in transport. Figures show that in 1954 the volume of agricultural output was higher by 23 per cent and industry by 19 per cent.

These gains were due as much to the greater control over inflation which became possible with the New Economic Policy as to the maturing of earlier investments. Prices were stabilised and the cost-of-living index, which had jumped from 100 in September 1951 to 214 in January 1954, crept up only 14 points in 1954. Before the introduction of the New Economic Policy, which established a greater degree of control over the money supply and put exchange rates on to a more realistic basis, Israel was living in a fool's paradise; the new policy seemed to place the country on the road to something more substantial. People agreed that if it was possible to double the export of industrial products during one short year, economic independence could not be far off.

Early in the spring of this year, however, the Governor of the newly founded State Bank sounded a sharp warning of new inflationary dangers; money in circulation had increased by 18 per cent, while production of goods and services had risen by only 12 per cent. But his warnings failed to quell the loud demands of farmers and industrialists for higher credits. They were unable, they said, to meet their commitments and increase production because they were short of capital. Many of the new enterprises had been launched with insufficient working capital, and the banks were unable to meet their demands. A black market in credit developed in which interest rates of 25 per cent prevailed, whereas the official rate of interest was only 9 per cent. To meet this situation the system of "selective credits" to agriculture and industry was evolved, but, according to the Governor of the State Bank, it is not working satisfactorily because credits given for approved productive purposes merely release money which ultimately percolates into spending on consumption. Thus quantitative controls will be retained in addition to the selective measures. The pressure for higher credits is still strong, and one can but sympathise with the plight of firms which have been built up without adequate working capital.

Fortunately, however, there is a brighter side to the Treasury's financial problems. The day is past when it was so hard pressed that it had to resort to frequent short-term loans in order to pay off pressing debts. Since the negotiation of a consolidation loan in the United States with the backing of the Jewish community there, it has been in a position to meet all its foreign currency obligations. Moreover, it can now rely on a comfortable income in foreign currency not only from the familiar sources—Bond drives, the United Jewish appeal, American grants—but also from the restitution payments from Germany which amount to nearly $12 million a year.

Rising Living Standards

But there are dangers from this quarter. Restitution payments have given a fillip to consumption since they are used by people who rely on them for their livelihood, and by others who use them for buying semi-durable goods and houses, which, previously, they were unable to afford. The Treasury therefore sees in them a potential inflationary danger and recipients of income from abroad are now obliged to hold them in special foreign currency accounts which cannot be drawn on for at least six months. If this money can be kept out of circulation, or diverted into investment, one source of inflation will be eliminated. There is, however, a general tendency towards higher consumption and the standard of living is still rising.

The home market is, indeed, so active that exports suffer. Industrialists and farmers who can dispose of their products locally do not bother to seek external markets where they have to meet competition and break new ground. Both the stick and the carrot are needed to force them to export. The stick must prevent the home market from expanding, which can only be done if the trend of rising consumption is halted; and the carrot must make exports more worthwhile, which may have to be done by means of subsidies. The Treasury is now considering several possibilities.

The figures for exports in the first five months of 1955 are disappointing. The gap in the balance of payments has widened, as bigger imports have not been counterbalanced by increased exports. This is due in part to the smooth and swift implementation of the German reparations agreement. The value of reparation imports amounted to $39 million in the first five months of 1955 by comparison with $26 million in the same period last year. Of these $26.7 million in 1955 and $19.4 million in 1954 went into consumption. The second part of 1955 will show whether the widening gap in the balance of payments is only a temporary setback.

The new government therefore faces some difficult economic assignments. Among them, the question of finding more capital inside the country to replace declining external assistance is of major importance; but, in effect, this is merely the obverse of the deep-rooted problem of banishing inflation. Confidence in the Israeli pound must be built, but to achieve it more is needed than the present stabilisation of prices, which has been achieved mainly by adroit Treasury juggling. This has taken the form of bolstering the economy by loans and subsidies, in preference to letting prices rise. With a deficit in the balance of payments of over $200 million a year there is no room for complacency.

Face and Facts in Peking

"FAILURE to understand the hardship to be undergone in socialist construction" was one of the major sins condemned by Li Fu-chun, the Chinese deputy premier, before the National People's Congress in Peking last month. It might be taken as the basic text of the congress. Ministers, planners and party bosses followed each other in a marathon of speechmaking, all calling for long and strenuous effort and for uncomplaining acceptance of tight belts and strict surveillance. Many of their revelations of confusion, disappointment and punitive action were evidently thought too revealing for inclusion in Peking's copious outpouring of propaganda for the world at large; but the domestic Chinese press, in reproducing the congress speeches at wearisome length, has offered its readers some remarkable glimpses of the reality that is usually shielded from foreign visitors to the new China.

Thus the Minister of Supervision, Chien Ying, based his argument for stiffer punishments on the fact that in the past two years in China "the class struggle has become more acute, complicated and tense"—a statement strangely in conflict with so many visitors' reports of universal support for the Communist regime. The Minister of Agriculture hinted at widespread criticism of the government's rural policy: "Particularly since the spring of this year, some people have been heard to say that the peasants' enthusiasm in production had been jeopardised by the poor results of the co-operative movement and by poor food work. The great majority of those entertaining such opinions saw only one side of the question. . . . We should accept their correct criticism; at the same time, we should explain the situation to them." The implication that the Pary welcomed free and frank debate with its critics would have been more plausible if it had not been accompanied by news of the rapid expansion of the Ministry of Supervision's nation-wide apparatus and of its task of rooting out "all kinds of bourgeois thoughts."

The public castigation of workers, industries and even ministries is nothing new in Communist countries, but this congress produced an unusually heavy and varied crop of strictures. It was complained, for example, that in the first quarter of this year the First Ministry of Machine Building produced only 88 out of 187 new products scheduled, and 12 per cent of all its output was defective. The Light Industries Minister said that in 1954 between 20 and 30 per cent of medicines used for injections proved faulty, as did 45 out of 70 types of commonly used medical tablets. Po Yi-po, Director of the National Construction Commission, condemned the "very common phenomenon" of factories and other enterprises scrambling to fulfil their production norms at the end of each fixed period—a phenomenon so familiar in Communist states that the Russians have coined a special word for it. Chien Ying cited the sad history of Tientsin's first state mill, where a boiler was allowed to go on leaking despite continual remonstrances from the workers ever since 1951; last April it exploded, killing eight and injuring 69 people, and causing a loss in output of 20,000 bolts of cloth. The catalogue of failures and faults could be almost indefinitely extended.

All these admissions, however, were accompanied by assertions that the leaders themselves had been proved correct in all respects. One minister did refer briefly to the fact that last spring the central committee of the Party had ordered the cutting down or total abandonment of many "basic construction projects," but even he carefully avoided any suggestion that this indicated faulty earlier planning at the top. The dogma of the divine rightness of the Party is still kept immaculate. This is an impressive feat, as the record of recent months shows. Thus, as recently as January 27th, the official *People's Daily* was trouncing technicians for being cautious:

> When they see that the annual plan cannot be fulfilled, they ask to cut down the plan. . . . They blame the plan as being adventuristic, and advocate doing only what they can. . . . Some go so far as to advocate learning from the lessons of the two past years. Such thinking is erroneous. . . . To fulfil the annual plans is a sacred duty.

By May 5th, however, the same Party paper was tacitly conceding that the realists had been right:

> For the past two years, we have committed the blunder of advancing blindly in basic construction, scattering our capital funds too widely, and thus jeopardising the progress of key projects. We have not drastically corrected such blunders. Construction of non-essential projects still continues.

Shoddy Sofas

Was this change of course linked with the "suicide" of Kao Kang, who headed the original plan organisation? At the congress no attempt was made to pin earlier blunders on him personally. That would, in fact, have been difficult, for the economic error which is now receiving the most scathing condemnation—waste of materials, money and manpower on a massive scale in all sectors—continued long after Kao's removal from power, up to the eve of the congress. Only on June 19th was the directive from the Party's central committee published in which drastic scaling down of construction costs was ordered. In June, too, Li Fu-chun revealed that Soviet-designed buildings in China were also proving too costly and must be stripped of non-essentials. Miscalculation seems to have been universal.

The great new drive against waste is much more than a matter of denouncing local Party club secretaries for making members too comfortable, and furniture factories for buying sofas from other towns because they found their own products too shoddy. Throughout China, workers and managers, who have often enough been urged to economise in

the past, are now under even greater pressure. Waste, indeed, seems to have persisted on an extraordinary scale. Po Yi-po told the congress that in enterprises attached to the Fuel, Heavy Industry, and First Machine Building Ministries, the proportion of non-productive employees rose to 26 per cent during 1954. This year, a search of warehouses in fourteen municipalities in Liaoning brought to light, according to Chien Ying, 70,000 tons of "worm-eaten food." Even heavy machinery, still so scarce in China, is left idle; the *People's Daily* points out that in 1954 over 40 per cent of the main types of machines available to the Building Construction Ministry were not used at all. Where exhortation, even from Chou En-lai in person, has evidently failed, the Ministry of Supervision is moving in with more investigators and sterner penalties.

The current trend emerges most vividly in the crucial sphere of food and agriculture. Nature has not smiled on the five-year plan, and the various ministers who, at the July congress, blamed last year's floods and freezing cold for the fact that many cotton textile factories are now working only half time, that workers' wages have had to be cut, and that this year saw "an unusually serious spring and summer famine," were largely justified—although their excuses amount to a repudiation of earlier claims that the floods had been successfully checked. These claims had, indeed, been discredited by the official admissions last April and May that thousands of peasants were being shipped back to their villages after their "blind flight" to the big cities, that peasant uprisings in "calamity areas" had been suppressed with numerous executions, and that there had been widespread embezzlement of relief funds. But in their recent speeches the leaders have had a particularly tricky case to argue in regard to food. They have had to insist that not a mouthful must be wasted, while demonstrating that their policies had vastly increased output; they have had to stress the importance of growing more food for export, while deprecating public suspicion that Chinese stomachs would be less empty if less eggs, pig products and tea were shipped to Russia and Eastern Europe. They have therefore brought on to the stage a new villain: the gluttonous townsman.

Tightening Townsmen's Belts

Gross over-eating in the cities was, apparently, found to be occurring several months ago. Rationing was drastically tightened and deliveries to the towns cut down, and the authorities claim that since May sales of food in urban areas have been falling most satisfactorily. "The food saving movement is intimately linked with socialist construction." According to Li Fu-chun, all official bodies have been forbidden to hold banquets except when entertaining foreigners. The new insistence on tightening townsmen's belts, contrasts vividly with the simultaneous insistence that more and better food for all is one of the regime's proudest achievements. But, taken together with the revelations about large food stocks mouldering in warehouses and with the Minister of Agriculture's remarks about peasant disenchantment, it suggests that, last year at any rate, the extraction of food from the countryside was over-zealous and over-successful.

The minister was, indeed, particularly anxious to prove to the congress that compulsory deliveries of grain and state-controlled marketing were not leaving the peasants hungry. In 1954, he calculated, 277 out of a total of 339 billion catties of grain produced (about 170 million tons) remained in rural areas, giving the rural population 560 catties (about 450 lb) per head of unprocessed grain. Some 120 million acres had been redistributed during land reform; and of the "poor peasants" who formerly made up 60-70 per cent of the rural population, 75-80 per cent now ranked as "middle peasants" in the "old liberated areas" and over 50 per cent in other areas. Thus, the minister argued, the peasants had every reason to tackle the "arduous tasks" of the next few years energetically, although he warned them that they would get little government aid in modernising their farms, and that they themselves must contribute the bulk of the 18 billion yuan to be invested in agricultural development during the five-year plan.

No Featherbed for New Zealand's Dairy Farmers

FROM OUR WELLINGTON CORRESPONDENT

NEW ZEALAND'S dairy farmers have recently been jolted out of the comfort of their featherbed of guaranteed prices. The representatives of the industry, on the one hand, and the Government and the Dairy Products Marketing Commission, on the other, are at the moment having an argument as to whether or not the latter have broken their agreements with the farmers by reducing the guaranteed price for the current season by approximately 1½d. a lb for butter and 1¾d. a lb for cheese.

The opponents of this cut point out that under an amendment to an existing agreement signed in 1952, the industry was assured that if it became necessary to reduce the guaranteed price, this would be done gradually "and in harmony with reductions in real income borne by other sections of the community." They claim that the present reductions mean that farmers will receive prices approximately 7½ per cent less than their costs of production. The official answer to this is that farmers must reduce their costs of production and the farmers' reply to this is to ask how they can do this when costs generally in New Zealand are continuing to rise.

The dairy farmers are in an awkward position, for the other two members of New Zealand's Big Three, meat and wool, are showing increased returns. In the case of meat this is largely due to increased production, and in the case of wool to both increased production and to buoyant overseas prices. The dairy farmers enjoyed a series of price increases while bulk purchasing by the United Kingdom continued. But when this stopped, butter and cheese prices started to slide and there is no real confidence that the recession has yet ceased. According to estimates given to the recent conference of the New Zealand dairy industry, last season's losses will be between £3 million and £4 million and the losses for last season and the current season might together reach £10 million. Payments to farmers under the guaranteed price are being met by using the industry's reserves, which amounted to something over £23 million when bulk purchasing ceased. Today, however, they are down to rather more than £14 million.

The farmers argue that the formula on which the guaranteed dairy price is based is out of date. Since it was evolved in 1936 they may well be right. They are now urging the government to bring the formula up to date; this could have only one effect—a higher guaranteed price. How this is to be paid if the industry continues to take out in guaranteed prices more than it receives from the sale of its products no one has yet explained. There is apparently some hope that prices may recover before reserves are exhausted, but if they do not, the only way to maintain an inflated guaranteed price will be for the government to subsidise it from its general funds.

The leaders of the industry are now urging a much more active and versatile marketing policy. They want to experiment with a sharper flavour for at least a portion of New Zealand's butter exports, so that these will cater more specifically for regional tastes. On the other hand they are being warned by their technical advisers that any such experiments must be undertaken very cautiously. They are also being advised to produce more casein and to diversify their exports to a greater extent.

Building Bases in Spain

FROM A CORRESPONDENT IN MADRID

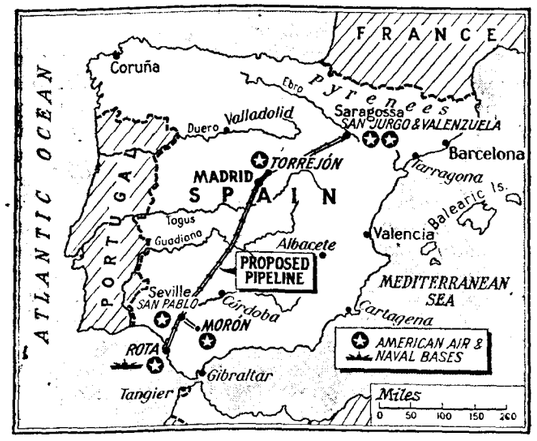
ALTHOUGH slow in getting under way, the American bases programme in Spain is beginning to show results. With the advent of summer weather the pace quickened, and construction is now proceeding at what, for Spain, is a good clip. On the Saragossa site, for instance, towers for night illumination have been set up so that a ten-hour night shift can take over from the day shift. Here and at Torrejón, fifteen miles from Madrid, concrete parking aprons are taking shape, refuelling hydrants are being installed, and runways capable of launching any type of aircraft now existing or under-construction are being laid down. The two bases are scheduled for completion late in 1957 and ought to be available for emergency use by next spring.

The air installations at Morón and San Pablo in the Seville area, the naval air station at Rota, and the 485-mile 10-inch pipeline that will feed fuel to the bases are all still in the initial building stage. But delays caused by land expropriation difficulties appear to have been overcome, and there should be steady progress from now on. Indeed, American planners are looking a stage ahead and quietly exploring the possibility of building three more air bases.

In two years' time, or maybe sooner, a United States Air Force Strategic Air Command headquarters will be set up at Torrejón and SAC bombers will come to Spain on a rotational training scheme designed to familiarise crews with the budding complex of bases. Eventually an air division could be stationed here with bomber and interceptor wings poised at Saragossa, Torrejón and Morón, and possibly at establishments in the Albacete and Córdoba regions. (San Pablo, Seville's civil airport, will serve as a supply centre for SAC.) An interceptor strip at Reus, near Tarragona, is planned for covering the Mediterranean approaches, and development of an Iberian radar screen is going ahead.

The mutual defence pact signed in Madrid on September 26, 1953, stressed that the bases shall be operated jointly by Spain and the United States; but this will be true in theory rather than in fact. In any case, the bases are bound to remain predominantly under American control until the Spaniards' material and technical deficiencies are corrected. So far the flow of American equipment has been constant but not particularly abundant; presumably it will increase as the Spanish armed forces become capable of absorbing more. But the present plans betray no sense of urgency nor any intention of building up General Franco's military strength on a grand scale.

The present objective is limited to increasing Spain's defence potential. Thus it is improbable that more than three army divisions will be provided with modern equipment, including tanks. The air force, still dependent on obsolete Junkers 52, Heinkels 111 and Messerschmitts 109, will eventually have jet fighters—some 230 F86 Sabrejets. Two Sabres were handed over last month for maintenance instruction; a first instalment of ten combat jets is expected in October. The modernisation of the navy is likewise limited: it centres on the reconditioning of the fleet's smaller



units. At first the Spaniards raised the question of acquiring an aircraft carrier, but American naval experts effectively squashed this idea by showing what it would cost to maintain, let alone sail, a baby "flat-top." In March agreement was reached on refitting with modern gadgets an initial group of "twenty-odd" destroyers, corvettes, gunboats and mine-sweepers. Two submarines and the largest (10,000 tons) of Spain's five cruisers, the *Canarias*, are to be fitted with electronic devices so that they may be used for training.

If there is resentment at the limited scope of the American-sponsored rearmament programme, it is not now apparent. The same cannot, however, be said about American economic assistance to Spain. Until recently references to the "insufficiency" of American aid have been given an airing from time to time. But lately this recurrent theme has been more or less muted; there has been no outburst comparable to that of last winter, when the Falangist organ *Arriba* warned that if Spain were to be denied "what is indispensable to us, the great programme of aid and mutual co-operation will be in grave danger." If the Pentagon decides that more bases in the Peninsula are needed, or if the movement to bring Spain into Nato makes more headway in Washington, then Spanish clamour for increased American aid is likely to be revived.

Cambodian Election Chances

SOUTHERN VIETNAM is doing all it can to avoid making arrangements for general elections, and Laos has postponed its own from August to December; but Cambodia—unless there are last-minute changes of mind—will elect a new National Assembly on September 11th. Encouraging inferences can be drawn from this fact, but there are no grounds for facile optimism. Unlike Vietnam, Cambodia is not divided into two mutually hostile halves, one of which is strong and cohesive while the other is disunited and weak. Unlike Laos, it does not have to contend with the presence of internationally recognised dissidents in occupation of two provinces. Internally, therefore, it is incomparably more stable than either of its neighbours; but it would be incorrect to assess its stability in, say, British terms and dangerous to forget that its fortunes are inevitably linked in the long run with those of Laos and Vietnam. If either "goes Communist," it would be sanguine to expect the Cambodians to avoid a similar fate.

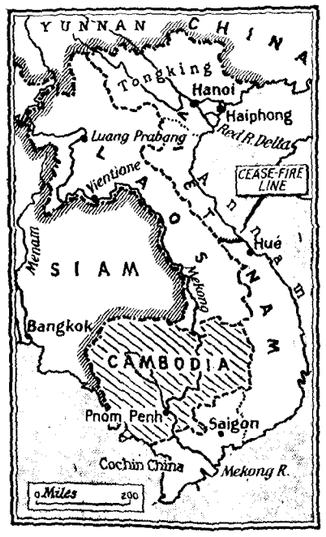
On the strictly local plane, however, the Cambodian electoral outlook is relatively promising. The dominant figure remains Prince Sihanouk, the young and politically ambitious ex-king, and the dominant political force will probably turn out to be the Democratic Socialist Community which he formed after his abdication. In theory, the Community, like General de Gaulle's *Rassemblement du Peuple Français*, which served as its model, is a group above politics. In practice, it is contesting all the ninety-one seats to be fought over in next month's elections. On paper, there seems to be no reason why it should not enjoy a sweeping success at the polls. If anything, Prince Sihanouk has gained in popularity since his abdication. His demonstrable asset is that his country's independence is the result of his own endeavours: it owes nothing to the "resistance" of either the nationalist bands of his arch-rival Son Ngoc Thanh or of the Viet Minh-dominated Communist guerillas.

But the rational view of things is not the only valid one in Cambodia. The influence of Thanh, though incalculable, must still be reckoned with. The curious thing is that he should be doing so little to capitalise it. For months, he has been lying low at his headquarters near the Angkor ruins. From time to time rumours have floated over the jungle and into Pnom Penh, the capital: he is said to have joined the Democratic party, to have formed part of it into a dissident left-wing, and even to have joined Prince Sihanouk's Community. But there is no real evidence that he has done any of these things, although it is certain that he has many supporters among the younger, more hot-headed members of the Democratic party.

As for "Song Ngoc Minh," the mythical head of a Khmer resistance state who was produced by the Communists like a rabbit out of a hat at last year's Geneva conference, it is almost as probable that he is still active as that the name is fictitious. The concrete and relevant fact is that the former "Khmer Resistance Forces"—in other words, the Communists—are to contest thirty-five seats at the elections as an officially recognised political party.

But despite the emergence of the KRF, the elections are likely to boil down to a straight contest between the Community and the old-established Democratic party, hitherto the dominant party in Cambodia. Like the Community, the Democrats are contesting all the ninety-one seats. Although disunited and in need of strong leadership, they retain their party machine more or less intact, which alone will ensure that the Community cannot count on a walk-over.

The other long-established party, the Liberal, will be contesting forty-five of the seats, but is unlikely to emerge as anything more than a prospective junior member of a coalition, if a coalition should turn out to be necessary. Apart from these major parties, the polling will be enlivened by picturesque outsiders, such as the Orthodox Buddhists. Another colourful group, calling itself "North-East Victorious," has dissolved itself so that its members may join Prince Sihanouk's Community. Its leader, Colonel Dap Chhuon, who, like Thanh, can point to periods in the bush as a foundation for popular favour, is in charge of security in the present administration.



Since independence is no longer an issue, the election will probably boil down to a vote of confidence in Prince Sihanouk as a political leader. This in practice would mean endorsing the Prince's stand against the International Truce Supervisory Commission and in favour of electoral reform on a basis of indirect voting instead of the present direct voting by universal male adult suffrage. Sihanouk demonstrated both the extent and the limitations of his power early last month when he threatened the nine Ministers who were members of his Community with expulsion if they did not resign their cabinet posts. Three of the nine resigned and the others withdrew from the Community.

On present indications, however, and unless there is a dramatic intervention by Son Ngoc Thanh, the Prince should win an absolute majority at the polls. But the size of the probable Democratic opposition may make it difficult for the Community to govern effectively. Although the Khmer Resistance Forces' party has no official electoral alliance with the Democrats—and will, indeed, be fighting the Democrats in the thirty-five seats which it is contesting—the possibility of Communist infiltration in the Democratic party should not be overlooked.

It is clear that a victory for Sihanouk would be a serious blow to Communist hopes of political domination by overt means, and that no other leader, once in power, would be more likely to deal energetically with the infiltration problem. But in the long run, Prince Sihanouk's success will depend at least as much on the success of the anti-Communist leaders in Laos and Vietnam as upon his own efforts.

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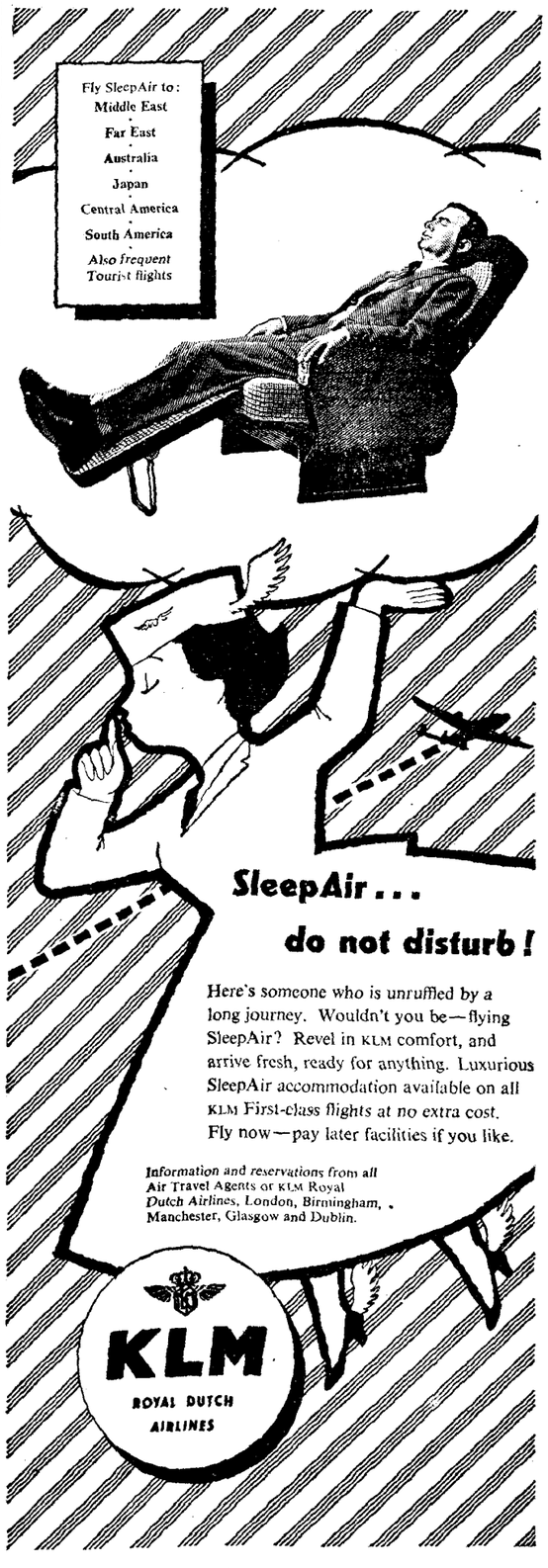

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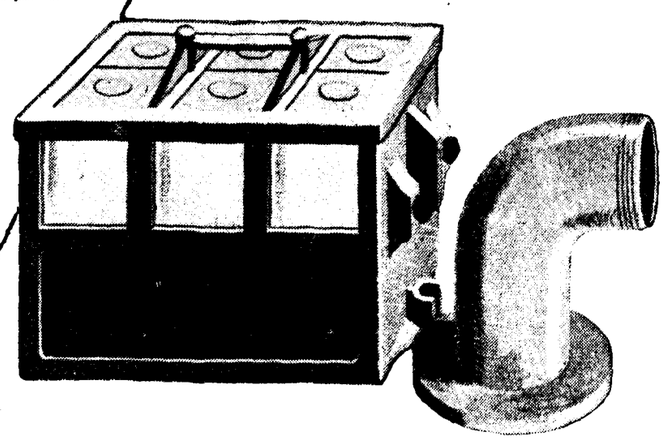

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THE BUSINESS WORLD

Coal in the Meantime

IT is a long, sobering journey from Geneva to Hobart House. At a conference about the nuclear day after tomorrow, the scientists may shave ten years or a tenth of a penny off every fresh estimate about atomic power, in the proud confidence that their fantastic and fruitful technology should eventually make even the wildest promise come true. The National Coal Board, bent upon the laborious struggle up its downward escalator, has now learned to make practically no promises at all, in the bitter knowledge that so far even its smallest shred of optimism has usually proved false. Between a fuel industry with no present at all but an apparently limitless future, and one with a painfully limited present and a future about which it is becoming less and less prepared to guess, the contrast is cruel but inevitable. It is also inevitable that the question will eventually have to be faced of how Britain should allocate its fuel investment for the future between these two industries. And it is hardly surprising that this is already being posed in the one-sided form "How much is it worth while to go on investing in coal?" from people whose time-scales are habitually telescopic, such as physicists, journalists—and miners' sons.

At present, of course, this question is not only premature, but meaningless—because there is simply no way of answering it. No full-scale nuclear power station is yet in existence: in Britain, no commercial nuclear station will be delivering electricity before 1960. Until then, in spite of imposing calculations of notional cost to two decimal points of a penny, all one can say is that the Atomic Energy Authority (like the Esso Petroleum Company) is guaranteeing power at a "coal parity" cost of generation, and that the price it will have to put on the plutonium by-product to adjust the transaction in its own books does not at present look unrealistic. By 1965, when some significant experience of generating electricity at a few nuclear stations should have been gathered, all that is promised under the current programme is that nuclear generation may be offering something under 2 per cent of Britain's total energy supplies; coal, even then, can hardly account for much less than 80 per cent. It is certainly possible, as the White Paper on Nuclear Power suggests, that

> the National Coal Board should also be able to reduce its investment programme in some ten years' time below what would have been necessary in the absence of nuclear power.

But there can hardly be enough data on the nuclear side much before then to suggest how much the emphasis of investment could be shifted. In the meantime, whatever one may think of the return on current British investment in coal, there is nothing to compare with it or to put in its place.

★

How much is in fact being invested in coal under the current 15-year programme? The table on page 712 sets out the figures of the Coal Board's capital expenditure, and compares them roughly with those set out in "Plan for Coal" back in 1950. In the first three of its 15 years, the board invested far less in collieries than it had planned—little enough, perhaps to please even Mr Harrod. In 1953 and 1954 its rate of investment in collieries rose sharply—to more than the planned rate last year—but did little to make up any arrears. This year the board has been authorised to invest £100 million in all. If it does, and if 80 per cent or more goes into collieries as in recent years, this will represent much more than the investment planned for 1955 under the original plan, but will still leave the board somewhat in arrears on the total planned in the whole period 1950-1955. Late in 1953 the

Minister of Fuel and Power said that from 1954 to 1960 the coal industry would be authorised to invest £100 million more than it had originally planned, which might suggest, at current prices, an average investment of perhaps £60 million a year in collieries over the next five years. That would mean at least some acceleration of the Coal Board's programme. Should it be counted upon to hasten the results—in extra coal?

Few people at the board are prepared to promise as much. For one thing, it is easier to talk of allocating money for capital investment in collieries than to manage to get that money usefully spent in an industry where the primary emphasis is always on getting the utmost current production. When the industry is losing manpower, it is hard to retain all the men—about 21,000 at present—engaged on the actual labour of development that is probably still the biggest single element in the cost of "investments"; and the same shortage of men who can be spared from today's output to look after tomorrow's goes right up through the industry's planning staff. So far this year, for instance, it has not quite been possible to maintain the upward trend of colliery reconstruction and development set in 1953 and 1954, and whether the industry will be able to invest all the extra money that has been authorised remains in doubt. The over-riding demand for extra tonnage, more or less at any cost, has left its mark upon the actual planning and execution of investment too, in spite of the considerable revisions carried out since 1949. Projects have been started where and when they would least impede current output—which was understandable—but not necessarily in the order that would bring the quickest or the biggest returns.

INVESTMENT IN COAL SINCE NATIONALISATION
(£ million)

Year	Actual Investment		Colliery Investment in National Plan	
	Total	In Collieries	Original Figure	Adj. for Price Changes
1947 ...	18·8	14.6	..	..
1948 ...	25	21	..	..
1949 ...	31	27	..	..
1950 ...	29	24·6	30	*32·5*
1951 ...	32	26·6	37	*46·4*
1952 ...	45·5	38·0	43	*59·3*
1953 ...	64·3	52·4	40†	*56†*
1954 ...	84·7	67·9	37†	*54†*

† National Plan allocations from 1953 onwards, and price changes, are estimated.

Looking at an industry where output so far this year is markedly lower than it was last, the outsider inevitably questions whether the investment ploughed in since vesting date has yet brought any returns at all. The Coal Board has some answers—which appear to satisfy itself, at least. It calculates that between vesting date and the end of 1954 capital investment in collieries amounted to only £90 million more than was required, at current prices, to replace wasting assets; since about £100 million had been sunk in projects that were still not complete, "no substantial gains could yet be expected from the capital investment programme." Output had risen by 14 per cent and productivity by 15 per cent; but the real return, it was implied, would be larger—in that if the money had not been ploughed in, output would have fallen. This is probably true, if conveniently impossible to measure. It is certainly true that hardly any major colliery reconstructions or new mining projects have been completed (and too few are even well advanced). That is the basis of the constant reassurances that big gains in output are likely to accrue in 1956, or 1957, or whatever year sounds comfortably insulated from the one during which the Coal Board is being reassuring.

These answers amount in sum to saying that the current rate of return on investment in coal, as well as in nuclear power, remains to be seen. No useful examination from outside could be made in 1949 of the board's calculation that two-thirds of the money it planned to invest in collieries would be required merely to stop output falling. Nor can one be made now. Nor can it be assumed that such a proportion of "sustaining" investment would always be necessary in this industry. The long-promised major gains in output certainly should accrue, though this is less than certain. Mining development is such that one may obtain the benefits of investment either while one is carrying it out, or at the end, or not until some time afterwards; the idea that large blocks of major investment will come to maturity and bring about large and sudden increases in output might go awry. Any examination of the performance of individual pits reveals the pitfalls of talking in broad terms about, for example, "the capital expenditure required per ton of extra output." In 231 of the industry's 830 pits output rose between 1951 and 1953 by no less than 17 per cent—in two years, a proportionate increase nearly as large as is planned for the whole industry in fifteen. But others—including many where heavy investment was in train and some where major projects had been completed—showed a fall of 14 per cent in their output, and for the whole 830 pits the increase amounted to only about a million tons, half of one per cent on national production. Such analysis eats like acid into any easy assumptions that the results expected from extra productivity at A and the larger output planned for B can be counted as any simple addition to future national output.

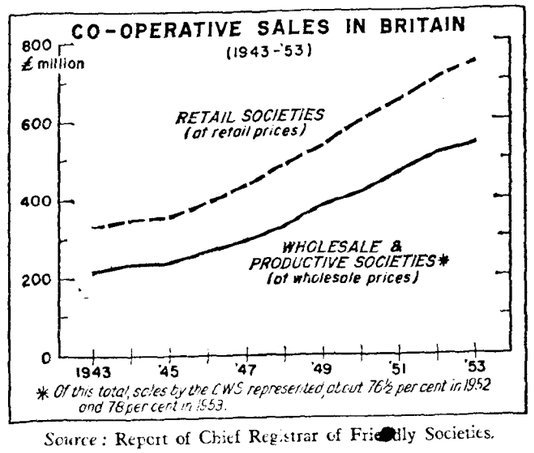
No nice comparison of returns upon investment in coal or nuclear energy, to inform some exercise in planning the nation's fuel investment, is therefore on the cards in the next few years. The National Coal Board, which is already beginning to be asked about this, very sensibly, by young men entering the industry at all levels, can at least quote the projections of fuel demand that have been adduced in explaining the Government's nuclear power programme; in those expanding vistas, there would seem to be room for all the coal that could be produced for a very long time. In the broadest sense, also, it is perhaps not too much to assume that one cannot plough so much money in—even into coal—without getting something out; and it is hard to believe that some of the extra output will not be cheaper than some of the industry's really high-cost tonnage. Besides, in national output there are today 10 million tons of opencast coal that nobody likes and, theoretically, as much again from Saturday working, which the miners will not abide for ever.

But in managing its own investment, in this meantime, the Coal Board would be well advised to conduct some searching internal examinations to establish where it is getting real results for its money—and where not; to determine why; and to "accentuate the positive." The era of marginal reliance upon imported coal and extra fuel oil upon which the country has now entered may be a dismal one for the industry; it could also be useful. Investment is not the only field in which the Coal Board might usefully expend a little breathing space in sorting out its maddeningly dissimilar pits, and deciding what results can be achieved with them. But it is the one in which the board's own purposive action—and the industry's long-term prospects—will mainly be judged.

Questions for the Co-ops

THE mainspring of the co-operative movement in this country is the Co-operative Wholesale Society. The CWS is owned and controlled by its shareholding members, composed solely of other, largely retail, co-operative societies. At the end of last year there were 1,042 member societies. The members control the CWS at quarterly meetings through their votes, which are weighted by the value of purchases each member has made with the CWS. The CWS acts as banker, wholesaler and manufacturer for its members. The smaller the member society is, the more dependent it is upon the CWS.

As a banker the CWS ranks only after the "Big Seven" of joint stock banking. As a wholesaler it is the largest in Britain. As a producer it has a share in many forms of manufacture, and a large share in flour milling and grocery. As a co-operative venture its only possible rivals in size are in the USSR. Its members are told far more about the CWS than a shareholder in a public company knows about its affairs and they have a more direct influence on policy. But that knowledge is kept within the movement. Some statistics are published by the Co-operative Union and by the Chief Registrar of Friendly Societies but they are mainly broad aggregates and not current. The statistics in this article come from the annual balance sheets of the CWS filed with the Registrar. They are presented here not to make prejudicial points but to reveal and scrutinise some of the facts about an organisation that closely touches the lives of many millions.



Source: Report of Chief Registrar of Friendly Societies.

The annual balance sheets are not simply informative accounting documents; they have a propaganda value, too. In them the CWS directors exhort the retail societies to buy more from the CWS and, in particular, to buy more of the goods that the CWS itself manufactures. The dividends paid by the Society to its customers are geared to these principles. Since the war the sales of the retail societies have been rising—as the accompanying chart shows—in keeping with rising consumption and prices. But the recent exhortations from the CWS have had a keen edge, for the retail sales of the co-ops have not been rising so quickly as those of other stores. When food was rationed the co-ops held their own in grocery sales but were losing ground in clothing and hardware. Since the end of rationing that trend has been reversed; sales of drapery and hardware by the co-ops have picked up, but their grocery business has not risen as quickly as the grocery sales of the multiple and department stores.

Tables I and II show sales and production of the CWS. Total sales (£401½ million in 1954) cover (*a*) goods manufactured by the CWS in its factories (*b*) goods purchased from other manufacturers and (*c*) goods sent direct from manufacturers to retail societies and "invoiced through" the CWS. The CWS does not give any discount on bulk sales to retail societies though presumably it may itself secure discounts on bulk orders placed with outside manufacturers. The retail societies charge ruling retail prices and offer their customers a dividend on total purchases.

The figure for "productive supplies" made in CWS factories (£128½ million in 1954) is shown net of any wholesale margins; it is a manufacturer's valuation of the year's production. It cannot be directly related with the receipts that the CWS obtains for its own goods in a given period because of movements into and out of stocks. It follows that the difference between sales and production (£273 million in 1954) does not exactly represent the selling value of the goods purchased by the CWS from outside manufacturers. But as the CWS's wholesale margin is low, and as stocks have changed little recently, this figure may well approximate to the CWS's turnover of "outside" goods.

The "surplus" accruing from production and distribution by the CWS does not correspond to "profit" as normally understood, for it is struck not only after charging wages, depreciation and interest on loans but also after charging interest (4 per cent in 1954) on the share capital. The separate departmental surpluses of the CWS are shown in Table III. The surplus of the productive department represents the net margin on manufacture, amounting to only 4½ per cent of "productive supplies" in 1954. The surplus of the distributive department represents the net wholesale margin, amounting to only 1½ per cent in 1954, both on the goods manufactured by the CWS itself and on the goods it has bought from outside sources. General expenses of administration are charged to the combined surplus of all departments. Almost all the remaining balance is distributed. Two dividends, quite distinct from the interest on the share capital, are declared. The first is paid on total purchases, irrespective of their origin, made by the member societies from the CWS during the year; this was 4d. in the £ in 1954. The second is paid on that part of those purchases which is made up of goods manufactured by the CWS itself; this was 6d. in the £ in 1954.

The CWS does not put much of its surplus to reserve; it is rather the depository for the surplus funds of the member societies, and those are also exhorted to add to their shareholding in the CWS. The CWS bank eventually becomes in effect the custodian of the deposits made by the member societies but these deposits are credited in the bank's accounts to the CWS trading department. Hence the balance sheets of the trading department and of the CWS bank (shown in Tables IV and V) have to be read in conjunction with each other. The retail societies can call upon their loans and deposits at will and can use them in the course of trade with the CWS. The balance sheet of the CWS trading department thus has a deceptive air of liquidity about it. But by far the greatest part of its liquid assets represent deposits with the CWS's own banking department which, in turn, invests the greater part of its funds in gilt-edged securities, retaining a smaller proportion of those funds in liquid assets than is usual in commercial banking. Looked upon by its members as essentially a savings institution, the CWS has put a high proportion of its funds into long-dated gilt-edged stocks, including at one time "Daltons." Since 1947 its portfolio has been drastically reduced and the bank must have sustained heavy book and realised losses.

The unorthodox nature of the CWS bank means that its activities are geared to those of the trading department, whose deposits with the bank figure so prominently. Until recently, for instance, the trading department was adding to its stocks (bringing them up from £8 million in 1946 to £30 million in 1951). At the same time the CWS deposit account fell from £169 million in 1946 to £102 million at the end of 1950. The sharp drop in those deposits from £102 million at the beginning of 1951 to £70 million at the end of that year presumably has some association with losses on trading stocks. The Society has tried to strengthen the banking department by a drive to secure deposits from individuals, trade unions, other working men's organisations and from public authorities, generally offering on these deposits a higher rate than the maximum rate enforced by the joint stock banks. Yet these banks usually act as local clearing agents for the CWS bank in its dealings with the retail societies and its other depositors. The experience of the bank in the last few years was sufficiently disconcerting to lead to a special internal committee of inquiry on the financial control and administration of the CWS and to produce in the course of that inquiry support within the co-operative movement for the separation of the bank from the trading department.

The CWS bank is not the only cause of concern. Another is production. The seriousness of the appeal by the directors in 1953 needs no underlining:

> Any productive ventures must of necessity have an irreducible minimum of production. Our repeated appeals to Societies through the medium of these reports for improved support of productive factories have been prompted by our failure at many points to reach such economic levels of production. . . . With our renewed assurance of price and quality we ask Societies to give wholehearted support to the CWS and particularly its productions.

This exhortation marches with the higher rate of dividend on purchases offered on the manufactures of the CWS itself. The balance sheet shows little expenditure on capital account in the last few years. The latest report shows that total wholesale receipts have fallen by about £20 million. It is true that the fall is almost exactly accounted for by "a decrease in sales to the Ministry of Food as a consequence of de-control principally in connection with the importation of wheat." But it is also true that co-operative sales failed to expand in a year of booming trade and production. Again directors show their concern:

> A perusal of supplies from the productive works shows that . . . the preserve, soap and tobacco works are languishing. We are particularly dismayed by the results in the soap works after the intensified efforts which have been made on behalf of their productions. . . . Whilst the value and quantity of supplies under the heading footwear show increases, the figures hide disquieting results at some of the ten factories of the group.

The CWS, a wholesaling organisation that went into manufacturing no doubt partly to give itself "countervailing power" in bargaining with other manufacturers in its early years, now finds itself producing too many different kinds of goods in too small batches in too many factories, scattered up and down the country. Are the retail societies as they grow larger—tending to go directly to the manufacturer, as many other retailers now go, despite the ties of sentiment and dividend? Does the democratic control of the member societies wrest the initiative from the management of the CWS? Having built a factory at the behest of the members, do the CWS managers fear to incur unpopularity and opposition by closing it down? Are there too many committees within the CWS and is too much time spent on routine decisions and too little on forward planning? Finally, is the house of the retail co-operative itself in order and does the fundamental basis of co-operative trading itself need review? Are the co-operatives too much concerned with the size of their "divis" and too little with prices and direct competitive trading? Here is a formidable array of questions—posed, necessarily, from the outside. Only the movement can answer them.

TABLE I.—DISTRIBUTIVE SALES AND SURPLUS
(£'000s)

Years ended	January 10, 1953		January 9, 1954		January 8, 1955	
	Sales	Surplus or *Deficit**	Sales	Surplus or *Deficit**	Sales	Surplus or *Deficit**
Grocery and provisions	274,692	4,336	294,412	4,223	289,072	4,212
Coal	12,683	176	13,041	159	13,897	164
Drapery	10,474	203	11,103	418	11,795	411
Men's wear	6,791	*201*	6,925	319	7,087	284
Footwear and grindery	5,334	*77*	5,106	*23*	5,202	*22*
Furnishing, hardware and carpets	16,270	201	17,406	349	19,170	427
Agricultural	16,058	...	20,004	...	21,306	...
Overseas purchasing	5,657	...	6,324	...	6,806	...
Shipping	37	...	29	...	36	...
Exports and contracts	3,988	...	3,526	...	3,062	...
Motor trade	5,914	...	5,730	...	6,236	...
Building and engineering	1,946	...	1,769	...	2,187	...
Service	1,856	...	1,956	...	2,149	...
Sundries	36,644	...	33,557	...	13,548	...
Grand Total	**398,344**	...	**420,888**	...	**401,553**	...

* Surplus in roman type; deficit in italics.

TABLE IV.—TRADE DEPARTMENT'S BALANCE SHEET
(£ million)

	Jan. 10, 1953	Jan. 9, 1954	Jan. 11, 1955
Assets			
Fixed assets at cost	46·1	47·0	49·5
Less depreciation	31·2	32·9	34·5
Net book value	14·9	14·1	15·0
Investments	5·6	5·6	6·8
Trade investments	1·5	1·6	1·8
Current account with CWS bank	5·7	6·6	7·1
Deposit account with CWS bank	67·1	74·2	79·4
Cash in hand, etc.	1·4	0·8	1·8
Debtors	23·3	23·2	23·4
Stocks	25·3	24·6	26·7
Liabilities			
Share capital	23·8	25·7	27·5
Revenue reserves	8·4	9·6	11·6
Loans and deposits	90·4	92·1	93·9
Current liabilities	22·2	23·4	29·2

TABLE III.—SURPLUS & DIVIDENDS
(£'000s)

Year ended	Jan. 10, 1953	Jan. 9, 1954	Jan. 8, 1955
Departmental Surpluses			
Productive	2,360	4,188	6,003
Distributive	4,802	5,625	5,824
Service	*Dr. 9*	11	8
Shipping	*Dr. 13*	*Dr. 12*	*Dr. 13*
Overseas purchasing	4	*Dr. 12*	6
Farms	168	119	125
Total surplus	7,312	9,919	11,953
Other income	486	443	470
Total income	7,798	10,362	12,423
Expenses, not chargeable to trade	3,266	3,910	5,640
Disposable surplus	4,532	6,452	6,783
Dividend on Trade			
Members	2,852	4,607	4,578
Non-members	2	4	4
Dividend on CWS Products Purchased			
Members	1,316	1,387	1,591
Non-members	1	1	1
Total dividends	4,171	5,999	6,174
Reserve funds	361	453	609

TABLE II.—PRODUCTIVE SUPPLIES AND SURPLUS
(£'000)

Years ended	January 10, 1953		January 9, 1954		January 8, 1955	
	Supplies	Surplus or *Deficit**	Supplies	Surplus or *Deficit**	Supplies	Surplus or *Deficit**
Flour	20,347	576	23,379	742	22,646	1,236
Creameries	20,266	277	20,833	346	21,637	303
Fats	13,305	489	16,671	513	19,201	844
Soap, etc.	4,193	159	3,661	259	3,200	105
Other groceries	17,706	528	16,862	780	18,374	899
Total Groceries and Provisions	**75,817**	**2,029**	**81,406**	**2,640**	**85,058**	**3,387**
Drapery	7,566	*90*	9,260	355	10,155	441
Men's wear	4,362	*81*	4,457	109	4,216	65
Footwear	3,875	*88*	3,664	65	3,770	3
Household goods	4,432	*367*	4,937	*37*	5,502	100
Sundries	1,526	61	1,620	108	1,787	125
Building and engineering	3,827	75	3,740	81	4,699	120
Services	12,944	821	13,038	867	13,422	892
Grand Total	**114,349**	**2,360**	**122,122**	**4,188**	**128,609**	**5,133**

* Surplus in roman type; deficit in italics.

TABLE V.—BANKING DEPARTMENT'S BALANCE SHEET
(£ million)

	Jan. 10, 1953	Jan. 9, 1954	Jan. 11, 1955
Assets			
Advances	26·8	30·1	30·0
Brit. Govt. securities	105·9	100·2	98·5
Brit. Local Govt. securities, etc.	27·7	36·9	44·9
Colonial and foreign securities	3·5	3·6	4·1
Money at call	21·1	17·5	19·6
Other assets	6·5	8·1	8·7
Liabilities			
Current accounts	43·4	48·3	52·3
Deposit accounts:–			
CWS	67·1	74·2	79·4
Other	69·2	61·4	60·6
Reserve funds	1·4	1·6	1·8
Other liabilities	10·3	10·9	11·7

Business Notes

A Welcome Rally

INVESTORS who have policies—as opposed to the mere dabblers—must mostly have reconsidered those policies in the last few weeks or months. The question they have faced must have been not whether the market would fall, but how far. Was the outlook so bearish that it would be worth while to pull out now with the prospect of coming back again at the cost of the 2 per cent stamp duty later on? To some of those who have taken but not yet executed their decisions on that issue, the Stock Exchange rally that developed on Wednesday must have come as a heaven-sent opportunity to sell. They knew, naturally, that a rally was to be expected; the market neither falls nor rises without a break. But there were some reasons for thinking that it might still be far away. The kind of letters that the banks have been writing to their customers suggested that the selling to reduce overdrafts might be spread out right up to the end of this month. The volume of markings, too, had shrunk far enough to discourage any expectations that investors were sufficiently interested to do much buying for the new account.

Nevertheless a substantial rally did develop on Wednesday affecting both gilt-edged and equities though the rally was not fully maintained on Thursday. *The Financial Times* fixed interest index, which had been dragging steadily downwards for three weeks, pulled up from 89.21 on Tuesday to 89.68 on Wednesday. The industrial ordinary index had fallen to 192.9 by Monday, its lowest since mid-May. It rallied on Wednesday to 197.2. The rally springs from two sources—the strength of sterling against the American and Canadian dollars (investors are now fully aware that the protection of sterling is the real object of the present phase of government-induced market stringency) and the technical strength of the market. Jobbers can always adjust their books to a change in the market faster than investors can. They have taken good care not to be caught with long books. Thus the buying orders that prompted the mid-week rally contained some bear closing operations from both inside and outside the House. It was still a rally on an unusually small volume of business. The number of bargains marked on Wednesday was 9,122, compared with 13,369 on the first day of the previous account.

Support for Sterling

STERLING has shown further weakness this week against Continental currencies coupled with impressive strength against both Canadian and US dollars. Continental bankers still feel bearish about sterling. They disregard the recent official assurance that the intention is to maintain sterling at its existing parity and assume that some move towards devaluation may appear next month at the Istanbul meeting of the governors of the International Monetary Fund. Pressure on sterling from the Continent is also seasonally high now and especially so this year when the roads and beaches of the Continent are swarming with "GB" cars and British holiday-makers. In addition to this seasonal pressure there is evidence that every Continental banker and merchant who can be short of sterling, either by taking a small speculative position or by delaying to the last moment necessary commercial purchases of it, has done so. Sterling working balances have been run down to their minimum and it is cautiously estimated by foreign exchange experts that the effective bear position in sterling—partly speculative but for the most part delayed commercial covering—may amount to anything up to £50 million. It is likely that during this week the Exchange Equalisation Account has again had to intervene in the market by offering such currencies as Swiss and Belgian francs.

In contrast sterling has made a strong natural recovery against dollars. In part this reflects the approaching end of the substantial demand for dollars on behalf of tobacco and oil companies; but a more positive factor has been the steady commercial demand for sterling from New York. American and to a lesser extent Canadian importers of sterling area commodities have also run their working balances down to a minimum and are buying sterling from hand-to-mouth. During the past week the hand has been moving to the mouth rapidly and the rate for sterling against the US dollar had moved from the ominously stable rate of $2.78½/⅝ last week to around $2.78¾. Transferable sterling has been steady at between $2.76-$2.76½, and its steadiness does not reflect any artificial support. Reports from the main Continental markets that deal in transferable sterling suggest that there is a considerable and persistent demand for it particularly from Middle Eastern countries.

Unmentionable Words in Lancashire

PROTECTION for the cotton textile industry so dominates Lancashire's thinking now that anyone who questions the claim is asking for trouble. So, too, is anyone who commends a course of action which, though privately endorsed by many mill-owners, could be held to weaken the claim for protection. Many members of the industry are now in high spleen over the innocuous remarks of Mr Richard Fort, MP for Clitheroe and secretary of the Lancashire group of Tory MPs; and the statement of Mr Alan Symons, chairman of Tootal Limited, will tease them more.

Tootal, a vertical organisation with a large export trade in branded goods, is not a typical firm and it is not difficult for its chairman to speak with detachment; but it was open to many firms in Lancashire to win a similar success. Mr Symons said that if there has to be a movement of workers away from the industry (and 20,000 have left the mills this year) this is the best time for it; alternative employment is available. Moreover, it was in the best interests of Lancashire that the textile industry was not being built up by special government support beyond the point where it was economic in present-day world conditions. Then, while the ghost of Adam Smith nodded approvingly, he added:

> The national interest is clear; our economic resources should be allowed without hindrance to move into those industries which can at present make best use of them for the country as a whole, a movement which, more often than many people are ready to admit, will take place naturally without need of interference from any central authority.

Mr Fort, if he is correctly reported, put the matter even more bluntly in a private talk with Burnley manufacturers that has since been made public. He did not rate highly the industry's chances of obtaining protection against imports of cheap cloth from India and Hong Kong. Hence if the mills could not reduce their costs of production he suggested—as a business man—that they ought to consider putting their money to better use elsewhere. Many would think that suggestion unexceptionable, but Mr Fort has been sharply rebuked by the chairman of the manufacturers' association for giving "negative" advice which could have harmful repercussions and which could create further doubts about the government's policy. "What the industry needs and is entitled to," the chairman added, "is early positive help to protect it against unfair competition in the home market which no industry, however efficient, could counter by its own efforts alone."

Motor Insurance to Cost More

IN guarded language the "tariff" insurance companies have warned the British motoring public of a revision of motor insurance premiums after December 1st. It seems certain that the non-tariff offices, the mutual offices and Lloyds will move in step. Owing to rising repair costs the record of motor insurance in recent years has been grim, as the accompanying table shows (unfortunately the figures for the companies are not confined to United Kingdom business). The companies find evidence of a worsening in the United Kingdom in 1954.

The revision of premiums will on the whole be upwards, but it will not be an even advance and the tariff offices are so far mentioning no figure. Third party insurance is not to be increased, nor apparently the comprehensive insurance on prewar private cars. Few of the commercial vehicles operated under A and B licences will be affected, and premiums will be reduced for motor cycles under 200 cc and for motor assisted bicycles, both for comprehensive and third party insurance.

The brunt of the increase thus falls on the holders of the C licences among commercial vehicles and on the owners of postwar private cars. It is understood that the increases are graded so that the high powered cars and cars domiciled in or near the big cities will suffer proportionately the greatest increase. The revision is softened by an increase in the "no claims rebate" on all private car policies, whether the premium has been raised or not. The maximum rebate rises from the present 20 per cent to 25 per cent for the fourth claimless year, and to 30 per cent for the fifth and subsequent years. This is not only an incentive to careful driving; it is also to a small extent a protection to the insurers since owners sometimes do minor repairs at their own expense to protect their rebates.

Yet by applying the incentive in that form the companies will raise again the vexed question of the "knock for knock" agreement. Under that agreement insurers pay their own customer's damage irrespective of who was at fault in any particular accident. Congestion in the courts and in the claims departments of the companies is thus relieved and in the end liabilities roughly balance. Yet in the process the innocent party in any accident often feels that he has unjustly lost his no claims rebate. The companies seek to avoid that injustice; when they are satisfied that but for the "knock for knock" agreement the other driver's insurance company would have paid, the innocent party's rebate is not affected. The sense of injustice arises either when the innocence is not as obvious to the insurance company as it is to the driver, or when the guilty party is not clearly identifiable. For example, the owner of a parked car that is damaged in the driver's absence is liable to lose his no claims rebate. It seems surprising that the insurance companies have not tried the alternative method of protecting themselves by asking all drivers to bear the first few pounds of any claim.

MOTOR INSURANCE BUSINESS
£ million

	1951	1952	1953
Tariff Office:			
Premium income	82·8	99·5	107·0
Profit or *loss* per cent	− 6·5	− 3·9	+ 1·7
Non Tariff:			
Premium income	31·8	36·8	41·4
Profit or *loss* per cent	− 0·8	+ 2·7	+ 3·9
Mutual Offices:			
Premium income	3·9	4·4	4·6
Profit or *loss* per cent	− 4·2	nil	+ 2·6
Lloyds:*			
Premium income	5·0	5·8	6·4
Closing Balances	8·2	11·4	..

* Within UK only and on a net premium basis.
Source: Post Magazine.

British Steelworks for India?

A SPECIAL consortium has been set up by British steel plant manufacturers to offer their services to the Government of India in the design and construction of the new steelworks that it once again seems likely may be built at Durgapur in West Bengal. The new group, the Indian

Steel Works Construction Company, includes some of the member companies of the existing export consortium, Metallurgical Equipment Export Company, Ltd., but may bring in other equipment suppliers as well. MEECO was concerned last year in negotiations over a steel plant at Durgapur with a group of Indian businessmen, but these broke down following the Indian Government's insistence that any new steelworks must be largely State-owned.

The project for a plant of about a million ingot tons' capacity at Durgapur, now presumably to be nationalised, has since been reported upon favourably by an independent British mission led by Sir Eric Coates, and this week the Indian Government indicated that it had accepted the mission's recommendations and proposed to go ahead with the plant—which will be the third new steel plant planned to increase the country's capacity (from about 1½ million ingot tons to 6 million ingot tons or more). The British Government has undertaken that financial assistance on a long-term credit basis would be available through the Exports Credits Guarantee Department; obviously, the chances that the construction contracts will go to British companies are good. The new consortium has now approached the authorities in New Delhi offering its services for a full-scale project study, which will presumably be necessary before any orders begin to be placed.

—and Southern Rhodesia?

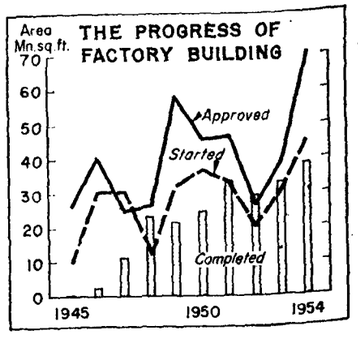
THE Government of Southern Rhodesia is attempting to persuade a consortium of British steel manufacturers and financiers to invest £6 million in enlarging the iron and steel plant at Que Que, between Salisbury and Buluwayo, which at present is uneconomically small. If the British companies will invest this money in raising iron output at the works from 50,000 tons a year to 200,000 tons, the Government will let them take the equity in a new private enterprise company to be registered in Rhodesia to take over the works itself, retaining only £5½ million in low ranking preference shares. This is the main object of the present visit of two Southern Rhodesian Ministers, Mr C. J. Hatty of the Treasury, and Mr Geoffrey Ellman-Brown, Minister of Roads and Housing to this country. (Mr Hatty also proposes to visit Lancashire and tempt British cotton textile manufacturers to come out and manufacture where the cotton grows). The Commonwealth and Development Finance Corporation as well as the financiers and the steel industry has been involved in the recent discussions.

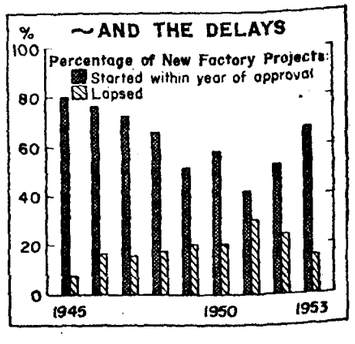
New Factories Since the War

SINCE 1945 British manufacturing industry has added at least 230 million square feet of new factory space to its production facilities. Over 10,000 new factories have been built or existing structures extended. This might be compared with the 235,000 factories known to exist in 1953, according to the Inspector of Factories in 1953; and, perhaps, with a private calculation of some 3,000 million square feet of factory space thought to be in commission in manufacturing industry in 1951.

The approval of industrialists' plans and the completion of their buildings has fluctuated widely in the ten years, largely reflecting changes in official investment policy. After the cuts of 1947/48, activity reached a peak in 1949; but restrictions were again tightened up in 1950 and intensified in 1951. Since 1952 there has been an almost continuous growth in the plans submitted for approval and a more gradual increase in physical construction. About a third of the new space completed has been located in the development areas—some 30 per cent of it Government financed—and more of the plans prepared for these areas have been finished than elsewhere.

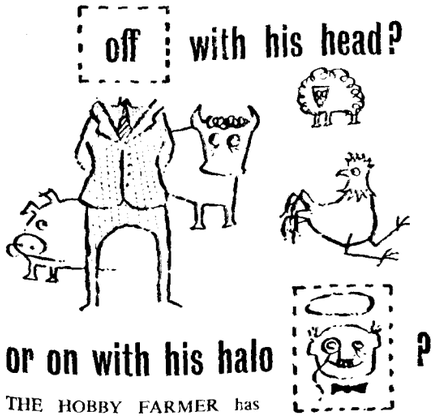
An article in last week's *Board of Trade Journal* also gives for the first time an indication of the industries which have been erecting these new factories. One would need more precise estimates of the factories existing already in these industries to use the new figures as any real indicator of comparative investment. But they do, however, reflect the completion of the heavy expansion programme of the chemical and oil refining industry in 1951 and 1952, and the equally hefty increases now in train in the motor vehicle industry—as well as the upward surge in manufacturing investment as a whole last year and this.





FACTORY BUILDING APPROVED IN GREAT BRITAIN, 1945-55, BY INDUSTRIES

	Annual Av. 1945 to 1951	1952	1953	1954	1955 Jan.-June
Chemicals, oil refineries, etc...	5·7	2·9	2·8	6·5	5·0
Metal manufactures.....	4·1	2·9	3·2	4·2	1·7
Shipbuilding, etc.....	0·4	0·4	0·6	0·6	0·5
Vehicles.....	3·7	3·4	4·3	13·9	9·1
Engineering and metal goods.	9·7	7·4	10·4	17·0	18·2
Textiles and clothing.....	4·5	2·5	4·3	6·3	3·6
Food, drink, tobacco.....	4·0	2·9	4·9	7·7	4·3
Other manufactures.....	6·5	4·3	8·7	14·6	11·0
Total	38·5	26·5	39·3	70·9	53·3



THE HOBBY FARMER has been with us since the Tudors. Some say he's a tax dodger. Others praise him for introducing improved farming techniques. This month The Agricultural Review sizes him up and reaches its own conclusions.

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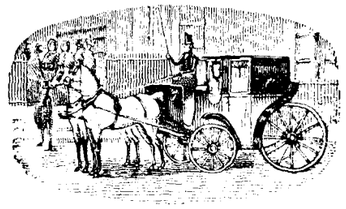

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The Conway's Power

THE Rolls-Royce Conway jet engine has just passed a test that makes it—officially—the most powerful engine in this country, giving a thrust of 13,000 pounds. But the Conway's importance does not rest so much on its absolute power, which is likely to be surpassed by other engines in roughly the same stage of development, as in the way in which it obtains it. It is the first engine to be designed on a by-pass principle, where some of the air flowing into the engine is bled off at an early stage and passed round the outside of the engine. But in the jet pipe behind the turbine the two streams of air, one hot and one relatively cool, come together again, and give a substantially greater increase of thrust in the jet pipe than the heated air alone would have been able to do. The net effect is a substantial drop in the fuel consumption; Rolls-Royce claim without giving details that it is the lowest specific consumption for any tested jet engine. An engine of this kind opens up prospects for dramatic improvements in the performance both of bombers and of civil transports.

Uganda Bids 5 per cent

FIVE pounds and a penny per cent is the gross redemption yield offered on this week's issue of Uganda Government stock. The issue itself was small and of no special significance. A total of £4 million 4¾ per cent stock 1968/73 has been created and issued at £97 per £100. Colonial Government funds were used to apply for £750,000; a further £250,000 of stock was reserved for applicants in East Africa, so that the total opened to public subscription in London on Thursday was only £3 million. The significant fact is that quietly another landmark has been passed. Not since the 1930s has a trustee issue been made to a gross redemption yield exceeding 5 per cent. Yet it is by no means certain that the market has yet found a level.

The issue was underwritten without difficulty and for a normal commission of 1 per cent. The institutions that gladly did so were well aware that they have enjoyed a good innings. They were well aware too that the money had to be found for the Owen Falls hydro-electric scheme, and it is likely that they fully expected to take up part of their underwritings. And indeed they had to take 70 per cent of it; but for the insurance companies to hold a trustee stock to such a yield and dates is no disaster.

BEA's First Profit

BRITISH EUROPEAN AIRWAYS made a modest profit last year of £63,039 after meeting all charges—the first since it was founded in 1946. In the preceding year, 1953-54, the corporation's loss was as high as £1.8 million, and to have converted this to a profit has been a very considerable achievement. The full accounts of BEA for the year 1954-55, which were published this week, do suggest, however, that special factors have helped the corporation. BEA had during that period the most modern fleet in Europe, consisting very largely of Vickers Viscounts, and was at the same time short of aircraft. These two circumstances, coming together, raised BEA's payload to 68.4 per cent of capacity compared with 66.3 per cent a year earlier.

This high load factor provides the clue to many of the results shown in the accounts—how, for example, it has been possible to increase revenue by 16 per cent to £17.14 million, while expenditure rose only by 3.2 per cent to £17.08 million. The margin between receipts and outgoings is uncomfortably narrow, but the corporation's results during the current financial year so far show that the same favourable trend is continuing with profits substantially higher than those for the same months of 1953-54. It is no doubt discouraging to the sales department to have to turn passengers away, as they have done in considerable numbers this summer, but shortage of aircraft has sliced the top off the troublesome holiday traffic peak, and what has been lost in gross receipts is being more than made good in terms of net receipts. That would be splendid if BEA had no competition. But Air France is also operating a fleet of Viscounts across Europe, and has turned the tables on BEA by operating them between London and Paris, a route on which BEA still uses piston-engined Ambassadors. Although BEA still carries 60 per cent of the traffic on this route, Air France has been taking traffic from it and may well continue to do so.

Holiday at Harwell

ONE of the less expected lessons of the recent Geneva conference on atomic energy is that scientists—or, rather, atomic scientists—dearly love a party, and it was in much this spirit that 150 delegates, including a number of Russians, accepted Sir John Cockcroft's invitation to visit the research station at Harwell, of which he is director, last Wednesday. The offer to show British research facilities to any delegates who wished to see them was designed to counter the impact made at Geneva by the inclusion of a fully working research reactor among the official United States exhibits. The visitors were shown most of the facilities at Harwell, its analytical plants and laboratories, its linear accelerators and computers, as well as the principal research reactors used there, without being given any of the information still considered secret.

Harwell is the establishment where all preliminary work is done on new atomic plants, and although rather more of this work was shown and described to an informal visit of American and Canadian scientists that took place the following day, the Atomic Energy Authority has already made it plain that Britain intends to put limits to the amount of industrial know-how that is made public. But the purpose of Wednesday's visit was not so much to show visitors anything new as to make it plain to other countries that Britain has considerable and elaborate facilities for atomic research even if the Atomic Energy Authority cannot ship reactors around the continent at will. The general

impression is that this object was achieved. The Russians have fallen into the general party spirit by offering to show Sir John Cockcroft four of their research stations in and near Moscow late this autumn. He is not likely to learn any more than the Russians learned this week, but he may get what the Russians were intended to assimilate, a sense of the scale of effort being devoted to atomic research. This is more than gamesmanship, it is rudimentary salesmanship which carries great political weight among countries without their own atomic industries, and its importance has only belatedly become appreciated in this country.

Improved Terms of Trade

THE purchasing power of British exports has increased by 5 per cent in the past five months. That is the measure of the improvement in the terms of trade from 104 (1954=100) in February to 99 in July. Because the official index of those terms is expressed as the ratio of import to export prices—not the other way round—a fall in the index is good for Britain; the July figure is in fact the most favourable for fifteen months. It would be unfair to describe this gain to the balance of payments as a windfall. Much of it reflects the collapse of the boom in prices of beverages—a boom that was largely responsible for the sharp rise in import prices between November and February. Since then the import price index for food and beverages has fallen by seven points to 98. The fall has been partly offset by a simultaneous rise in prices of basic materials and manufactures (notably rubber and copper), so that the composite index of import prices has fallen by only three points to 102.

The terms of trade have also drawn strength from the other side of the ratio—export prices. Until February the composite index of export prices held steady; then it rose by one point, and it rose another point in June and in July, reaching 103. All the main groups of exports except textiles have shared in the rise. Prices of metals, which have been affected most by the rise in the cost of materials, have risen by seven points to 105, and engineering products and other manufactures have risen by three points to 103. This movement in export prices must plainly be watched, for British costs are rising strongly; it is expansion of exports, not merely improvement in the terms of trade, that Britain must seek.

Bank Rate and Full Employment

BRITAIN'S inflation can be ended if there is a popular will to end it, and the classical monetary instruments will do the trick if they are allowed to. These are the conclusions reached in an outspoken article by Sir Oscar Hobson in the latest issue of the National Provincial Bank Review. His analysis shows that the rise in retail prices in Britain since the war has been faster than in any previous extended peacetime period since the end of the Napoleonic Wars, and that the rise since 1947 has been faster than that in any other country except Australia. With characteristic bluntness, he attributes this to "excessive wage claims and nothing else": the claims, he says, have been excessive because they have not secured for the workers concerned a corresponding rise in real wages and because part of the real increase they have secured has been at the expense of that large section of the community that is unable to keep its income in step with the cost of living. Continuous inflation is therefore a "fraud and an oppression" upon the weaker members of society; yet some degree of it is often condoned or even approved in the belief that it is necessary in order to sustain full employment.

Sir Oscar rejects this belief: inflation is a condition and an accompaniment of over-employment, but there is no risk that a real effort to end it would involve heavy unemployment. Indeed, the small increase in unemployment that would arise would not be likely to be any greater than the rise that "we risk anyhow if we pursue our present courses."

Is it the contention of those who believe in the need for continuous inflation that our national prosperity and the contentedness of our workers hang on the perpetuation of a swindle on a large section of the population and on the maintenance of an unworthy system in which idleness and inefficiency carry the same remuneration, or nearly the same, as industry and skill?

There is no real dilemma of choice between stability and full employment: the supposed dilemma arises solely from the "crazy travesty of 'full employment' which now prevails." If public opinion is prepared to end the travesty and accept instead a rational condition of full employment, then that can be enjoyed as well as stability—without the swindle. And if that condition is accepted, the Bank rate mechanism will bring about the transformation. "Bank rate will work if it is allowed to. It always has worked, and it will work now."

UK IMPORT AND EXPORT PRICES
1954=100

	Imports					Exports					
							Manufactured Goods				
	Total	Food, Beverages	Basic Materials	Fuels	Manufactures	Total	Metals	Engineering Products	Textiles	Other	Terms of Trade
1954 July	101	101	102	100	99	99	99	99	101	98	102
August	101	100	101	100	100	101	100	101	101	101	100
September	101	101	101	99	100	100	99	100	100	100	101
October	101	101	101	98	100	100	99	101	99	100	101
November	101	102	101	100	102	100	99	101	99	100	101
December	103	105	101	100	103	100	99	100	97	101	103
1955 January	104	105	102	101	105	100	98	101	98	100	104
February	105	105	103	101	108	101	100	101	100	101	104
March	104	103	104	103	108	101	101	101	101	100	103
April	103	101	104	102	108	101	102	102	101	101	102
May	103	101	104	102	107	101	103	101	100	101	102
June	103	101	104	101	107	102	104	102	101	102	101
July	102	98	104	102	108	103	105	103	101	103	99

Brazil's Multilateral Exchange Auctions

BRAZIL has this week held the first auction of those wholly nominal "dollars" that have been devised for the new multilateral basis of trade between Brazil on the one hand and the United Kingdom, Germany and the Netherlands, on the other. The exchange certificate can be used by Brazilians for the purchase of sterling, deutschemarks or guilders. The first offer for auction amounted to about $250,000 and represented the counterpart of D-marks held by the Bank of Brazil; later auctions will have a guilder and sterling element, but from the standpoint of Brazilian importers this distinction is immaterial. The "dollars" have been put up for auction in the regular five categories, each available for one group of imports. Category one comprises wheat and other "essential" foodstuffs, whilst category five includes luxury motor cars and fur coats. The Bank of Brazil sets a minimum premium, that is a reserve price, on each of these categories. This price is highest for the highest categories, and as the Bank of Brazil offers less exchange in these categories the exchange rate at the auctions does tend to rise in ascending order from the "essential" category one to the "luxury" category five.

More Sterling for Egypt

THE long-drawn-out discussions in Cairo on Anglo-Egyptian trade and payments are reported to have come to a satisfactory conclusion. The main issue was the familiar Egyptian demand for larger releases from its blocked No. 2 account. At the end of the war Egypt's sterling balances had swollen to just over £400 million. The larger part of this was immobilised in a No. 2 account at the Bank of England. In 1951 when the current agreement concerning releases from this account was negotiated, the amount left in it was £230 million. It was then provided that maximum releases of £15 million a year might be made from this No. 2 account to Egypt's freely available No. 1 account. The annual releases have been maintained at the maximum figure and after allowing for some additional payments for military stores which Egypt was allowed to draw. The amount left in it is now £135 million. The Egyptian negotiators have been pressing hard for a maximum release of £25 million a year, and messages from Cairo suggest that agreement may be reached on a figure of £20 million.

Another issue which has loomed large in the discussions, has been the "sterling entitlement" scheme by which Egypt is handicapping many British exports to that country. That scheme, which was described and criticised in the report of the Eley trade mission which visited Egypt earlier this year, is one under which exporters of Egyptian merchandise to a number of countries, including Britain, are entitled to retain a proportion of their foreign currency proceeds and to offer these for auction to importers in Egypt who want to buy certain non-essential goods. This scheme applies not only to sterling, but to dollars and D Marks. In recent weeks the premium on sterling entitlements has been 10 per cent above the official rate, while for dollars and D marks the premium has ranged up to 13 per cent. No such handicaps on sales to Egypt apply to other countries, including France and Italy, and it has been strongly urged during the recent Anglo-Egyptian negotiations that the scheme should be abandoned.

Simon-Carves Share Marketing

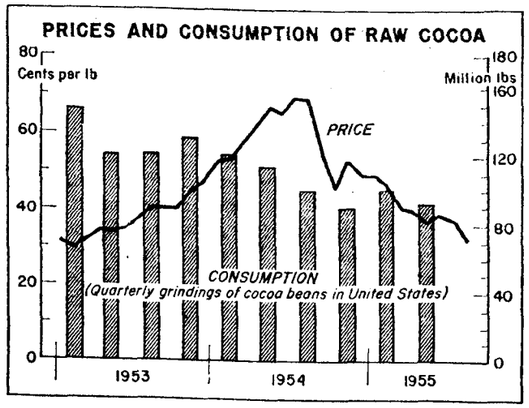
ORDINARY shares of one of Britain's biggest remaining privately owned businesses are expected to be offered to the public towards the end of September. Negotiations are proceeding for a public offer of a block of 5s. shares of Simon-Carves, a company whose manufactures include power plant, coke ovens and chemicals, and which has an important stake in the atomic industry. In present uncertain markets naturally neither the price, the yield, nor even the number of shares to be included in the offer has yet been determined. The offer will be sponsored by two firms of stockbrokers—Arnold Copock and Kay in Manchester and Read, Hurst-Brown and Co. in London.

Simon-Carves is already in form a public company, with an issued capital as at December 31st last year of 524,958 £1 ordinary shares, so that a rearrangement will be needed before they can be offered to the public in the 5s. denomination. The rate of dividend on this small ordinary capital was raised from 20 per cent to 30 per cent last year. That dividend absorbed only £85,000 out of a net profit after tax of £444,397, and the chairman forecast that profits for the next few years should be at least as good as those of 1954. Consolidated total assets are shown at £8.8 million.

Cocoa Works Its Passage

PEOPLE who are entranced when economic theory is confirmed in practice would find in raw cocoa a classic example of the working of the price mechanism. In 1953-54 world consumption of cocoa rose further but production fell; price had to correct a shortage of cocoa in the only way that is possible when supply cannot be quickly increased—by choking off demand. The chart shows how

consumption in one country, the United States, responded to higher prices. The United States is the largest consumer, accounting for one-quarter to one-third of world consumption. Between the first quarter of 1953 and 1954 the price in New York rose from 30 to 54 cents a lb, yet—allowing for seasonal influences—it was not until the first quarter of 1954 that consumption started to decline. One reason for that time lag is that for many months manufacturers could draw on their stocks of cheap cocoa. The decline in American consumption, however, did not halt the advance in prices because it was for a time offset by the growth in European consumption, which was not checked until later.



Just as consumption is slow to respond to a rise in price, so it is slow to respond to a fall. By the second quarter of this year cocoa prices had dropped by half, yet American consumption was still well below that of the same quarter of 1954. As the cocoa farmer does not usually pick fewer beans when the price falls, price now has a new job to do: it must find a level at which consumption will be stimulated and come into balance with supply. What the equilibrium price will prove to be cocoa traders would dearly like to know.

Barley and the Wheat Board

THE Canadian Wheat Board, like all monopoly sellers, never lacks critics. The complaint of some traders now is directed at its minimum price policy for barley, and they are conjuring up the wraith of similar and ill-fated attempts by the Prairie wheat pools in the early thirties. Normally the board sells barley at prices ruling on the Winnipeg futures market. But in recent months futures have fallen too low for the board's liking; the board therefore introduced a minimum price of 104 cents a bushel for cash sales and withdrew from the futures market. Minimum prices for barley (and oats) are nothing new; what is new is that futures have remained well below the board's minimum; October futures are at a discount of about eight cents a bushel. There is no demand in Britain for Canadian barley at the board's price of nearly £24 a ton cif, for the home crop is becoming available at about £20 a ton for feed grades. Nor is there much demand from the Continent, partly because the domestic harvests are moving and partly because of cheap offers of American barley and maize.

The board apparently feels that there is little point in reducing the price now, because European demand will not revive anyway until the home crops have been absorbed. The argument seems sound, provided that the board is prepared to meet the market towards the end of October, when it should sell substantial quantities for shipment before the St Lawrence river freezes in December. By then the board will also know exactly how much barley it has to sell. The carry-over into the new season was not much above the average, at 87 million bushels, but the new crop might be the second largest in history at about 265 million bushels. The board may not be entirely happy about its policy. Two weeks ago it reduced the minimum price by one cent; that served no useful purpose, but merely strengthened doubts about the board's ability to maintain prices.

More Freedom for D-Marks

THE German exchange authorities have made it clear that they have no intention of making a formal move to convertibility in advance of Britain; but they are pressing on with their policy of dismantling exchange and trade controls to give Germans most of the benefits of convertibility. The latest move has been to raise the personal travel allowance from DM 300 a year to DM 1,500 (£127) for any one trip; it is to be granted without entry into passports. The only significant remaining limitations on the availability of foreign exchange to travellers are that dollars will be granted only to those actually going to the dollar area; and that extended business trips in the dollar area will still be subject to a daily expense allowance of £13. Remittances abroad have been granted the same measure of freedom as the personal exchange allowance. With restrictions removed from around three-quarters of its dollar imports, Germany has indeed travelled far along the road to effective convertibility for its residents.

SHORTER NOTES

At the end of last week, Shell-Mex and BP raised their prices for fuel oils in the United Kingdom by about 10s. a ton; up to the time that *The Economist* went to press, the Esso Petroleum Company had announced no increase in its prices.

★

Quasi-Arc Company and Fusarc, the two welding equipment subsidiaries of British Oxygen, whose activities are to be combined after October 1st within one company—Quasi-Arc—form between them one of the two large manufacturers of electrodes and arc welding equipment in Britain. Their combined turnover is now over £2½ million a year including exports; of this probably about £1½ million comes from Quasi-Arc's manufacture of electrodes, which is now nearly a third of total electrode output in this country.

★

Both the Woolwich Equitable Building Society and the Co-operative Permanent Society have now announced their intended new scale of charges to existing owner-occupier borrowers. For both societies it is to be 5¼ per cent, starting from March 1, 1956.

★

The directors of Hall Telephone Accessories propose to enter the field of automation, electronics and instrumentation by the purchase of James Gordon & Co. This company installs automatic controls, and is forming a company to manufacture under licence certain automatic devices and systems of Panellit Incorporated of America. Hambros Bank and its clients are to subscribe for 354,880 of the 10s. shares of Hall Telephone Accessories at 14s. a share.

★

Dealings have begun this week in foreign exchange centres in the Italian lira, which has been brought into the European arbitrage scheme, hitherto embracing nine currencies. The official limits in the London market have been fixed at 1,736⅝-1,762⅝ to the pound; dealings have been at around 1,740. It is expected that a forward market in lire will shortly be established in London and other centres.

Company Notes

C.L.R.P. The City of London Real Property Company has been much in the investor's eye recently. It owns important blocks of office property that are by definition not rent controlled. They stood in the balance sheet at figures much below current values. It owns also important holes in the ground of the City of London where new office properties—certainly more expensive to build—are springing up and promising to swell revenue. The company thus seemed to have what an investor most wants—a big hidden reserve and a promise of rising revenue. The accounts came out in June. In July at the meeting the chairman, Mr Edmund Howard, referred to the present value of the properties and the present capital structure. Then everyone knew that something was on; the £1 ordinary shares paying 10 per cent and earning only just over 11 per cent reached 52s.

Today the shares stand at 42s. 6d.; the events have happened and shareholders have received them with mixed feelings. The hidden reserve in property values has been taken out of the cupboard for their inspection; it is a luscious sum of £11,682,401—that doubles the balance sheet value of the properties and brings them to £23,006,545. Then the authorised capital is to be raised from £9 million to £14 million. Unexpectedly the board has announced a proposal to reconstruct the preference capital. The rate of dividend is to be altered from 4 per cent tax free to 5 per cent less tax and holders are to receive a two for five free issue of the 5 per cent stock in compensation. The change in terms of dividend is insignificant. The present 4 per cent net dividend is equal to 6.95 per cent gross: the new holding will yield the equivalent of 7 per cent. But if anybody thinks of breaking up the company and getting at those asset values he will have to reckon with repaying a larger class of preference capital.

Finally the ordinary stockholders receive a 50 per cent free scrip issue capitalising £4 million nominal of reserves, but also in 5 per cent preference stock. It appears at first sight as a true bonus—saleable without loss of stake in the equity. But it has a sting in its tail; the directors indicate a combined dividend on the new holding of £2 ordinary plus £1 preference of "not less than" the gross income received from the present holding of £2 ordinary stock for the past year. They have promised in short no advantage whatever. Ordinary stockholders wondering whether their dividend is to be cut to 7½ per cent might well hesitate. But there is one fact that they should try to extract from the board when the scheme comes up for discussion. By how much will the annual provisions for leasehold sinking fund and freehold buildings reserve need to be written up now that the properties themselves have been written up?

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PYE shows a trading profit for 1954/55 of £2,485,458. This is a 75 per cent rise over the 1953-54 figure, and is the culmination of a long and persistent advance so that the latest figure is more than 8 times the 1947-48 level. Equity earnings, helped materially by the removal of EPT but allowing for Profits Tax on a full distribution, amount to nearly 50 (against 15) per cent on the increased capital, after next month's issue.

While financial results have been carried along by the television trade wind, the Chairman, Mr C. O. Stanley, is at pains to explain that his company is not entirely dependent on that profitable market. He says that if no profits whatever were made from selling radio and television sets, remaining business would still be enough to maintain dividends.

The consolidated balance sheet shows a 78 per cent increase in net fixed assets to £1,744,048, and the growth in net current assets, at some £4,672,000 last March, is at a similar rate. A rise in stocks from £3,840,552 to £5,265,367, if only to be expected, has pressed hardly on liquid resources. These, allowing for an overdraft, stand at no more than £243,580. The dividend yield of £3 6s. at a price of 38s. for the old 5s. shares reflects the price the investor is prepared to pay for growth.

★

PINCHIN JOHNSON. More competitive trading conditions are usually an excuse for reduced earnings; for this paint company they have been a spur towards an excellent increase in profits. Higher turnover, both here and in some overseas companies, has lifted trading profits to a sum which is not only 18 per cent above the previous year's, but is the largest since consolidated accounts were issued. As tax and other charges are at rates similar to 1953-54, the expansion in gross equity earnings is in nearly the same proportion as total profits. These earnings, adjusted for Profits Tax on a full distribution, are 38 against 33½ per cent. If shareholders are disappointed that the 25 per cent dividend has not been increased since the war, it is reassuring that a good margin of retained earnings is being restored.

Comparison between parent and consolidated balance sheets suggests that the subsidiaries account for three-fifths of net fixed assets, and two-fifths of net current assets. All subsidiaries operate abroad, and are holding back a high proportion of their profits.

	Years to Mar. 31, 1954	1955
Consolidated earnings:—	£	£
Trading profit	1,876,779	2,205,122
Total income	1,976,218	2,308,712
Depreciation	244,542	298,541
Taxation	929,546	1,077,067
Net profit	*651,180*	*659,313*
Ordinary dividends	361,597	373,103
Ordinary dividend (per cent)	25	25
Retained profits (subsids.)	101,853	125,774
Retained profits (parent)	62,355	135,961
Consolidated balance sheet:—		
Fixed assets, *less* depreciation	3,230,428	3,642,397
Net current assets	7,481,233	7,458,822
Stocks	4,031,695	4,615,670
Liquid assets, *less* overdrafts	2,360,193	1,642,592
Reserves	4,848,701	5,097,927
Ordinary capital	2,629,800	2,629,800

10/- ordinary shares at 40s. 6d. yield £6 3s. 6d. per cent.

There was a small scrip issue in 1937, and a 50 per cent issue is to be made in September. Such a late arrival to the long list of free issues by British companies is a reflection of the comparatively slow growth of retained earnings.

★

LEWIS'S INVESTMENT TRUST. Slowly but surely the movement by progressive companies to comply with the Stock Exchange Council's request for interim reports is gaining ground. Lewis's Investment Trust, which owns Selfridges and other important department stores, deserves high credit for having joined the small band, because in the retail trade fear of giving something away to the competitor dies hard. The group's gross trading profit for the six months ended August 1st is £1,953,365 against £1,914,502 in the corresponding period of 1954. This is an increase of only 2 per cent, but as the revenue of the first half of the financial year is normally about two-fifths of that for a full year, there remains room for further change.

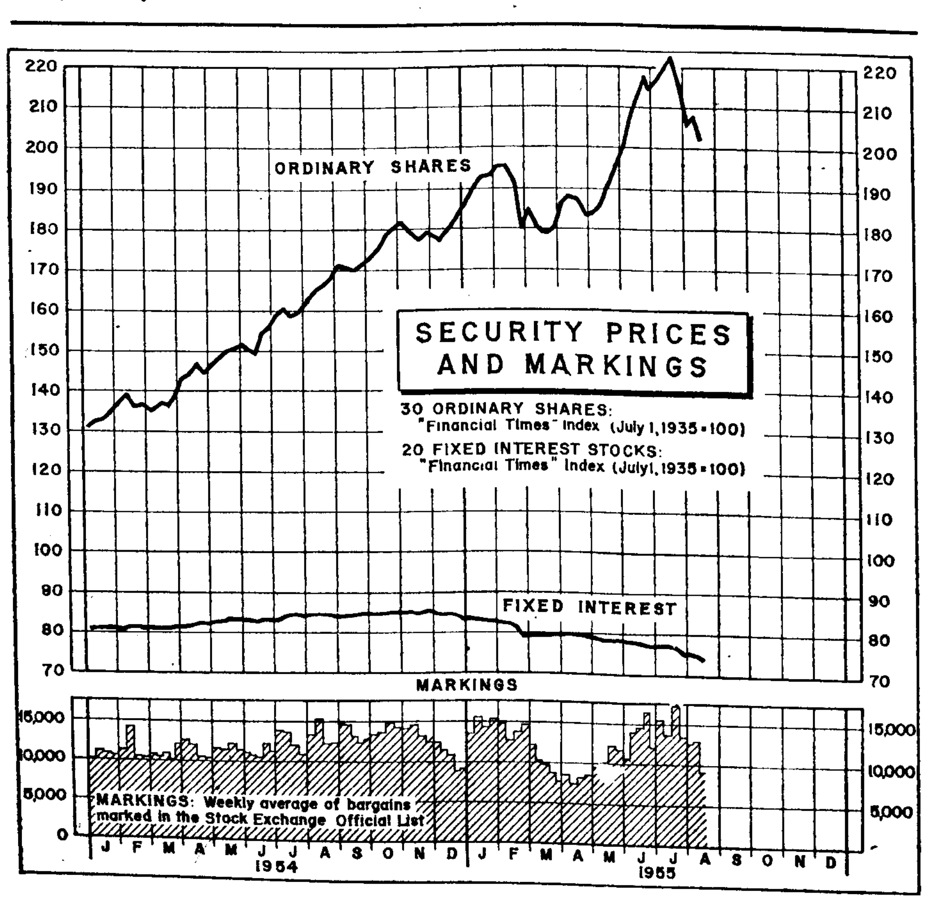
After charges including depreciation on a slightly more stringent scale, the group net profit is one-eighth higher, at £681,011. This result is achieved partly through lower taxation, and partly through a fall in the proportion attributable to minority interests.

Hitherto there has been unusual disparity between interim and final dividends, which in 1954-55 were 5 and 35 per cent respectively on the old capital. This gap is to be reduced, without implying an increase in the distribution for the year, by a November interim for 1955-56 of 5 per cent (last year's 5 per cent interim was equal to only 1⅔ per cent on the present capital). The parent's reserves, depleted by last February's 200 per cent scrip issue, are to be partly replenished by transfers (not in cash) of £600,000 in special tax-free dividends from two of the subsidiaries. At 14s. 6d., the Trust's 4s. units yield £3 14s. per cent on an assumed dividend of 13⅓ per cent.

★

MONSANTO CHEMICALS. Monsanto has an excellent record in this country. Shareholders can take the further rise in turnover and net income for the half year ended June 30th almost as their normal entitlement, and the maintenance of the first interim dividend at 4d. per 5s. unit (6⅔ per cent) as nothing unexpected. It looks as though for the present at least that progress is to continue. Net sales (excluding the Australian subsidiary) for the half year ended June 30th were £6.5 million compared with £6.1 million in the first half of 1954, net income after estimated tax was £470,379 compared with £408,179, and the chairman, Mr Edward A. O'Neal, Jr, expects a continuance of demand both at home and abroad for the rest of this year.

Just because the company, and the British chemical industry as a whole, has been doing well, the warning that Mr O'Neal now gives deserves to be taken seriously. He is concerned "about the recent inflationary increases in fuel, power, transport and labour costs and their possible effect on our ability to meet increasingly keen competition, especially in overseas markets."



LONDON STOCK EXCHANGE

Next Account begins: September 7th
Next Contango Day: September 7th
Next Settlement Day: August 30th

After sliding further at the end of last week, both fixed interest securities and equities were marked down even more sharply in Monday's dealings, carrying *The Financial Times* index of Government Securities to its lowest point since compilation began in 1926, and carrying the Industrial share index to 192.9, its lowest for three months—and 16 per cent below the peak touched a month ago. But selling did not expand on the decline, and on the last day of the old account gilt edged weakened only slightly while industrials were steady. Fresh buying in a narrow market provoked a smart rally from the start of the new account on Wednesday, and both indices rebounded, that of government securities from 89.21 to 89.68 and the Industrial to 197.2. The 4¼ per cent Uganda loan 1968-73 offered at 97 on Thursday, provided for a gross redemption yield of just over 5 per cent.

Of the building shares Associated Portland Cement recovered to 112s. 6d. after 108s. 1½d. at the end of the old account; English China Clays opened the week at 77s. and then receded to 76s. Marks and Spencer "A" at 67s. improved 2s. to regain lost ground, and Woolworth returned to 60s. after 58s. 9d. Leading textiles were brighter. Dunlop Rubber were better at 27s. 6d. after touching a low point for the year of 26s. 6d. on Tuesday. A resurgence of interest in electric issues brought gains of about 2s. 6d. in AEI, English Electric and GEC. Raleigh Industries dropped sharply on the news of the increase in duty on the import of bicycles into the United States; they lost 5s. at 48s. 1½d., but then rallied to 50s. 7½d. Steel shares were down on balance, despite their strong rally from the lower points. Colvilles at 32s. Dorman Long at 31s. and Stewarts and Lloyds at 67s. led the recovery.

Oils were again in demand. Coppers advanced strongly on renewed bidding in a market short of stock. Kaffirs were irregular but Australian gold mines were a little higher on balance.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Security Indices Fixed Int.†	Yields 2½% Cons.	Yields Ord.
			%	%
Aug. 17...	202·2	102·11	4·31	4·81
" 18...	201·3	101·92	4·35	4·83
" 19...	198·4	101·25	4·38	4·91
" 22...	192·9	100·11	4·44	5·02
" 23...	193·0	99·78	4·45	5·02
" 24...	197·2	100·18	4·40	4·94

	Ord.*	Fixed Int.†	Total bargains 1955	
1955, High.	223·9 (July 21)	115·97 (Jan. 7)	Aug. 17	8,695
" Low..	175·7 (Mar. 15)	99·78 (Aug. 23)	" 18	8,229
			" 19	8,981
1954, High.	184·0 (Dec. 31)	118·10 (Nov. 18)	" 22	11,677
			" 23	10,224
" Low..	131·1 (Jan. 1)	111·78 (Jan. 5)	" 24	9,122

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Aug. 24 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 17, 1955	Price, Aug. 24, 1955	Net Yield, Aug. 24, 1955 §	Gross Yield, Aug. 24, 1955
					£ s. d.	£ s. d.
100 9/16	96¾	Funding 2¾% '52-57	97 3/16	97 3/16	3 1 2	4 7 7l
100¼	97⅞	War Bonds 2½% '54-56	98¼	98¼	3 7 6	4 9 8l
[illegible]	94⅛	War Loan 3% '55-59	94⅞	94 5/16	3 2 3	4 11 1l
[illegible]	99⅜	Serial Funding 3% 1955	99 14/7½	99¼	1 3 4	4 1 2
100¼	96⅛	Serial Funding 2½% 1957	96 9/32	96 9/32	2 18 1	4 0 2
99 17/32	91 31/32	Conv. 2% 1958-59	92 3/32	91 31/32	3 14 10	4 13 4l
97¾	89⅝	Exchequer 2% 1960	90 1/32	89⅞	3 13 7	4 11 9
104¼	94	Exchequer 3% 1960	94½	94	3 3 4	4 9 8
100 11/16	85½	Savings Bonds 3% '55 65	87⅛	85⅞	3 8 3	4 16 2l
100⅜	88⅞	Funding 2½% '56-61	89⅞	89	3 14 5	4 18 11l
97	81 9/16	Funding 3% '59-69	83¾	81¾	3 9 6	4 19 4l
103 7/16	92½	Funding 4% '60-90	94¼	92½	2 13 2	4 9 10l
[illegible]	79⅞	Savings Bonds 3% '60-70	81½*	80*	3 8 10	4 17 10l
[illegible]	89⅞	Exchequer 3% '62-63	91¼	89⅞	3 5 1	4 13 1l
99 3/16	84¾	Exchequer 2½% '63 64	85⅝	84¾	3 11 11	4 16 3l
95 1/8	79⅞	Savings Bonds 2½% '64-67	81	80	3 11 11	4 17 0l
94 5/16	77⅞	Savings Bonds 3% '65 75	79¾	78	3 4 8	4 14 5l
105¼	92½	Victory 4% '20-76	94¼*	92⅝*	3 1 5	4 17 3†
98 5/8	81½	Funding 3% '66-68	83½	81¾	3 10 1	4 18 11l
103	86 9/16	Conv. 3½% 1969	87⅞*	86⅝*	3 4 10	4 17 1
98	82¼	Treas. 3½% '77-80	84	82½	3 0 11	4 15 1l
99 5/16	82	Treas. 3½% '79-81	83⅞	82¾	3 0 3	4 14 0l
88	71⅝	Redemption 3% '86-96	74½	71⅝*	2 18 1	4 10 2l
95 11/16	80⅞	Funding 3½% 1999-2004	82¾	80¾	2 14 8	4 9 9l
97⅞	84 5/16	Consols 4% aft. Feb. '57	87	85¼	2 14 1	4 14 2f
88 9/16	75 11/16	War L'n. 3½% aft. Dec. '52	77 11/16	76⅝	2 12 10	4 12 4f
89 11/16	75¼	Conv. 3½% aft. April '61	77 13/16	75¼*	2 13 4	4 12 7f
[illegible]	65½	Treas. 3% aft. April '66	67⅞	66½	2 12 5	4 11 10f
66¾	56	Consols 2½%	58	56⅞	2 10 9	4 8 6f
66⅞	55¾	Treas. 2½% aft. April '75	58	55¾*	2 11 5	4 9 4f
99¼	98 1/16	Br. Elec. 4½% '67-69	98¼	98¼	2 14 3	4 12 4l
94 13/16	78⅞	Br. Elec. 3% '68-73	81½	78⅞*	3 6 1	4 15 3l
93 15/16	76⅞	Br. Elec. 3% '74-77	79*	77¼*	3 3 11	4 13 9l
109 1/16	92¾	Br. Elec. 4¼% '74-79	96¼	92⅞*	2 16 10	4 14 6l
98 13/16	83¼	Br. Elec. 3½% '76-79	84¾	83¼	3 0 8	4 14 11l
105⅜	91⅛	Br. Gas 4% '69-72	93	91⅜	2 19 2	4 15 3l
102½	85⅜	Br. Gas 3½% '69-71	87*	85⅝*	3 3 1	4 15 8l
88 7/16	72 13/16	Br. Gas 3% '90-95	74⅞	73¾	2 17 2	4 9 5l
94 13/16	79½	Br. Trans. 3% '68-73	81½	78⅞*	3 6 1	4 15 3l
105 1/16	90	Br. Trans. 4% '72-77	91¾	90¼	2 18 6	4 15 4l
88 7/16	72⅝	Br. Trans. 3% '78-88	74⅝	73⅝	3 0 2	4 11 9l

(e) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend. Assumed average life approx. 12 years. § Less tax at 8s. 6d. in £.

Prices, 1954 High	Low	Prices, 1955 Jan 1 to Aug. 24 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 17, 1955	Price, Aug. 24, 1955	Yield, Aug. 24, 1955
							£ s. d.
97⅞	90⅛	94⅝	80⅜	Aust. 3½% '65-69	83½	82½	5 0 7l
101⅞	97¼	101⅜	87¼	Ceylon 4% '73-75	91½	90½	4 15 1l
106¾	98½	103¾	89	N. Zealand 4% '76-78	91½	89½	4 15 3l
79¾	71¾	75⅝	63	L.C.C. 3% aft. 1920	65½	64½	4 13 0
99¾	95	99	86	Liverpool 3% '54-64	86	86	4 19 6l
87⅞	80⅛	84	66½	M. Wtr. 'B' 3% '34-2003	70½	66½	4 15 11l
[illegible]	100	102¼	96	Agric. Mort. 5% '59-89	97¼	97½	5 3 0l
[illegible]	71¾	122¾	91	German 7%	115	113	...
168⅜	102	213	149	German 5½%	203½	201½	...
171	132⅜	201½	160	Japan 5% 1907	201½	199½	...
[illegible]	167	244¼	190	Japan 5½% Conv. 1930	243	241½	...

Prices, 1955 Jan. 1 to Aug. 24 High	Low	Last Two Dividends (a) (b)	(c)	ORDINARY STOCKS	Price, Aug. 17, 1955	Price, Aug. 24, 1955	Yield, Aug. 24, 1955
		%	%	**Banks & Discount**			£ s. d.
58/7½	48/9	7 b	5 a	Barclays £1	51/-	50/-	4 16 0
[illegible]6/7½	58/3	15 c	6 a	Lloyds 'A' £5, £1 pd.	59/6	59/3	5 1 3
89/3	74/9	18 c	9 a	Midland £1, fully pd.	78/6	76/6	4 14 1
87/-	72/3	18 c	9 a	N. Prov. 'B' £5, £1 pd.	74/-	72/6	4 19 4
96/10½	78/6	8 b	8 a	Westmstr 'B' £4, £1¼ pd.	81/-	81/-	4 18 9
69/-	47/-	8¾ b	3¾ a	Alexanders £1	48/6	48/6	5 3 1
58/6	46/6	7 b	5 a	Nat. Disc. 'B' £1	48/-	47/-	5 2 2
60/-	48/6	12½ c	6¼ a	Union Disc. £1	50/-	49/6	5 1 0
40/1½	32/3	4 b	4 a	Barc. (D.C.O.) £1	34/6	33/-	4 0 10s
51/9	41/3	7½ a	7½ b	Chart. Bk. of India £1	44/6	42/-	7 2 10
				Insurance			
[illegible]	14½	50 a	110 b	Leg. & Gen. £1, 5/- pd.	19½	19	2 2 1
[illegible]	20½	20† a	45† b	Pearl £1, fully paid	23½	22	5 2 9
[illegible]	41½	112½† c	117½† c	Prudential 'A' £1	50	46½	4 7 11
				Breweries, Etc.			
41/-	121/-	33 b	10 a	Bass £1	123/9	122/6	7 0 6
34/9	22/-	10 a	10½ b	Distillers 6/8	26/3	25/6*	4 6 4h
49/6	40/3	15 b	8 a	Guinness 10/-	45/-	43/9	5 5 2
93/9	70/6	7 a	14 b	Whitbread 'A' Ord. £1	75/-	72/6	5 15 11

Prices, 1955 Jan. 1 to Aug. 24 High	Low	Last Two Dividends (a) (b)	(c)	ORDINARY STOCKS	Price, Aug. 17, 1955	Price, Aug. 24, 1955	Yield, Aug. 24, 1955
		%	%	**Steel & Engineering**			£ s. d.
46/6	35/9	17½ c	4 a	B.S.A. £1	41/-	40/-	4 7 6p
13/10½	10/-	3⅓ a	10⅔ b	Cammell Laird 5/-	12/6	11/6	6 1 9
39/3	27/-	...	3 a	Colvilles £1	32/-	31/-	5 16 2o
36/7½	23/-	...	8 c	Dorman Long £1	32/-	30/-	5 6 8
54/-	31/2½	5 a	15 b	Guest Keen N'fold £1	47/-	44/-	4 10 11m
79/9	42/-	12½ c	5 a	Stewarts & Lloyds £1	68/6	65/-	3 16 11
47/-	27/6	6⅞ b	4 a	Summers (John) £1	40/-	38/6	5 3 11m
50/-	28/6	6 b	4 a	United Steel £1	43/-	40/6	4 18 9
47/10½	35/9	2½ a	6 b	Vickers £1	41/-	38/6	4 8 4
				Textiles			
30/4½	21/-	6 b	4 a	Bradford Dyers £1	22/-	21/3*	9 8 3
35/-	25/-	3 a	7 b	Brit. Celanese £1	26/10½	26/3	7 12 5
29/6	23/-	2½ a	6¼ b	Coats (J. & P.) £1	25/-	24/-	7 5 10
55/3	35/-	4 a	6 b	Courtaulds £1	47/6	45/7½	4 7 8
34/1½	26/-	7½ b	5 a	Lancs. Cotton £1	26/6	26/9	9 6 11
36/0¾	28/-	2½ a	10 b	Patons & Baldwins £1	30/9	30/-	8 6 8
				Motor & Aircraft			
22/11¼	17/4½	3⅓ a	6⅔ b	Bristol Aeroplane 10/-	21/3	19/9	5 1 3
15/9¾	9/10½	8⅓ b	4 a	British Motor 5/-	13/1½	11/3	5 11 2
27/10½	21/3	7½ c	Nil c	De Havilland £1	24/3	23/3	Nil
60/-	37/-	5 a	10 b	Ford Motor £1	48/1½	47/6	3 3 2v
70/9	43/1½	7½ b	5 a	Hawker Siddeley £1	58/9	55/-	4 10 11
52/9	33/6	25 c	30 c	Leyland Motors £1	46/3	42/6	4 14 1m
133/1½	71/3	5 a	12½ b	Rolls Royce £1	120/-	112/6	3 2 3
12/3¾	6/10½	12 c	12 c	Standard Motor 5/-	11/6	10/9	5 11 8
				Shops & Stores			
21/7½	12/6	10 a	17½ b	Boots Pure Drug 5/-	18/6	18/6	3 14 5t
47/6	36/9	7½ a	20 b	Debenhams 10/-	40/6	39/3	7 0 2
62/6	43/9	15 a	45 b	Gt. Universal 5/-	48/6	48/6	6 3 9
114/-	93/1½	5 a	17½ b	Lyons (J.) 'A' £1	97/6	95/-	4 14 9
76/-	58/6	15 a	30 b	Marks & Spen. 'A' 5/-	69/-	66/-	3 17 9
71/9	55/3	36⅔ b	20 a	Woolworth 5/-	60/6	60/-	4 3 3d
				Oil			
139/-	68/6	5 a	14 b	British Petroleum £1	120/-	116/10½	2 11 4j
93/5¼	50/-	7½ a	13½ b	Burmah £1	81/3	76/10½	2 14 11i
£62¼	£50¾	6 a	10 b	Royal Dutch 100 fl.	£60	£60½	2 9 11
158/9	109/9	5† a	10† b	Shell Reg. £1	135/-	133/9	3 18 0
44/6	26/9	15† b	5† a	Trinidad L'holds 5/-	40/3	38/6	4 10 0
				Shipping			
37/3	25/10½	5 a	7 b	Cunard £1	28/-	27/6	7 5 5m
61/-	45/-	12 c	14 c	Furness Withy £1	51/6	47/-*	5 19 2
38/6	27/6	3 a	13 b	P. & O. Def. £1	32/-	31/-	5 3 3n
				Miscellaneous			
97/6	61/3	14 c	2½ a	Assoc. Elect. £1	91/3	87/6	3 4 0
135/-	88/9	5 a	15 b	Assoc. Port. Cem. £1	112/6	110/-	3 12 9
111/6	67/-	7½ a	15 b	Bowater Paper £1	96/3	93/9	3 16 11u
56/3	44/1½	2½ a	7½ b	B.I.C.C. £1	47/6	45/-	4 0 0
58/3	35/6	4 a	8 b	Brit. Aluminium £1	51/3	48/6	4 10 0
61/3	47/10½	15† c	10† a	Brit. Amer. Tob. 10/-	57/-	54/-*	4 16 8
$64½	$51¾	3 b	3 a	Canadian Pacific $25	$60	$59¼	4 11 5
48/9	31/4½	41⅔ b	14 1/12 a	Decca Record 4/-	40/-	38/9	3 17 5r
33/4½	27/-	4 a	10 b	Dunlop Rubber 10/-	28/6	27/-	5 3 8
87/3	54/1½	8½ b	4 a	English Elect. £1	80/-	77/6*	3 4 6
81/-	51/3	4½ a	9½ b	General Elect. £1	70/-	67/6*	4 3 0
61/6	38/3	4 a	6 b	Imp. Chemical £1	53/9	51/3	3 18 1
65/10½	57/9	12½ b	8⅓ a	Imp. Tobacco £1	62/-*	58/6	7 3 7
$149¾	$105½	$2·90 c	$1·75 a	Inter. Nickel n.p.v.	$143¼	$147*	3 7 1
77/-	57/6	7½ a	10 b	London Brick £1	70/7½	65/-	5 7 8
38/6	26/-	15⅚ b	6⅔ a	Monsanto Chemicals 5/-	31/6	29/6	3 16 4
81/3	60/3	3½ a	14½ b	Tate & Lyle £1	76/10½	71/10½	4 8 11g
109/6	72/6	10 b	10 a	Tube Investments £1	100/-	95/-	4 4 3
118/6	95/6	17½ b	5 a	Turner & Newall £1	105/7½	105/-	4 5 8
100/6	69/3	6 a	9¾ b	Unilever £1	93/9	92/6	3 8 1
44/1½	34/3	7⅛† b	7 1/12† b	United Molasses 10/-	37/1½	34/6	6 8 1q
49/9	34/-	2½† a	27½† b	Cons. Tea & Lands £1	41/6	40/6	25 15 5
3/4½	1/10½	10 c	15 c	London Asiatic Rbr. 2/-	2/7½	2/6	12 0 0
63/6	38/9	7½ a	20 b	United Sua Betong £1	54/4½	52/6	10 9 5
				Mines			
9 1/32	7 21/32	20 a	50 b	Anglo-Amer. 10/-	9	8⅞	3 18 11
143/3	106/10½	80 a	120 b	De Beers 5/- Bearer	130/-	127/6	7 16 10
126/3	78/9	...	...	Free State Geduld 5/-	86/10½	85/-	Nil
70/9	51/7½	10 b	10 a	Randfontein £1	59/4½	58/1½	6 17 8
10/3	6/8¼	24 c	28 c	London Tin 4/-	9/5¼	9/8¼	11 9 0
49¾	31½	200 b	50 a	Rhokana £1	45¾	49	5 2 0

New York Closing Prices

	Aug. 17	Aug. 24		Aug. 17	Aug. 24		Aug. 17	Aug. 24
	$	$		$	$		$	$
Balt. & Ohio	51¾	51⅛	Am. Smelting	52¾	52⅞	Inter. Paper	103¼	106½
Can. Pac.	33¼	33⅜	Am. Viscose	58½	58⅜	Nat. Distill.	21	20⅞
N.Y. Cent.	45¼	46¾	Cel. of Am.	23⅜	22½	Sears Roebuck	97¾	98⅛
Pennsyl.	26⅜	27¾	Chrysler	84½	86¼	Shell	61⅛	61¾
Amer. Tel.	181½	178⅝	Gen. Elec.	50¾	51¼	Std. Oil of N.J.	132¼	133¾
Stand. Gas	10	10	Gen. Motors	125⅞	128	U.S. Steel	51¾	53⅞
United Corp.	6½	6½	Goodyear	56¼	57⅛	Westinghouse	63⅛	66¾
W. Union Tel.	25	23	Inter. Nickel	78⅝*	82½	Woolworth	49⅞	50⅜

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 16·1%. (h) On 16½%. (i) On 19½%. (j) On 15%. (l) To latest date. (m) On 10%. (n) On 8%. (o) On 9%. (p) On 8¾%. (q) Yield basis 22·10% gross. (r) On 77½%. (s) On 6⅜%. (t) On 13⅓%. (u) Dividend for 15 months. On 18%. (v) On 7½%. (x) On 12½%.

Statistics

The following list shows the most recent date on which each statistical page appeared.

British		Overseas	
Prices and Wages	Aug. 6th	Western Europe Production and Trade	Aug. 6th
Production and Consumption	Aug. 13th	British Commonwealth	Aug. 13th
Manpower	Aug. 20th	Western Europe Prices and Money Supply	Aug. 20th
External Trade	This week	United States	This week
Financial Statistics	This week		
Industrial Profits	July 23rd		
World Trade	July 23rd		

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages 1952	1953	1954	1954 May	June	July	1955 April	May	June	July
VALUE											
Imports:											
Total	£ million	289·8	278·6	281·6	280·5	291·0	289·7	318·0	290·3	294·0	339·0
Food, drink and tobacco	"	109·5	109·7	110·9	107·8	102·2	107·6	119·9	104·7	107·8	118·9
Basic materials	"	95·4	87·8	85·4	86·4	97·8	94·6	92·6	85·5	79·7	100·7
Mineral fuels and lubricants	"	28·2	26·1	27·4	28·4	26·2	29·6	34·6	32·7	38·6	34·9
Manufactures	"	64·1	53·6	56·7	57·0	63·3	56·9	70·1	66·4	67·1	83·1
Exports of UK produce:											
Total	"	215·4	215·2	222·9	229·1	217·9	247·1	244·8	249·4	157·0	223·0
Manufactures	"	178·5	174·9	181·0	187·3	177·2	204·0	202·5	207·1	126·1	184·3
Re-exports	"	12·0	8·8	8·4	9·0	8·7	9·1	8·3	8·3	8·1	7·9
Balance of trade (exports *less* imports)	"	− 62·4	− 54·6	− 50·3	− 42·4	− 64·4	− 33·5	− 64·9	− 32·6	−128·9	−108·1
VOLUME											
Imports	1950=100	103	112	114	114	113	115	125	115	117	...
Exports	"	95	98	104	106	101	115	114	117	72	...
BY AREA											
Imports:											
Dollar area—total	£ million	60·1	52·9	51·6	48·1	55·3	53·4	66·9	60·5	60·9	79·0
" USA	"	26·2	21·1	23·6	19·6	19·3	21·5	29·9	27·8	26·1	40·6
" Canada	"	26·7	25·5	22·7	23·1	29·4	24·7	30·7	26·8	27·7	28·5
Non-sterling OEEC countries	"	71·3	64·0	68·2	69·3	69·0	75·3	71·4	75·0	77·9	79·8
Sterling area	"	119·7	125·3	126·1	126·7	127·4	118·3	135·4	119·8	120·2	134·5
Exports:											
Dollar area—total	"	31·4	33·7	31·3	32·9	30·7	31·9	35·8	35·2	23·2	36·5
" USA	"	15·1	14·3	13·3	14·0	13·8	14·0	16·3	14·8	12·5	16·6
" Canada	"	11·0	13·4	11·3	13·3	11·0	11·6	11·8	15·2	6·2	15·1
Non-sterling OEEC countries	"	58·4	62·2	64·7	64·1	63·4	69·8	67·1	69·7	53·6	67·8
Sterling area	"	107·0	105·8	112·3	117·3	110·4	130·4	125·2	123·0	71·0	102·2
Balance of trade (exports *less* imports):											
Dollar area	"	− 28·7	− 19·2	− 20·3	− 15·2	− 24·6	− 21·5	− 31·1	− 25·3	− 37·7	− 42·5
Non-sterling OEEC countries	"	− 12·9	− 1·8	− 3·5	− 5·2	− 5·6	− 5·5	− 4·3	− 5·3	− 24·3	− 12·0
Sterling area	"	− 12·7	− 19·5	− 12·8	− 9·4	− 17·0	+ 12·1	− 10·2	+ 3·2	− 49·2	− 32·3
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	325·3	335·0	289·1	155·8	203·5	291·6	381·2	365·4	350·3	332·5
Meat	"	45·5	63·1	56·4	57·4	48·2	73·2	57·9	48·1	39·2	60·4
Sugar, unrefined	"	164·6	247·4	201·5	254·7	225·8	150·7	257·4	198·3	197·7	228·4
Raw cotton (1)	"	21·8	27·5	30·8	34·9	35·0	34·5	30·5	25·3	15·4	20·1
Raw wool, sheep's and lambs' (1)	mn. lb.	51·9	63·2	51·9	66·8	69·5	55·4	57·0	60·0	53·6	75·7
Rubber, natural and synthetic (1)	'000 tons	16·7	18·4	20·7	17·9	18·1	17·9	21·7	17·7	18·2	27·0
Softwood	'000 stds.	85·2	119·1	122·2	113·5	171·4	194·9	79·7	104·2	125·9	189·2
Woodpulp	'000 tons	119·8	133·7	159·9	177·8	182·4	171·2	172·7	175·5	177·7	201·0
Crude petroleum	mn. galls.	494	558	606	622	574	622	656	578	698	596
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,254	1,400	1,351	1,417	1,331	1,391	1,048	1,271	903	1,029
Woven piece-goods—cotton	mn. sq. yds	59	59	53	58	49	57	46	45	25	42
" " wool	'000 sq. yds.	8,143	8,710	8,205	7,630	7,340	8,540	8,287	8,643	5,522	9,216
Passenger cars and chassis	number	25,824	25,181	30,507	36,459	33,253	38,999	38,233	33,577	22,920	30,828
Commercial vehicles and chassis	"	10,636	9,196	10,521	11,926	10,015	12,110	15,292	12,885	8,854	12,347
Agricultural tractors	"	8,746	7,807	8,979	9,228	9,233	10,113	10,170	10,115	6,449	8,685
Machinery—electrical	£'000	4,805	5,023	4,916	5,501	4,595	5,547	5,642	5,065	2,645	3,683
" other	"	29,758	30,003	30,575	32,685	29,778	33,940	35,161	36,700	21,975	32,094
Chemicals, elements and compounds	"	4,352	4,177	4,215	4,760	4,222	4,440	3,981	5,228	2,535	3,906

(1) Retained imports.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices: All commodities	Farm products	Consumer prices: All items	Food	Clothing	Housing	External prices: Import	Export	Terms of trade	Stock prices: Composite index	Average weekly earnings in manufacturing: At current prices	At 1954 prices
	1947-49=100						1948=100			1939=100	§	
1939	50·1	36·5	59·4	47·1	52·5	...	41	48	85	100·0	23·86	46·15
1953	110·1	97·0	114·4	112·8	104·8	117·7	117	102	115	193·3	71·69	71·91
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	100	120	229·8	71·86	71·86
1955, March	110·0	92·1	114·3	110·8	103·2	119·6	120	101	119	279·6	75·11	75·41
" April	110·5	94·2	114·2	111·2	103·1	119·5	120	102	118	286·8	74·96	75·34
" May	109·9	91·2	114·2	111·1	103·3	119·4	...	...	...	289·0	76·30	76·68
" June	110·3	91·8	114·4	111·3	103·2	119·7	...	...	...	302·9	76·11	76·34
" July	110·6	89·5	...	...	...	...	...	...	...	318·8	75·76	...

PRODUCTION AND MANPOWER

	Gross national product: Seasonally adjusted annual rates	Total industrial production	Manufacturing production: Durable goods: Total	Metals	Vehicles, etc.	Non-durable goods: Total	Textiles, clothing	Chemicals and petroleum products	Building: New construction seasonally adjusted annual rates	Civilian employment: Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947-49=100; seasonally adjusted							$ billion	thousands		% rate
1939	91·1	58	49	53	48	66	80	...	8·2	55,230	45,750	17·2
1953	364·5	134	153	132	189	118	107	142	35·3	63,815	62,213	2·5
1954	360·5	125	137	108	175	116	100	142	37·6	64,468[1]	61,238[1]	5·0[1]
1955, March	375·3[2]	135	148	136	195	124	109	153	41·3	63,654[1]	60,477[1]	5·0[1]
" April	384·8	136	151	138	197	125	112	155	41·9	64,647[1]	61,685[1]	4·6[1]
" May		138	153	140	199	127	113	158	42·4	65,192[1]	62,703[1]	3·8[1]
" June		139	155	142	194	128	112	160	42·0	66,696[1]	64,016[1]	4·0[1]
" July	...	140	157	139	204	128	111	162	42·0	67,465[1]	64,995[1]	3·7[1]

TRADE

	Personal consumption Annual rates	All business[2]: Sales	Stocks	Total retail[2]: Sales	Stocks	Imports for US consumption: Total	Crude materials	Semi-manuf'res	Exports of US merchandise: Total	Finished goods	Volume of trade: Imports	Exports
	$ billion; seasonally adjusted					$ million					1936-38=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	94	113
1953	230·6	48·4	80·3	14·2	22·7	898	217	224	1,304	911	158	262
1954	236·5	46·7	76·9	14·2	22·1	853	200	193	1,247	811	146	253
1955, February	245·8[3]	48·9	77·3	14·8	22·4	843	204	209	1,222	742	145	249
" March		50·7	77·5	15·1	22·6	1,006	254	230	1,330	822	173	269
" April		50·9	77·7	15·3	22·8	872	225	211	1,251	803	150	253
" May	250·5	51·7	78·4	15·4	23·0	959	...	...	1,299	...	...	...
" June		52·2	78·8	15·3	23·2	943	...	...	1,306	...	...	...
" July	...	...	...	15·6	...	...	...	...	...	...	...	...

PURCHASING POWER AND FINANCE

	Personal income: Total	Labour income	Farm income	Consumer credit: Total	Instalment	Banking statistics[3]: Investments	Loans	Budget expenditure[4]: Total	Surplus or deficit	Bond yields: 3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	− 3·9	0·023	...	3·01
1953	286·2	204·6	12·3	29·54	22·19	78·1	67·6	74·3	− 9·4	1·931	2·93	3·20
1954	287·6	202·8	12·0	30·13	22·47	85·3	70·6	67·8	− 3·1	0·953	2·53	2·90
1955, February	293·2	207·1	11·7	29·52	22·51	83·6	71·2	4·8	+ 0·6	1·177	2·72	2·99
" March	295·7	209·4	11·1	29·95	22·97	81·2	72·3	5·9	+ 3·8	1·335	2·71	3·02
" April	298·9	211·5	11·4	30·66	23·51	82·6	72·9	5·2	− 1·5	1·620	2·77	3·01
" May	301·4	214·2	10·9	31·57	24·15	81·6	73·9	5·4	− 0·9	1·491	2·75	3·04
" June	301·2	214·6	10·5	32·47	24·91	79·8	75·7	6·7	+ 3·4	1·432	2·76	3·05
" July	...	...	...	...	...	...	...	...	...	1·622	2·87	3·05

(1) Figures calculated on the basis of a new and larger sample. (2) 1939 figures not strictly comparable with rest of series; stocks are at end of period. (3) All commercial banks. (4) Annual figures are totals for the fiscal year ended June 30th. (5) First quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended August 20th there was an "above-line" deficit (after allowing for Sinking Funds) of £48,006,000 compared with a deficit of £7,107,000 in the previous week and a deficit of £52,985,000 in the corresponding period of last year. There was a net receipt "below-line" of £23,767,000, bringing the total cumulative deficit to £363,119,000 (£278,764,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to Aug. 21, 1954	April 1, 1955 to Aug. 20, 1955	Week ended Aug. 21, 1954	Week ended Aug. 20, 1955
Ord. Revenue					
Income Tax	1877,400	373,729	386,351	23,982	23,237
Sur-tax	136,000	27,300	25,000	600	700
Death Duties	195,000	71,100	73,400	4,400	4,000
Stamps	74,000	26,400	28,600	1,000	800
Profits Tax & EPT	189,000	65,900	69,700	3,500	4,900
Excess Profits Levy	25,000	35,100	11,600	2,700	100
Special Contribution and other Inland Revenue	1,000	580	200	80	...
Total Inland Rev.	2473,400	691,109	594,851	36,062	33,737
Customs	1131,700	450,027	434,424	20,828	22,368
Excise	795,050	300,830	328,430	16,470	17,290
Total Customs and Excise	1927,750	730,857	762,854	37,298	39,658
Motor Duties	80,000	14,281	16,466	...	...
PO (Net Receipts)	...	8,950	5,760	3,500	3,550
Broadcast Licences	25,000	4,700	5,300	...	...
Sundry Loans	24,000	9,130	13,660	...	1,903
Miscellaneous	175,000	56,892	29,223	847	234
Total	**4710,150**	**1425,919**	**1428,114**	**77,756**	**79,082**
Ord. Expenditure					
Debt Interest	600,000	225,228	242,180	52,484	49,878
Payments to N. Ireland Exchequer	53,000	16,855	19,601	...	...
Other Cons. Fund	10,000	4,065	5,130	217	159
Supply Services	3862,875	1292,209	1282,583	77,740	76,400
Total	**4525,875**	**1538,346**	**1549,495**	**130441**	**126437**
Sinking Funds	36,000	11,953	11,115	300	650
"Above-line" Surplus or Deficit	—	**124,390**	**132,496**	**52,985**	**48,006**
"Below-line" Net Expenditure	net	154,374	230,623	+ 12,082	+ 23,767
Total Surplus or Deficit	—	**278,764**	**363,119**	**40,903**	**24,239**
Net Receipts from:					
Tax Reserve Certificates		151,724	40,221	1,889	−2159
Savings Certificates		4,400	12,600	− 200	800
Defence Bonds		− 7,954	− 100	217	− 456

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Aug. 21	3,270·0	1,495·5	279·0	...	5,044·5
1955					
May 21	3,270·0	1,768·8	295·7	...	5,334·5
„ 28	3,260·0	1,808·1	258·4	5·8	5,342·2
June 4	3,250·0	1,859·5	295·9	...	5,385·4
„ 11	3,240·0	1,905·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
„ 16	3,250·0	2,020·0	295·8	...	5,573·7
„ 23	3,270·0	2,019·6	286·1	...	5,575·7
„ 30	3,280·0	2,049·0	265·5	...	5,594·6
Aug. 6	3,300·0	1,999·1	272·1	...	5,571·2
„ 13	3,310·0	1,969·5	298·3	...	5,577·8
„ 20	3,320·0	2,027·8	257·8	...	5,605·6

THE MONEY MARKET

THE comfortable conditions that prevailed in Lombard Street last week gave way to renewed stringency at the week-end, and this was sustained through the first three days of this week. Penal borrowing was just avoided on Tuesday with the help of moderate special purchases, but on the following day three or four houses were again affected for a small amount.

The market's bid at the Treasury bill tender on Friday last was unchanged at £99 per cent. The offer was up by £30 million to £270 million, and total applications rose by an equal amount, to £380.1 million. The market's allotment was up from 58 to 62 per cent. Spot sterling has strengthened slightly this week, rising on Wednesday from $2.78⅜ to $2.78¼. Forward sterling has, however, weakened somewhat, the premium on three months dollars widening from 1 7/16-1 5/16 cents on Thursday last to 1 9/16-1 7/16 cents by Wednesday. The price of silver has fallen back slightly from the high level reached in recent weeks; cash silver was down from 79¼d. an ounce to 78⅞d. an ounce in the week to Wednesday, and forward from 79d. to 78¾d. an ounce.

The bank return shows a return of notes of £20 million, again larger (by £3.5 million this week) than the reflux in the corresponding week of 1954. Discounts and advances are up by £20.7 million, reflecting the week's borrowing at the Bank. Bankers' deposits rose by £8.3 million, to the still low level of £233.0 million.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4 3/16-4 1/8
Banks	2½	3 months	4 3/16-4 1/8
Discount houses	2½*	4 months	4 3/16-4 1/8
		6 months	4½
Money Day-to-day	2½-4	Fine trade bills:	
Short periods	2½-4½	3 months	4½-5
Treas. bills 2 months	3 11/16	4 months	4½-5½
3 months	4	6 months	5-5½

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 Aug. 25	1955 Aug. 17	1955 Aug. 24
Issue Department:			
Notes in circulation	1,654·0	1,808·9	1,788·9
Notes in banking dept.	46·4	15·4	36·4
Govt. debt and securities*	1,596·2	1,821·5	1,821·5
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	14·6	19·2	11·4
Treasury special account	1·7	2·5	2·1
Bankers	267·2	224·7	233·0
Others	63·8	68·7	68·4
Total	347·3	314·9	315·0
Securities:			
Government	296·4	289·0	249·0
Discounts and advances	7·0	9·5	30·2
Other	13·7	16·0	16·1
Total	317·1	314·5	295·3
Banking department reserve	48·7	18·8	38·0
" Proportion "	14·0	% 5·9	% 12·2

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,825 million from £1,875 million on August 17th, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
Aug. 20	250·0	398·2	260·0	32	2·66	80
1955						
May 20	240·0	375·6	240·0	78	4·64	80
„ 27	250·0	389·9	250·0	78	4·37	48
June 3	250·0	370·5	250·0	78	11·80	82
„ 10	250·0	378·6	260·0	79	7·53	53
„ 17	250·0	365·6	250·0	79	5·17	65
„ 24	270·0	380·5	270·0	79	4·53	58
July 1	290·0	383·8	290·0	79	4·87	67
„ 8	280·0	403·8	280·0	79	4·60	56
„ 15	260·0	383·4	260·0	79	4·88	55
„ 22	240·0	361·4	240·0	79	4·98	55
„ 29	240·0	344·2	240·0	79	5·08	60
Aug. 5	240·0	350·8	240·0	80	0·42	56
„ 12	240·0	350·4	240·0	80	1·13	58
„ 19	270·0	380·1	270·0	80	1·28	62

*On Aug. 19th tenders for 91 day bills at £99 0s. 0d. secured about 62 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £250 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates August 24	Market Rates: Spot August 18	August 19	August 20	August 22	August 23	August 24
United States $	2·78-2·82	2·78 1/16-2·78 3/16	2·78 1/16-2·78 3/16	2·78 1/16-2·78 3/16	2·78 1/16-2·78 3/16	2·78 1/16-2·78 3/16	2·78 1/16-2·78 3/16
Canadian $	...	2·74 1/16-2·74 3/16	2·74 1/16-2·74 3/16	2·74 1/16-2·74 3/16	2·74 1/16-2·74 3/16	2·74 1/16-2·74 3/16	2·74 1/16-2·74 3/16
French Fr.	972-65 987-35	973 973½	972½ 973½	972½ 973½	973 973½	973½ 973½	973-973½
Swiss Fr.	12·15 1/16-12·33 1/16	12·15¼-12·15¾	12·15¼-12·15¾	12·15¼-12·15¾	12·15¼-12·15¾	12·15¼-12·15¾	12·15¼-12·15¾
Belgian Fr.	138·93-141·05	138·97½-139·02½	138·95-139·00	138·95-139·00	138·95-139·00	138·95-139·00	138·95-139·00
Dutch Gld.	10·56-10·72	10·59½-10·59¾	10·59½-10·59¾	10·59½-10·59¾	10·59½-10·60	10·59½-10·60¼	10·59½-10·59¾
W. Ger. D-Mk.	11·67 1/16-11·84 1/16	11·67½-11·68½	11·67½-11·68½	11·68½-11·69½	11·70-11·69½	11·70½-11·69½	11·69½-11·69¾
Portuguese Esc.	79·93-81·10	80·00-80·15	80·00-80·15	80·00-80·15	80·00-80·15	80·00-80·15	80·00-80·15
Swedish Kr.	14·57½-14·59½	14·58½-14·58¾	14·58½-14·58¾	14·58½-14·58¾	14·58½-14·58¾	14·58½-14·58¾	14·58½-14·58¾
Danish Kr.	19·43½-19·44½	19·34-19·34½	19·34-19·34½	19·34-19·34½	19·34-19·34½	19·35-19·34½	19·34-19·34½
Norwegian Kr.	19·85-20·15	19·98½-19·99½	19·99-19·99½	19·99-19·99½	19·99½-19·99½	19·99½-19·99½	19·99½-19·99½
		One Month Forward Rates					
United States $		⅛ ⅛c. pm	⅛ ⅛c. pm	⅛ ⅛c. pm	⅛ ⅛c. pm	3/16 ⅛c. pm	3/16 ⅛c. pm
Canadian $		3/16 3/16c. pm	3/16 3/16c. pm	3/16 3/16c. pm	3/16 3/16c. pm	3/16 3/16c. pm	1 pm-par
French Fr.		1 pm-par	1 pm-par	1 pm-par	1 pm-par	1 pm-par	2½ 2½c. pm
Swiss Fr.		2½ 2½c. pm	2½ 2½c. pm	2½ 2½c. pm	2½ 2½c. pm	2½ 2½c. pm	⅛ ⅛ pm
Belgian Fr.		1/16 1/16 pm	1/16 1/16 pm	1/16 1/16 pm	¼ ¼ pm	½ ½ pm	3½ 2½c. pm
Dutch Gld.		3½ 2½c. pm	3 2½c. pm	3 2½c. pm	3½ 2½c. pm	3½ 2½c. pm	2½ 2pf. pm
W. Ger. D-Mk.		2½ 2pf. pm	2½ 2pf. pm	2½ 2pf. pm	2½ 2pf. pm	2½ 2pf. pm	1o pm-par
Swedish Kr.		1o pm-par	1o pm-par	1o pm-par	1o pm-par	1o pm-par	Par 2o dis
Danish Kr.		Par 2o dis	Par 2o dis	Par 2o dis	Par 2o dis	Par 2o dis	½o pm ½o dis
Norwegian Kr.		½o pm ½o dis	½o pm ½o dis	½o pm ½o dis	½o pm ½o dis	½o pm ½o dis	
		Gold Price at Fixing					
Price (s. d. per fine oz.)		251/5½	251/5½	...	251/5½	251/5½	251/5½

SECURITY AND MORE

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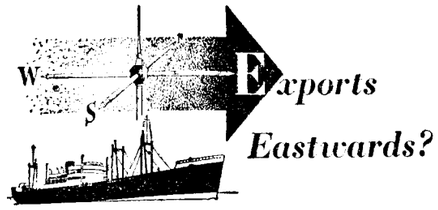

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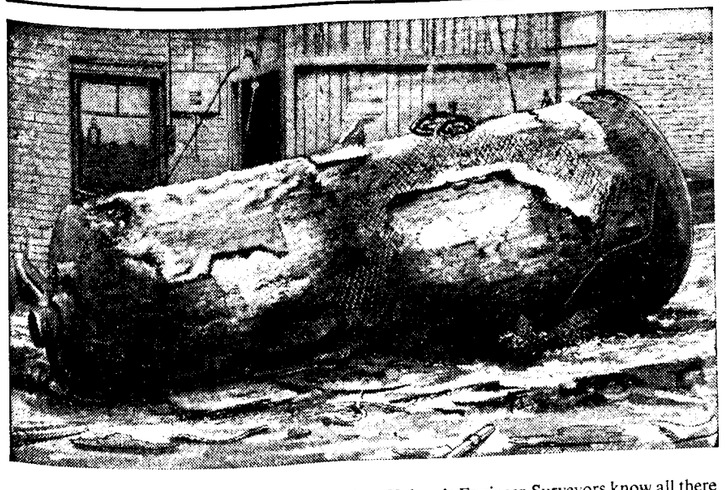

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COMPANY MEETINGS

UNITED DOMINIONS TRUST

GRATIFYING EXPANSION

MR J. GIBSON JARVIE ON THE ROLE OF HIRE PURCHASE

The thirty-third annual general meeting of United Dominions Trust Limited was held on August 23rd at United Dominions House, Eastcheap, London, E.C.3.

Mr J. Gibson Jarvie (the Chairman) presided and, in the course of his speech, said:

Your Board are privileged, for the seventh successive postwar year, to report a record in volume of business handled and in profits earned. Throughout the year, the expansion and spread of business has been both notable and gratifying.

RECORD RESULTS

The Consolidated Balance Sheet totals have risen from £34,361,575 to £58,241,773 and profits earned have gone up from £1,060,122 to £1,780,288. Taxation, however, has increased from £561,482 to no less a figure than £953,358. We have added £385,800 to General Reserves; Balance of Profit and Loss has gone from £359,493 to £423,778, whilst Credit Insurance Funds have risen from £429,770 to £568,375 and Rebate of Interest and Deferred Income have jumped from £1,263,439 to £2,863,626. Altogether we can justifiably claim not only another record year but one based on sound and logical development.

Conditions, however, have not been easy. During the year the bank rate was raised twice, by ½ per cent on January 27th last and by 1 per cent on February 24th and while the higher bank rate increased the cost of money to us, we did not raise our rates to our customers. The results more than justified our policy and so far as one can see, the expanded volume of business handled by the Group was not transitory in any sense. It appears to be the normal progress we had every right to expect.

In recent years, at each Annual Meeting, I have been able to suggest the results we might expect in the year ahead. But we are meeting now at a time of continuing crisis. Where your company is concerned, however, I can tell you that within measurable time the Dominion subsidiaries, taken together, may easily beat the record of the parent company—so that we are not dependent on Great Britain's uneasy economy for growth and profits.

In the postwar years our national story is a lamentable one. I shall not catalogue the many unhappy vicissitudes, political and economic, through which we have passed, except to say that it would appear that the number of our troubles and their tempo have consistently increased.

Recent happenings have told us plainly enough that we shall have to treat our social and economic ills more seriously.

Taxation of companies and of individuals is so burdensome that it threatens to break us. Your Company has had another record year which was not achieved without hard work and many worries—but more than half our profits goes in taxation.

FUNDAMENTAL CAUSE OF INFLATION

Since the War, we have been continuously warned of the danger of inflation. But Governments conveniently forget that the fundamental cause of inflation is unproductive Government spending! Inflation will continue just so long as our vast over-taxation supports profligate State spending. Just as long as men demand wages unrelated to their production, the evil will grow. Just so long as we refuse to understand that we are living on our capital, inflation will go on and the trade by which we live will dwindle. The workers seem wilfully to ignore the fact that they themselves are largely responsible for the rising cost of living. Every strike causes prices to rise; every time "work-to-rule" is adopted, prices rise; every time a man—or a woman—puts in less than a fair day's work for a fair day's pay, prices rise. Every time a rise in wages is conceded because prices have risen, prices rise again.

We have all the impossible burdens of the Welfare State—the sorriest ideal ever offered to independent people anywhere; we have the heaviest taxation in the world, but so far as I can recall, it has never been admitted by the Government that these bear any responsibility for inflation. It has been suggested, of course, as a pious wish, that wages must be related to production but there has not been any successful attempt to secure that end.

HIRE PURCHASE—THE SCAPEGOAT

So, as there must be the appearance of something being done to check our growing inflation, the Government seek a scapegoat. In this case they have—so they claim—discovered that a prime cause of the inflation is hire-purchase. Much publicised steps have, therefore, been taken to restrict the business. The theorist and impeccable moralist insist that hire-purchasers are living beyond their incomes. They take no notice of the indubitable fact that hire-purchasers faithfully meet their commitments. Since that is a fact, it surely proves that hire purchasers do not over-commit themselves. Hire-purchase is, in fact, merely a compulsory form of saving, voluntarily undertaken.

Hire-purchase is a part of the modern economic set-up all over the world and, because it is essential, it has come to stay. Present-day conditions demand it. Without it large industries would be seriously affected. Exports in some of the biggest lines would drop. Factories would reduce output, men would be unemployed. Industrially, it is a necessity. There are manufacturers and merchants who, without hire-purchase, would today have difficulty in procuring necessary plant and equipment. Taxation denies them reserves, prices have risen, but modern plant is urgently needed so that they must have recourse to credit in some form. As bank overdrafts are for the day-to-day needs of a business, hire-purchase solves the problem.

Hire-purchase made mass production possible and so gave us lower prices. It created wide markets for products which otherwise would have found only a limited demand at high prices. It turned "luxuries" into common possessions; amenities which are today regarded as indispensable would have been rarities. It enormously increased employment and wages. In consequence, it is a perfectly reasonable assumption that any nation which refuses the services that hire-purchase alone can render, will have a lower standard of living and will be unable to compete with its more intelligent rivals. Hire-purchase definitely has come to stay and making difficulties for either seller or buyer ill serves our economy.

But in strange contrast with all the clamour for restricted credit, whilst inflation was mounting we saw no check on State spending. The responsibility for inflation rests squarely on the Government.

There is no real money inducement to the big earners who, by their own efforts, their energy, ability and willingness to take risks have built up successful enterprises. These men, who have provided work for the masses and added materially to the wealth of the nation, are denied their reward and any incentive to take greater risks. In short, too much money has been taken and is being taken by the Government and not enough is left for businesses or individuals; too much money has been taken by Labour without any corresponding production. To anyone seriously reviewing our economy today, these twin facts stand out a mile.

WM. CORY & SON

The Honourable F. A. Leathers presided on August 25th at the Fifty-Ninth Annual General Meeting of Wm. Cory & Son, Limited, held at Cory Buildings, Fenchurch Street, London, EC3. The following is an extract from his statement circulated with the report and accounts:

It is impossible to consider any review extending over the last financial year without emphasising the injurious effect which strikes, both official and unofficial, have had not only on your Company, but upon the economy of the country as a whole.

The tonnages discharged at your Company's wharves on the River Thames and at Rochester have shown an increase. At Erith a fine new jetty should be completed within two years. The first steps have also been taken in the extensive redevelopment of our Erith Wharf. The Rochester Wharf has been completely reconditioned and recrane d.

Despite increasing costs of repairs and renewals of the river craft, the lighterage section of the business has kept pace with its discharging counterpart. The barge building and repairing works at Charlton is in course of reconstruction.

Both the Seaborne and Railborne Coal Departments have had a difficult year.

The Coal Export Department has had a successful year, although much of its activities has been concerned in the importation of American coal into this country. Your Company has participated in negotiations for the sale of American coal to Europe and elsewhere.

The ships operated by your Company have had a successful year. Of the new vessels on order, one has been launched and will be ready for service very shortly, leaving four to be added within the next eighteen months to two years.

The Oil Bunkering Department has substantially increased the tonnage of fuel and diesel oil supplied to ships of nearly every nationality and at almost every port in the world. The oil cargo section has benefited through important sales of crude oil as well as refined products to buyers throughout the world. The results of the agreement with Shell-Mex and B.P. for the distribution of their products are proving satisfactory.

John Kelly Limited has had a good trading year in Northern Ireland.

There have been acquired during the year a company engaged in road haulage and a half interest in a group of companies engaged in the production of sea-dredged ballast.

Mann George & Co. Limited, the chief associated company, has sold its holding in the Durban Navigation Collieries Limited to the South African Iron and Steel Corporation. A new company has been operating for some months in the Federation of the Rhodesias and Nyasaland. The report and accounts were adopted.

OLDHAM & SON LTD.—MR. JOHN OLDHAM'S REVIEW

"Old established family businesses have considerable part to play . . . in newly established industries overseas"

Continued expansion in Company's 90th year

THE 36th Annual General Meeting of Oldham & Son Ltd.—mine lighting battery and electrical engineers—was held on Aug. 25th at Denton, Manchester, the Chairman—MR. JOHN OLDHAM, O.B.E.—presiding. The following are extracts from the Chairman's Statement, circulated with the Report and Accounts.

In presenting my report for the financial year ending 31st March, 1955, I do so with particular pleasure. It comes at a landmark in the firm's history—being the ninetieth anniversary of our foundation in 1865—and it is appropriate that the year's results should constitute a record for the Company to date.

I may remind shareholders that in previous statements I have drawn their attention to the programme of expansion throughout the Group—and have emphasised that current results should be judged in relation to the heavy development and promotional costs, which such activity inevitably entails. This programme continues to expand, and the satisfactory nature of my present report is in large measure due to the benefit now being derived from the preparatory work of past years.

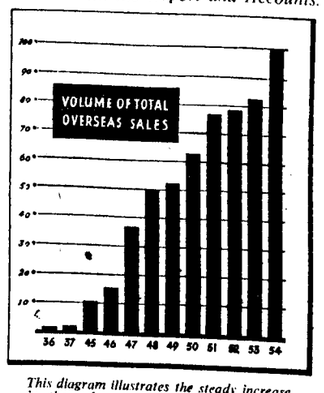
As shown in the Accounts the Group Profits for the year subject to taxation amounted to £452,958. Taxation both at home and overseas absorbs the sum of £222,834, leaving a sum of £230,124 of which £47,026 is attributable to outside minority interests in subsidiary companies. These results may, I think, be regarded as satisfactory.

Overseas Production

In South Africa, France and Australia, the output of our products has continued to increase. In each territory additional factory space, plant and equipment, have been acquired.

Africa

Oldham & Son, Africa, Ltd., has developed rapidly during the last six years in step with the expanding post-war economy of the Union of South Africa. Recently, freehold building and plant at Durban have been acquired, as well as spacious new factory premises situated at Parden Eiland, Capetown.



This diagram illustrates the steady increase in the volume of total Overseas Sales, which in 1954-5 represented 41.7% of the total Group Sales.

Last year I announced the formation of Oldham & Son, Central Africa (Pty.), Ltd., to establish sales and service of the firm's products in that area. Encouraging reports are now being received of new outlets for our products in that part of the world.

India

In my last statement to you I forecast that the first large scale installation of Oldham miners' lamps in India would be going into service. That expectation has been realised. We have also received instructions to instal our mine lighting lamps for test in other Indian mines.

France

In previous reports I have briefly referred to our French subsidiary company. Since their introduction, Oldham miners' lamps, together with the maintenance and inspection service which goes with them, have won a high reputation in the mines—where, with over 125,000 in daily use, they are the most extensively used lamps in the French mining industry. By the acquisition recently of a controlling interest in Compagnie Auxiliare des Mines additional space and production capacity at Douai have become available.

Australia

Last year, it will be recalled, I announced the setting up of our Australian subsidiary company—Fibrak (Australia) Pty. Ltd., to make available to the Australian battery manufacturers, locally produced supplies of Fibrak separators.

From starting up, the Australian plant, I am pleased to report, has worked to full capacity.

A second production unit has been added since the end of the financial year.

America

Since their introduction four years ago, Fibrak separators, manufactured under licence as "Darak" by the Dewey and Almy Chemical Company of Cambridge, Massachusetts, have firmly established themselves in the American battery industry. The fact that over 600,000,000 have gone into the production of American automobile batteries provides the best testimony to their qualities.

Direct Exports

The volume of direct exports was slightly in excess of that for last year.

Home Market

Production for the home market has continued to increase during the period, and the Denton organisation has now a double task to fulfil, including the growing calls made upon it by our overseas companies and the technical personnel required either for consultation, or for full time service overseas.

Of all requirements, the last-named is perhaps one of the most difficult to fulfil, because technical personnel going overseas need careful selection. Such men I regard as one of Britain's most valuable and enduring exports. At the moment, the demand exceeds the supply.

Commonwealth co-operation

In looking at the revolution in commerce and industry, which is now taking place throughout the British Commonwealth, I feel that family businesses of the old-established type—by whom so much of Britain's industrial strength was built up—have a considerable part to play. They can contribute much towards the solution of those delicate and intricate problems inevitably associated with the management, training and control of labour in newly established industries overseas. They can, I feel, make a vital contribution to forging new Commonwealth links of unity and co-operation.

OLDHAM AND SON LTD.
DENTON, MANCHESTER.

FRANCE · SOUTH AFRICA · RHODESIA
INDIA · AUSTRALIA

I.B.E. LIMITED

FURTHER STRENGTHENING OF FINANCIAL POSITION

The twenty-seventh annual general meeting of I.B.E. Limited was held on August 22nd at Slough, Mr Robert Montgomerie (the deputy chairman) presiding.

The following is an extract from the Chairman's circulated statement:

Trading Profits and Income from Trade Investments, after charging Depreciation and Directors' Remuneration, produce a result which differs only slightly from the corresponding figure for last year. When I remind you that the profits for 1954 included a sum of £5,500 representing a claim for loss of profits resulting from a fire in 1952, it will be appreciated that the Accounts in fact reflect an improvement.

In the circumstances, the dividend has been raised to 12½ per cent and it is perhaps pertinent to observe that your Company can now look back on a series of dividend payments extending unbroken for a period of 20 years.

The substantial increase in our Capital Reserves is directly attributable to the continued prosperity of our Associated Company in South Africa which, after paying us a satisfactory return on our investment for a number of years, has still managed to accumulate a considerable surplus of undistributed profits. During the year under review, a large part of this surplus was distributed in the form of Bonus Shares and, consequently, the sum of £22,641 representing their par value has been added to Trade Investments on the Assets side of the Balance Sheet. On the other side, the equivalent amount has been used, firstly, in creating an Investments Reserve of £10,000 and, secondly, in building up our General Capital Reserve which now stands at £43,640.

I am sure that members will have noted the steady improvement in our financial structure. Shareholders' funds comprising Paid up Capital and Accumulated Reserves but excluding the Reserve for Future Taxation, now stand at £683,719 representing an increase of nearly £45,000 during the year and the surplus of Current Assets over Current Liabilities has been maintained at a figure slightly in excess of last year.

NEW DEVELOPMENTS

Concerning our trading companies in the British Isles, overall sales of "Colfix" and "Lomix" bitumen emulsions showed some improvement, but the market for this type of emulsion in competition with other forms of road binder has been a limited one for some time. For this reason we have been actively engaged in trying to develop new types of emulsions with special characteristics. Sufficient progress has been made to justify the active pursuit of these developments in the belief that they will open up entirely new fields for the use of emulsions.

Business in industrial products has shown steady development and a continued improvement is anticipated during the current year.

Our Paint Companies have been concentrating, during the past year, on completing new specifications and plant to meet the latest requirements of the various Government Departments.

This work, which is now well advanced, is of the utmost importance and should greatly assist us in our efforts to further expand our markets.

Since the turn of the year encouraging reports have been received of our various activities and I have no reason to feel pessimistic with regard to the future.

The report was adopted.

THE UNIVERSITY OF LIVERPOOL

Applications are invited for the post of Tutor in Geography, at a salary not exceeding £500 per annum. Applications, stating age, academic qualifications and experience, and the position regarding National Service, together with the names of three referees, should be received not later than September 12, 1955, by the undersigned, from whom further particulars of the conditions of appointment may be obtained.

STANLEY DUMBELL, Registrar.

THE UNIVERSITY OF SHEFFIELD

Applications are invited from graduates of any University for a Douglas Knoop Research Fellowship. The Fellow will be required to undertake research in Economic History in the University of Sheffield. The value of the Fellowship, normally tenable for three years, will be £525 a year. Applications (three copies), indicating the line of research proposed by the applicant, should reach the Registrar (from whom further particulars may be obtained) by September 21, 1955.

NORTH WESTERN GAS BOARD

HEAD OFFICE, MANCHESTER
ASSISTANT STATISTICIAN

Applications are invited for the above pensionable appointment at a commencing salary within Grade A.P.T. 7 (£620 to £700 per annum).

Candidates must hold a first or second class degree in statistics or in economics combined with statistics. The successful candidate will act as mathematical specialist in the statistics section of the Board, and will be required to develop, on his own initiative, the techniques appropriate to the solution of problems in the field of market survey, cost analysis, quality control, demand forecasting, etc., in this large scale enterprise. Prospects for advancement, based on results achieved in this work, are favourable.

Applications, giving the names of two referees, should reach the Secretary, N.W.G.B., 60 Whitworth Street, Manchester, 1, within seven days.

IMPERIAL CHEMICAL INDUSTRIES requires an Economist with first or second class honours degree for industrial and commercial research involving the preparation of reports for higher management. Age 35-40. Must have personality, drive and experience of the practical application of economics and statistics to industry. The work requires a broad outlook, the ability to recognise the essentials in a complicated situation, to exercise independent judgement and initiative and to write clearly and concisely.—Applications should be sent to H.O. and Regions Staff Department (GDC), Imperial Chemical Industries Limited, Imperial Chemical House, Millbank, S.W.1.

ECONOMICS STATISTICIAN GRADUATE (male) required by major Petroleum Distributing Company in London, preferably with commercial experience. 25-30 age group. Excellent opportunities for advancement. Salary according to qualifications and experience. Pension scheme.—Application, giving details of age, qualifications and experience, to Box 185.

CHIEF COST ACCOUNTANT

required by foremost Civil Engineering and Building Company to take complete charge of its costing and to increase the scope and size of its present costing department.

Must be experienced man of highest calibre, with costing and contracting background.

Write, quoting Reference C.A.C., stating age, experience, salaries earned and salary required, to Box 183.

MARKET RESEARCH.—Company, selling to industry, require man with previous experience, aged 26-42, for work involving statistical evaluation of territories, Sales records, economic analyses, research into user industries.—Write, stating age, education, degree, experience and salary, to Box 186.

APPLICATIONS ARE INVITED for a post offering exceptional opportunities in the field of production with a modern expanding company engaged in the manufacture of fine chemicals and pharmaceuticals in the north of England. A good honours degree in science or technology is required, along with some years' production experience and management in a similar or allied field. Applicants should be about 30 years of age and capable of assuming responsibility and growing within the organisation. Please write in confidence, stating full details of qualifications and experience. Existing employees have been notified of this vacancy.—Box 181.

LIVINGSTON LABORATORIES LIMITED require a young Engineer for administrative duties. Candidates should have degree in engineering or physics, with experience in the electronics industry and some knowledge of the instrumentation of telecommunication. A high standard of intelligence, personality, and management ability is required. This is an unusual opportunity in a young and rapidly expanding firm for an engineer with a definite interest in the administrative side of business. Age 25-30.—Write to the Director, Retcar Street, London, N.19.

FINANCIAL ADVISER to an Asian Government, retiring shortly, invites suggestions for interesting employment from organisations or firms wishing to avail themselves of his wide experience and high level contacts in India, S.E. Asia and Far East.—Box 169.

SUCCESSFUL EXECUTIVE (30) SEEKS CHANGE. Experience import-export trading UK and abroad, also complex administrative duties, final accounts, costing, etc. French National, Oxford education. Fluent Spanish, some Italian.—Box 187.

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B.Sc. (Economics) Finalist (special accountancy) seeks interesting and progressive post. Sept. 20 demob.—R. A. Wolfe, 15 Boscombe Rd., Southend-on-Sea, Essex.

EXPORT SALES MANAGER.—Man aged 30, who has understanding of a large number of Export Markets in which he has achieved successful sales results, now wishes to reside in UK, and has ambition to obtain the post of Export Sales Manager, for which he feels his knowledge, energies and administrative ability are most suited. Particular experience advertising and marketing of branded products.—Box 168.

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This company recently disposed of one division of its business but has retained its hardware business. Its hardware lines are disposed of through jobbers and distributors throughout Canada.

This would be an ideal opportunity for a U.S. or foreign company wishing to establish manufacturing facilities in Canada or a Canadian company wishing to expand its operations.

Arrangements may be made for the purchase of the business as a whole or of the plant and equipment. Consideration will also be given to leasing the facilities to responsible parties.

Inquiries should be addressed to:
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Cures for No Confidence

Eyes on Gaza

No Breathing Space for Germany

University Road Block

Materials on the Tight Rope

Circus in the Air

AMERICAN SURVEY: Money *versus* the Cycle
THE WORLD OVERSEAS: Goa Reviewed
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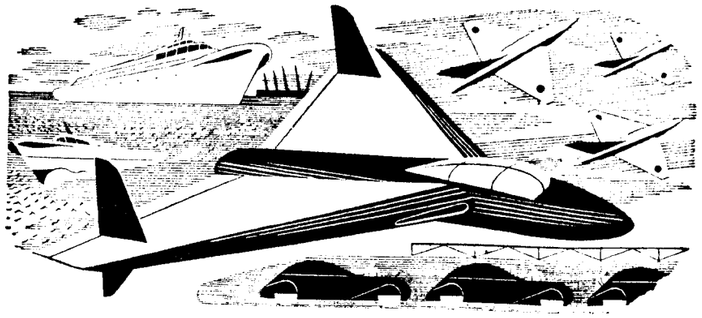

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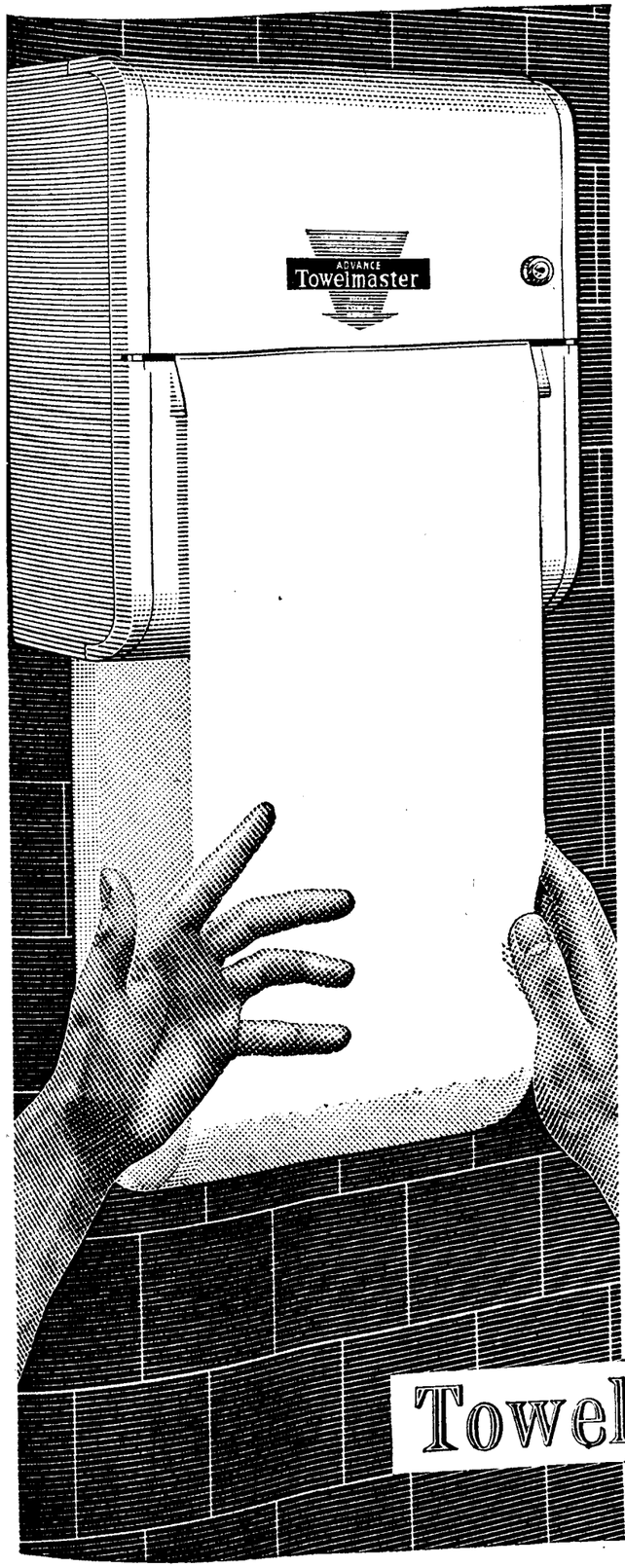

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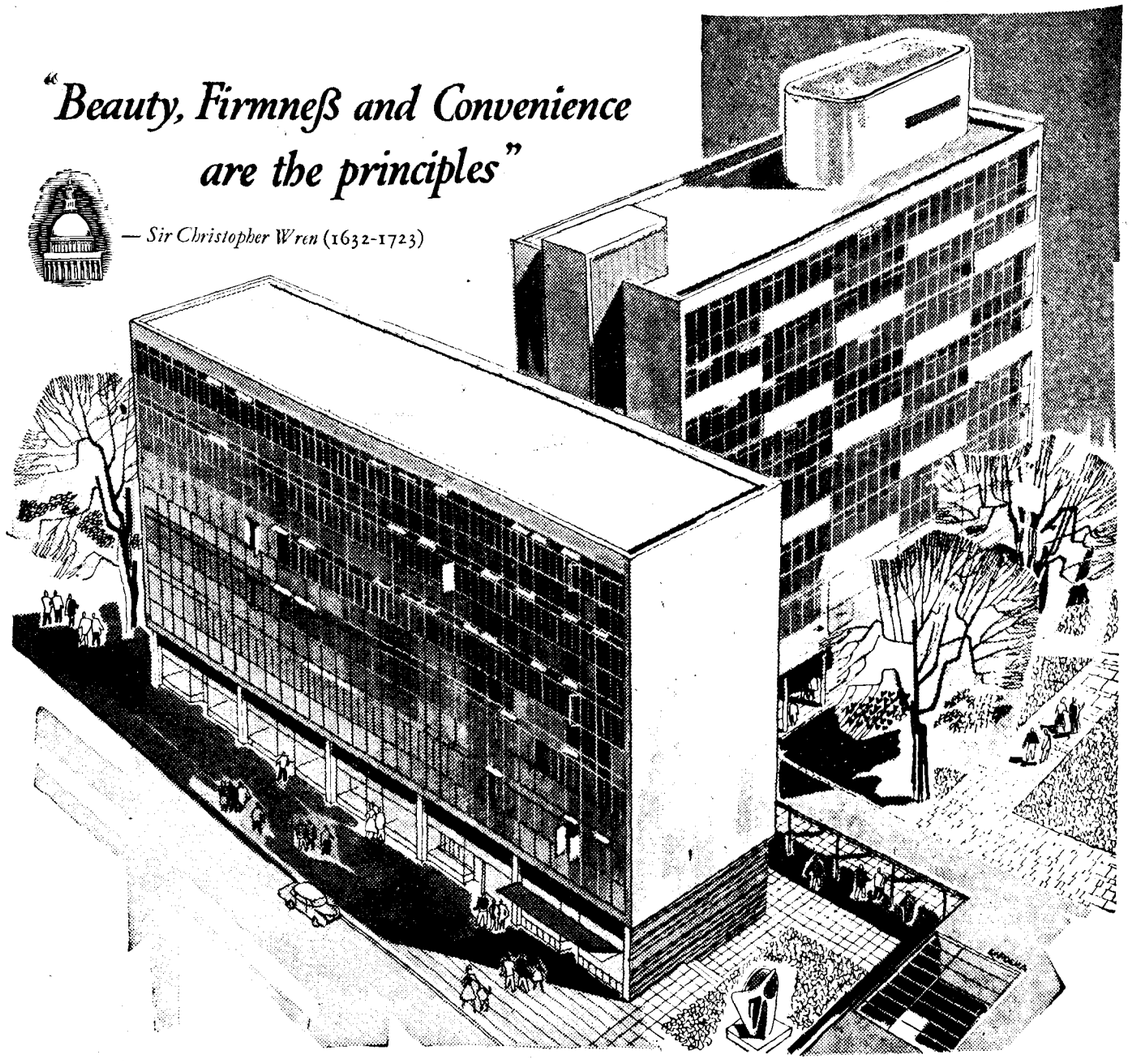

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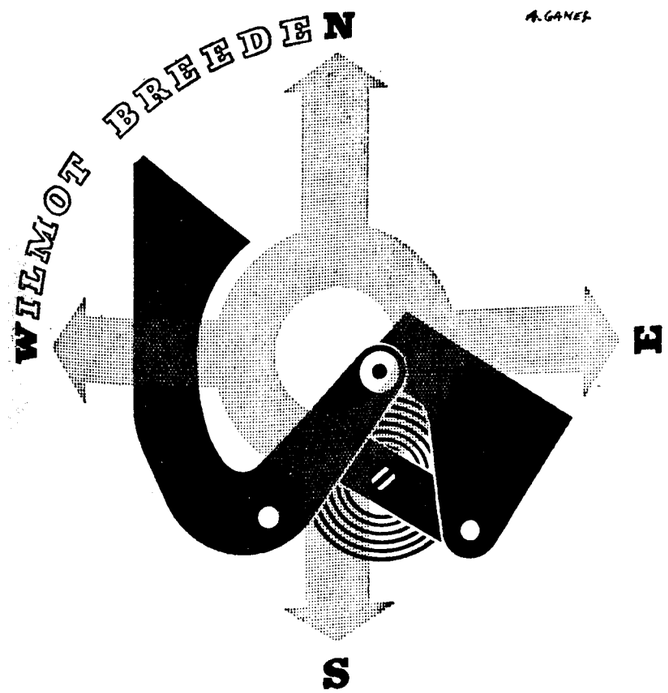

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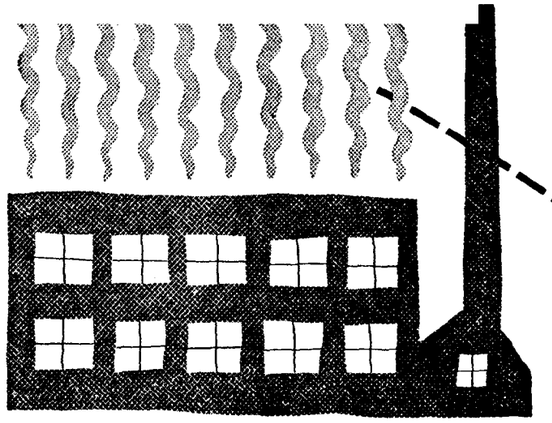

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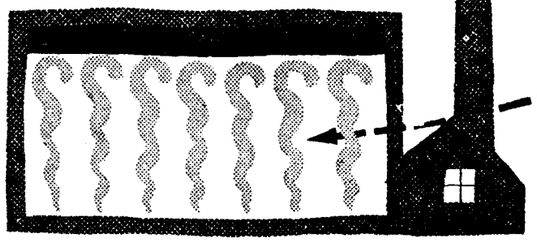

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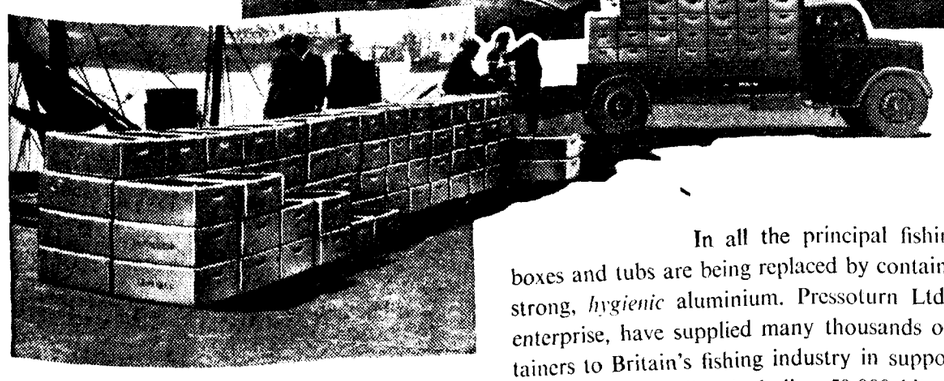

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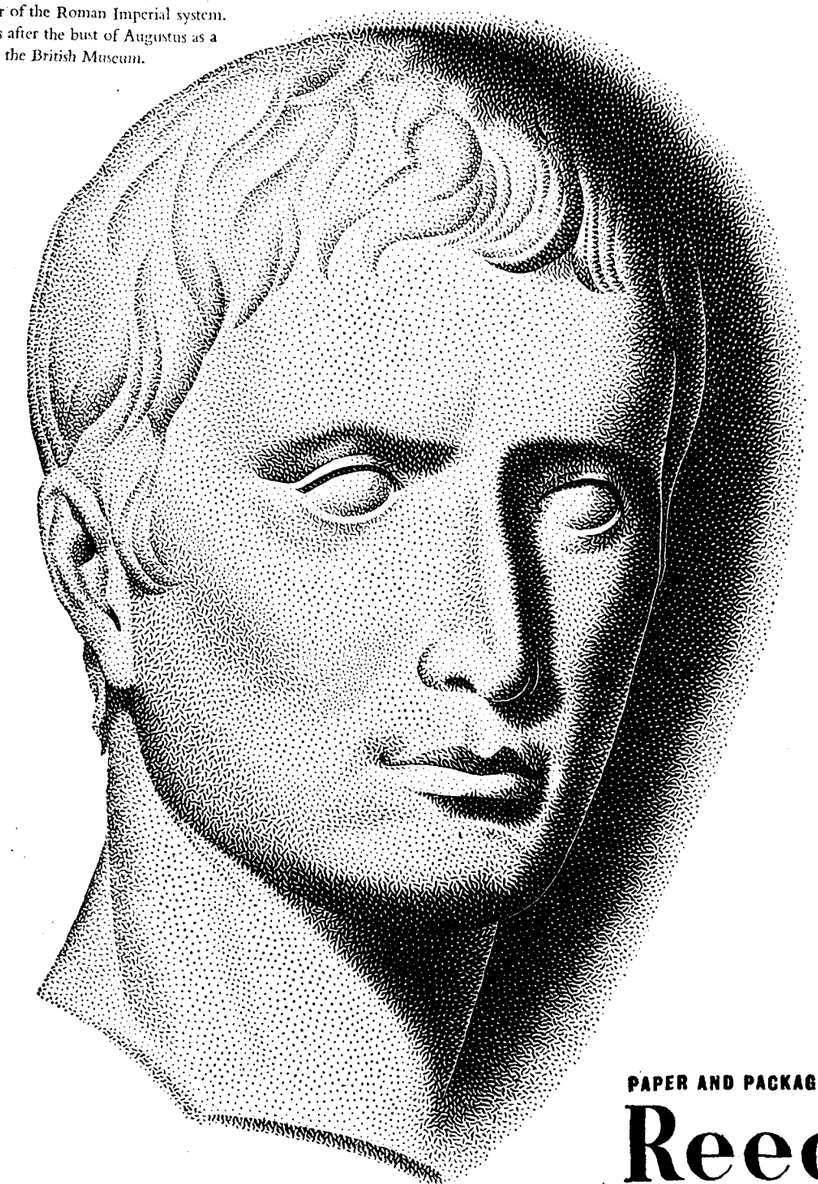

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Cures for No Confidence

AT the beginning of this year it was customary to say that the Conservative Government had coasted to its economic successes thanks to the aid of two generous allies, the favourable terms of trade and the confidence of British and foreign businessmen in Mr Butler's policies. At that time the Government's principal fear was that, under the pressure of mounting American demand for raw materials, the terms of trade might be about to deteriorate sharply. Instead, since February—and this is a remarkable tribute to the effect of dearer money rates upon raw material prices—the terms of trade have improved by 5 per cent. Under the pressure of internal inflation it is confidence, the other ally, which has turned traitor. This lack of confidence has manifested itself both at home and abroad, and there is a point that needs to be made this week about the outbreak of nervousness in each.

The point that needs to be made about apprehension at home is that Britain's balance-of-payments difficulties, although a pre-election budget and other misfortunes may have made them look serious in extent, are quite uncomplicated in their nature. Compared with the last time that Britain was in balance-of-payments surplus, which was during America's minor industrial recession in the first half of last year, our productive capacity is higher, overseas markets are more buoyant, and the purchasing power of our exports (which is a synonym for the terms of trade) is now again just about the same. Britain should therefore be able to balance its external accounts at a level of internal spending which, though lower than at present, would still be significantly higher than in the early part of last year. It is not certain—indeed, it is unfortunately beginning to look no longer probable—that the present credit squeeze will cut spending by enough; but it is obvious that some level of Bank rate will suffice, with the possibility of an autumn budget in reserve. There are several other long-term questions, particularly about the proper equilibrium level for "full employment," even in years of external surplus, that need to be considered; but they can much more easily be considered from relative strength than from relative weakness. The sensible objective for the Government to aim at is to get the balance between supply and demand back to the position of last year, and then to decide on future policy from there.

It has been important to emphasise this because the particular form which internal lack of confidence has taken in the last few weeks has been a spate of proposals that the "crisis" should be met by pushing the economy on to a path quite different from that of 1953-54. A number of people who ought to know better have suggested, in effect, that inflation should no longer be controlled solely by Bank rate and budget (other than pre-election budgets), but that the Government should twist its policy to try to secure a "gentlemen's agreement" between capital and labour about some sort of income freeze. The newspapers, in the slack season for news, may have some excuse for

suggesting that there is some way of preventing too much spending power from being bandied about the economy other than by controlling spending power at its source. But the Government has not.

The irrefutable argument against wage and dividend freezes—or any other systems of relying upon cajolery or controls rather than upon higher taxes or dearer money—is that, in so far as they would have any effect, they would have a thoroughly bad one. Gentlemen's agreements about restraint might be of some advantage as a cover for inefficient firms or industries, but they hamper the movement of resources into efficient and expanding concerns. A demand for a freeze, by statute or consent, is a demand for a policy that would bear less hardly than disinflation on those who invest in failures, and seek to penalise those who invest in success. It therefore runs directly counter to everything for which Mr Butler has stood in the last four years; and his answer to this campaign, which springs from exaggerated nervousness and from forgetfulness of the lessons of 1952-54, should be succinct and sharp. He should treat it as economic hysterics, and slap it in the face.

★

The second manifestation of the recent lack of confidence in Mr Butler's policies has been the tendency of certain continental bankers to go short in sterling, in the belief that the currency might be devalued this autumn. The proper long-term way to deal with such unfortunate beliefs abroad, like the proper long-term way to deal with unfortunate beliefs at home, is to cure the inflation from which they have bred. But there is also a short-term step that the Chancellor could take to allay this nervousness. It is surprising that he has not taken it already.

A great deal of the recent speculation against sterling has been a backwash from the famous "plan" for convertibility which Britain hawked round America and Europe throughout most of 1953 and 1954. The Government has always maintained a noisy official hush over the details of this secret agreement, which was secretly not arrived at; but parts of the plan, and of its history, inevitably leaked out. Among other things, the plan was known to envisage that, once convertibility was achieved, the margins within which the sterling exchange rate is allowed to fluctuate would be widened; and that the door would be left open for Britain to move to a different exchange parity, outside these widened margins, if experience showed this to be necessary. It was known, too, that one of the reasons for the temporary abandonment of the plan last autumn was the imminence of the British general election. It was therefore natural that, once the election was over, there should be a revival of rumours that convertibility would come this autumn, and a revival of memories that the "plan" envisaged some possibility of sterling devaluation at the same time.

The Chancellor can rightly object that these revived memories ignored the fact that circumstances have changed out of all recognition since the project was last discussed. First, the disappointing trend of American trade policy and the pressure on Britain's internal resources both mean that the luxury of convertibility, like several other luxuries, will have to be forgone for the moment. Secondly, the idea of widening the margin within which sterling could fluctuate was to give the Bank of England a weapon against speculators, and it was generally assumed that the first "float" would take place when sterling was bumping against its upper limit of $2.82 to the £. This bumping is not in immediate prospect. Thirdly, the background to the muttered provision that sterling must be free to float even lower in a crisis was that in 1953 everybody was half-expecting America to relapse into deflation and unemployment, and that Britain did not want the convertibility of its currency to oblige it to relapse into deflation and unemployment of the same degree. Now, however, America is inflating, and there is no reason to suppose that Mr Butler is irresponsible enough to want the freedom to inflate faster still; his object in calling for more flexible exchange rates was always to throw away the coupling chain, not to let out the brake. These changes are the background to the Chancellor's recent intimation that there is no early prospect of convertibility; and to his flat declaration that it will now be the policy of the British Government to maintain the exchange rate of $2.80 both until and after convertibility has eventually been attained.

★

Unfortunately, however, memories of the previous plan are preventing certain continental bankers from believing him. In these circumstances, the next step for the British Government seems obvious. It should publish a history of the "plan," in all its different stages, as a white paper; and accompany this by a frank statement of its present intentions. There will be several official objections to this proposal. It will be said that publication would merely revive memories that Britain had once envisaged a floating rate for sterling; that it would tie the British Government's hands if circumstances ever changed sufficiently to make fulfilment of the "plan," in some measure, eventually possible; and that officials—and some foreign Governments—would be embarrassed by it. But none of these arguments seems to be very cogent; certainly it is better that some official faces should be red than that the balance of payments should be of the same colour. Greater frankness abroad, like greater frankness at home, is an essential prerequisite to recapturing the confidence which was Mr Butler's principal asset only a short while ago. And there should be no illusions that it is lack of confidence, grafted upon a degree of overspending that is very reprehensible but not very large, that is the main threat to Britain's economy now.

Eyes on Gaza

GAZA, where the sound of gunfire shows no sign of slackening, is politically one of the sorest spots on earth. To Israel, the Gaza strip is a dagger thrust deep into the heartland, spelling uneasy sleep at nights from the farms around Beersheba almost to the suburbs of Tel Aviv. To Egypt, it is an outpost, difficult to defend yet vital to hold, because it is a symbol of military achievement—proof that the Arab armies which marched into Palestine in 1948 not only sought to hold their own, but at this point succeeded in doing so. To these explosive qualities must be added the curse of indigence; most of its Arab residents have lost the lands that were once their livelihood, and it is also housing about 200,000 refugees who exist only on United Nations charity. These ingredients of trouble, long present, have become obvious with this year's worsening of relations between Egypt and Israel, culminating in the murderous thrusts and counter-thrusts of this week.

No doubt these thoughts were among those that prompted Mr Dulles to utter last week the policy statement that he made at short notice on the Arab-Israel quarrel. He specified what President Eisenhower was ready to offer in the way of practical palliatives for frontier insecurity and distress, and so sought, by implication, to remind a wider audience that changes wrought by violence are out of order and unrewarding. He proclaimed American intentions in terms that have been widely heralded as a "new approach," but in fact only part of what he said was new. His new propositions were for two substantial contributions of American money, the one for water development to create more arable land for Arab settlers, the other towards an international loan to Israel to enable it to compensate the Arab refugees. Happily, he mentioned that the first sum would enable "the people throughout the area" to enjoy a better life; one snag which has beset the western donors of the considerable funds already subscribed towards refugee settlement is that, being earmarked for refugees, the money has proved difficult to spend in Arab countries whose own inhabitants are so poor that settlement of specially privileged newcomers would be unthinkable.

Where his statement, though dressed in new language, in fact went over old ground, was in the passages that dealt with guaranteeing the frontier once it was fixed. He offered a "formal treaty engagement" by the United States to thwart any effort to alter that boundary by force, "given a solution of the other related problems." But surely such an undertaking exists already. By the terms of the Anglo-Franco-American tripartite declaration of May, 1950, the three western powers bind themselves

> should they find that any of these states [Israel or Arab] was proposing to violate frontiers or armistice lines . . . immediately to take action, both within and outside the United Nations, to prevent such violation.

Possibly Mr Dulles intends that the United States shall be specific about the nature of the security measures to be taken, but, until ready to specify them, he goes no further than his predecessor went, or than Sir Anthony Eden went in the House of Commons in April:

> . . . if we could get an agreement between these countries [Israel and the Arab states, on frontiers, Jordan waters and the refugees], in which we could lend all our influence and help if it was desired, we would be willing to enter into further engagements ourselves to back up the arrangements arrived at.

Further, the two propositions—Sir Anthony's and Mr Dulles's—have an important limitation in common. Both propose action, but action conditional upon the willingness of Jew and Arab to agree on certain points. An echo rings through from the old days when the mandatory was ready to execute any decision "acceptable to both communities." In the past, the condition always rendered action inoperative. Has the position changed today?

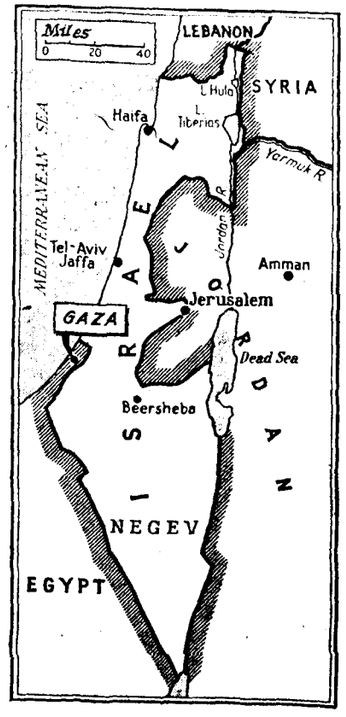
★

On the Arab side of the frontier, the answer to this important question is: alas, not one whit. To a long-standing fear of Jewish acumen and efficiency has been added a fresh set of inhibitions arising from the Palestine war. Arab defeat in that contest is unconfessed, and, since the armistice, the Arab states have sought to turn it with victory by cold-war methods—by boycott, and by preserving a climate of insecurity on the frontier. This campaign has been the easier to run because, to all the Arab states but one, it costs neither money nor inconvenience; only Jordan suffers by its maintenance. What is more, in the realm of home politics, the cold-war attitude presents positive advantages. The Arab governments concerned are based on narrow support and are the target of vociferous domestic criticism, and some are at one with their critics only when they preach and practise an anti-Israel policy; therefore none can afford to drop the theme, though some have less time to spare for it than a few years ago. This element of political convenience extends into their inter-state relations; the Arab League is a notoriously weak vessel, and antipathy to Israel is one of its few reliable rallying cries. Even the individual refugee rejects the idea of migration, because it sets the seal on permanent expatriation; breadwinners leave for Iraq or Kuwait, but families do not follow. The existence of Israel is now accepted by most Arabs, but only in certain conditions of which the one most constantly reiterated is Israeli acceptance of UN

rulings that would entail territorial concessions, compensation for all refugees and, possibly, a token repatriation for some of them.

Yet the outlook, though so often unpromising, is here and there pierced by a ray of hope. Israel-Arab dealings conducted through the UN armistice commission are not everywhere bad, and, last year, there was concrete evidence of Arab willingness to consider a joint operation when Arab experts from four states produced a plan for development of the Jordan waters which allocated Israel a share, thereby admitting, almost for the first time, the existence of its rights in the area.

Israel's need for frontier peace and an end to the boycott is economically and financially as great as Jordan's, if not greater. A young state struggling with an imbalance of international payments, an impending drop in outside aid and a fresh potential influx of immigrants (from French North Africa), can ill afford a situation that forces it to keep the cream of its manpower under arms and denies it all neighbouring markets for its manufactures. Yet Israel's gestures made in pursuit of peace—and there have been several — have all been abortive because none have been trimmed to allay Arab misgivings. The reason for this failing is not just self-centredness inherited from the Children of Israel, but also the pitifully small margin for manœuvre that is available to so vulnerable a state. How can it offer frontier adjustments when its people already feel the constriction of a 17-kilometre wasp waist; or be magnanimous when Arab infiltrators regularly lower the morale of nervy new settlers; or concede points when its coalition government is shaky and may need to bow to the doctrine of groups which hold that the only language the Arab understands is force?



Latterly, a growing sense of isolation on the international front has still further reduced such inclinations as Israel has to be co-operative; though it knows well enough that, at present, its army is better—in terms of weapons, training and morale—than are the several Arab armies combined, it fears a change for the worse if its adversaries are to be armed by the West under wide regional defence schemes. Therefore, there is a growing tendency inside Israel to regard Arab antagonism as irreducible, and snatch-as-snatch-can as the only way out of an impasse; this hardening of opinion was reflected in the gains scored by the extremist *Heruth* party in the general election in July. A sad recent example of the new adamancy was this summer's rejection of an American estimate of fair shares in the Jordan water to which important Arabs had agreed. President Eisenhower's emissary, Mr Eric Johnston, is back in the area now, revised estimate in hand, but should he fail, the Israelis will have thrown away, for the sake of a small annual amount of Jordan water, a chance of breaking out of hostile encirclement that may not easily recur.

The timing of Mr Dulles's statement was to some extent determined by American internal politics. He wanted to divest it of all taint of party manœuvre, and made an opportunity to speak well before the start of the presidential election campaign. At the same time, it will be of help to the Republicans in catching up with some recent Democratic moves calculated to please the Jewish vote—notably the holiday trips to Israel of Governor Harriman and Mayor Wagner, both of New York. From a general western standpoint, the moment was also timely in that it coincided with rising tension at Gaza. But on reaching the Middle East, the message falls on the ears of people in unreceptive mood. The Israelis, who are in the throes of a difficult job of cabinet making, will not relish its reference to frontier adjustments; the Arabs will not like its assumption that permanent resettlement of refugees outside Israel is inevitable. Nevertheless, it was a valuable gesture and the British Government did well to welcome and endorse it.

But its overriding weakness is the conditional mood in which it is couched. All past experience suggests that waiting for Jew and Arab to agree is a fruitless process, and that quick results on the frontier, if attainable at all, can only be achieved by means of suggestions so novel and compelling that they break down adhesions and prejudices that have grown stiff with habit. What if Mr Dulles, for instance, had suggested putting the funds he offered to buying the Gaza strip and installing in it a huge medical centre devoted to the study, prevention and cure of the diseases endemic in Western Asia and North Africa? Or a multilingual institute of agriculture and technology? Failing some proposition capable of galvanising jaded nerves, the only hope of transforming the armistice line from a ring fence into a crossable frontier lies in long, slow, piecemeal promotion of functional arrangements—a process that might take as much as a generation, and that offers no immediate promise if the present plan for sharing the Jordan waters flickers out. Has no western statesman the imagination to propose treatment by electric-convulsive therapy? For the Middle East, it may be the only alternative to living for ever on the brink of war.

No Breathing Space for Germany

DR ADENAUER sets off in a few days' time for a non-stop flight from Bonn to Moscow. It is a symptom of the German government's attitude that, among all the rumours about his route, the one certain point was that he would not touch down in the "Democratic Republic." If the Communists' puppet premier, Herr Grotewohl, was expecting to wish him "Marx speed," he must now know that this hope will have to be abandoned along with all the other attempts he has made to fraternise with the free government in Bonn. The Federal Chancellor is dealing exclusively with the Russian leaders, not with the men who are tyrannising over the Soviet Zone. He is going to Moscow in answer to the Russian invitation of last June, which proposed that the Soviet Union and the Federal Republic should open diplomatic, economic and cultural relations with one another. Big hopes of trade were held out, with reference to the times when the German and Soviet economies collaborated. The warm tone of the Russian message recalled the astonishing telegram to President Pieck in 1949, in which Stalin spoke of the two great nations who had suffered most in the war and who together could maintain the peace of the world. When the Russians talk in this way to Germans, they are playing for high stakes—no less than partnership with Germany. It is inevitable that thoughts should leap back to days when German leaders imagined that, without friends in the West, they could collaborate with the East—the days of Ribbentrop, General von Seeckt and Bismarck.

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The comparison between those times and now is reassuring. There is no harm in recalling how vastly different the situation is at present, if the exercise does not induce complacency about the future. Two-thirds of Germany is now allied to the West, and it has been for years working loyally and fruitfully in the economic organisations of the free world. The success of the Organisation for European Economic Collaboration would have been impossible if it had not been for the Germans' complete change from autarchy—the economy of preparation for war—to persistent liberalism and the search for a Western European Union. Fortunately, liberalism and collaboration have paid the Germans dividends, and prosperity is continually spreading into the ranks of the working classes. It is essential for the Germans to see that freedom and partnership with the West are in their interests, and so far this aim has been largely achieved, though the West has yet to prove that it can unite Germany in freedom. Life in the proletarian police state across the Elbe-Werra-Fulda line is no advertisement for Communism, and two million Soviet Zone refugees have "voted with their feet" in favour of the Federal Republic.

So far so good, it may be said. Western Germany is too prosperous to feel the pull from Russia; and it is led by the greatest German statesman since Bismarck, who does not follow a Bismarckian policy. Dr Adenauer has not raised Germany to a place among the great powers by blood and iron or alliance with Russia, but by single-minded insistence on collaboration with the West, and by "dictating" patience and ethics to his countrymen. Dr Adenauer goes to Moscow determined to convince the Soviet leaders that Germany means peace, but he cannot offer the Russians any security guarantees unless this is part of a plan for simultaneous German reunification. He is faced with a dilemma which can be simply stated, but not so easily solved. Neither Dr Adenauer nor the western powers can accept the continued division of Germany as the basis for relaxed international tension. Co-existence must not be another word for the *status quo*. Still less must it be camouflage for plans for reuniting Germany on Communist terms. Diplomatic relations with Moscow must not lead to recognition of the illegitimate and hated "Democratic Republic." Taking all these difficulties together, it is wise to warn the Germans that Dr Adenauer's trip will not bring about any startling improvement in their chances of reunion in freedom. And Germany's allies should guard against taking any action themselves which might make it harder for the West German party leaders to keep up their resistance against the East German government.

In this country, the fact has been somewhat overlooked that as far as Germany was concerned, the "Summit" conference was in no way a success. There is some fear among Germans that the western countries will now settle down with relief to winding up the cold war with Russia, and put Germany into the background of their thoughts. Official assurances have been given from London and Washington, but hopes of reunion are dim, and the "Summit" conference was followed by a fresh wave of refugees from the Soviet Zone to the west.

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In fact, there is no likelihood that the German *status quo* will continue. There are any number of reasons why the situation will continually change. Dr Adenauer's visit to Moscow will alone mark a new stage in relations with Russia, which will certainly affect dealings with the East German regime. And the time cannot be more than a few years ahead when he himself will no longer direct German affairs. What happens thereafter is still a mystery, but it cannot be an improvement on the present leadership. No obvious successor is in sight, though many names of lesser

politicians are mentioned as candidates for the chancellorship. The most probable choice may be a candidate who is acceptable to a new coalition which would include the Social-Democratic Party. Whatever happens, the new chancellor is not likely to be a second Dr Adenauer, and German policy will not be so consistently in harmony with western ideas. The Socialists may again prove a stout barrier against the Communists and their allies, the neo-Nazis. But the world may well be left in a state of dangerous uncertainty about Germany's intentions. At all events, the *status quo* of 1955 will seem a dream of the past, particularly if the period of rising prosperity has faded.

Moreover, the present situation in Germany will not be maintained for the simple reason that the Soviet leaders do not intend to maintain it. Their invitation to Dr Adenauer is part of a policy which is not based on the indefinite division of Germany but on its reunion, as a "people's democracy," in a Europe from which the last American soldier has departed. One very important gain from the Geneva conference was the frankness with which Marshal Bulganin revealed this Soviet programme, which Mr Khrushchev and Herr Grotewohl underlined in East Berlin. Previously, many Germans had believed that the Russians were only interested in preventing West German rearmament, and would grant free elections in a reunited country if the other great powers would only allow Germany to leave Nato. And it was sometimes argued that the new *Reichstag* could quite well digest up to a hundred Communist deputies without danger. Now no shadow of doubt can remain about the Soviet aims. Marshal Bulganin has scornfully rejected the idea that the Soviet Union needs to be guaranteed against the twelve West German divisions. The Russian leaders see very plainly that the essential factor in any country is not whether it is heavily or lightly armed, but what political regime it has. Germany, they demand, must be made fit for "democracy" by eliminating "monopoly capitalists, bankers, landowners, and militarists" and all who may be termed "anti-Soviet enemies of peace." This elimination must take place before all-German elections are held, otherwise they would not be "democratic." After these internal changes have been made, the second stage of the Soviet plan would operate. Germany would be reunited, and Nato dissolved.

It is now plain for all to see that Marshal Bulganin's proposal for a "security system" in two stages is one for keeping Germany divided until it can be reunited as a "people's democracy." It is not a plan for keeping two German states permanently apart, but a mechanism for bringing them together on Communist lines. Marshal Bulganin has declared that the two German states cannot be mechanically reunited by an imposed agreement between the great powers for free elections. They must grow together first. All other statements from the Communist side have made it plain that the Russians envisage that the inclusion of the two states in a "security system" would force Federal Germans to collaborate with the Communists in East Berlin and make it easier to revolutionise the present regime in the West. The Soviet leaders have committed themselves not to sacrifice the Communist system in the Democratic Republic, and the German Communist leaders insist that *rapprochement* means that the West German regime must adapt itself to the Communists, while the Soviet Zone will change none of what is called "the workers' achievements."

Marshal Bulganin's plan is certainly not one for the *status quo*, and it imposes on the western powers the need to counter it with ideas of their own which will further German reunification without paying a fatal political price. In some important ways time is working for Marshal Bulganin. It is not only Dr Adenauer who daily grows older. So do the indoctrinated, armed and trained boys and girls in Soviet Germany, who are being taught that aggressive wars for liberation from "capitalists" or "imperialists" are justified, and that co-existence is only real when the class enemy has been ousted. When they grow up, the present overwhelming opposition to the regime may be gone, with alarming consequences for Europe. Patience about their reunification is a virtue to be commended to the German public, but it is not such a good prescription for western statesmen. They should rather be counting the probable span of Dr Adenauer's active life, and be thinking out a bargain with Russia which, whatever it offers as economic or military concessions, leaves Germany politically in the western world.

Hard on Wine

GATHERINGS FROM THE WINE-LANDS
Printed for Foster and Ingle. 1855.

We own it is not without some compunction that we behold the immortal Bucchus made subject to the spirit of the age. He in whose honour the Eviad Bacchae raved, round whose altar were chanted strains that fired the Greek breast and moulded Greek taste, is now approached by other worshippers; the statist and the economist gather round his shrine; no longer the object of a frenzied liturgy, he is estimated, valued, and disposed of by the gallon. Seriously, we cannot but think that the materials of a delightful and popular as well as a useful book, are here sacrificed to an unnecessary severity of treatment. The whole circumstances of the growth and culture of the grape are so attractive, the associations with the vine—of sunny skies and glowing lands—are so delightful, the subject of generous wine is so interesting to a great majority of readers, that we regret the work being limited to a form which will remove it from the cognisance of all except political or commercial readers. To these, however, the book cannot fail to be valuable, for it is the result of careful observation. . . . The dethronement of Port is complete: our grandfathers knew what they liked; we, their more candid and widely-searching but less decided posterity, know that we do not like three, two, or even one bottle of Port daily, but, having arrived at this negative conclusion, we stop. . . . Many, indeed, say that the nation has no opportunity of forming its taste anew; that the right inclination, which was evinced by the comparative abandonment of Port and Sherry, is baulked of its proper development by the exclusion from the English market—by high duties—of those French and German wines which should supersede those of Spain and Portugal. We may venture to say that it is in support of this theory, viz., the impolicy of the existing wine duties, that the book before us has been put forth.

The Economist

September 1, 1855

University Road Block

LAST week Mr Sandys approved Oxford City's development plan, and shortly he must make up his mind on the contentious road problem which he has left over for final decision. Last week also the planning officer for Cambridgeshire gave a progress report on the planning of the other place to the town planners assembled there for their annual summer school. Both University towns face the same problem—how to overcome the mounting congestion of streets and centres without damaging their priceless heritage of culture and beauty. Both are facing it with some heat. In each case, the wranglings of University and city have so far inhibited action. Oxford has the grimmer problem, and has also produced the richer range of panaceas between which a choice must now be made. But in Cambridge the fact that the city (to its great disgust) is still not a county borough, and hence is controlled for town planning purposes by the county council, has added another dimension to the controversy.

It is usual to say that the real issue revolves around disagreements about the right functions of the two cities; unfortunately, however, a city's functions are decided by fate as much as by planners. Thirty years ago the University held the centre of the stage in each place, and town and gown were closely complementary if not always completely harmonious. Then nemesis sounded. The enormous expansion of Nuffield and Pressed Steel produced a powerful new interest overshadowing ancient Oxford, even if it did not quite reduce it to a *quartier latin*. Cambridge can ill afford its temporary smile of superiority. Its industries have grown less spectacularly but equally insidiously, until the whole University staff from Vice-Chancellor to humble bedder now numbers less than one-quarter of those engaged in manufacturing in and around the city. It is not only industry that is competing for the souls of Oxford and Cambridge. Their importance as centres for shopping, business, and entertainment continues to grow, while Cambridge has attracted a bevy of civil servants at the regional headquarters of Government administration. Both are attracting more and more retired people—and a trickle of commuters working in London which will swell rapidly if and when the railway lines are electrified. Their convenient location, their charms, their educational and cultural facilities all tend to speed the natural impetus to expansion.

The instinctive reaction of almost every graduate of either University will be to say that this growth should be stopped; the answer to this is that at the end of the war both towns decided to do this, and met with rather more than the usual modest success. Nuffield and Pressed Steel have agreed to restrict their total employment in Oxford, and Mr Sandys has now cut out of the city plan an industrial zone which might have attracted new firms. The Pye group, which was threatening to become the Nuffield of Cambridge, has been persuaded to locate its new factories elsewhere. After a long steep climb, population and employment in Cambridge have actually levelled out. But they are most unlikely to stay there. And even if both towns grow only slowly, more of their inhabitants will get cars, more people will come to visit them, and their traffic problems are already appalling. It is therefore better by far that the solutions sought now should be radical enough to last, rather than to commit both places to a long series of piecemeal, damaging and expensive adjustments.

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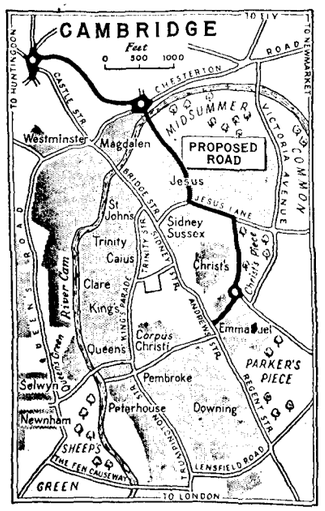
In neither city is through traffic a major part of the problem. It is true that the system of by-passes, which is needed to divert the heavy lorries that cause such damage to the buildings in the Oxford High and to divert the A10 traffic that breaks the quiet of the Cambridge Backs, is not yet completed; but the way ahead for both these reliefs seems fairly clear. The real problem in both cases is the volume of traffic entering the city on the way to local destinations. Any plans to deal with these problems, and any judgments passed upon them, are bound to be unpopular.

In Cambridge, however—given that some sacrifices are necessary—it is very difficult to side with the objectors. The heaviest pressure of traffic there is along the "spine," the straight road running diagonally to the north-west through the city centre. This narrow road, flanked by colleges, churches, and some main stores, cannot be widened without great sacrifice. The obvious line for a relief route is to the east of the spine

road, especially as the shopping area is naturally expanding in this direction. The Cambridge plan proposed a relief route for this purpose, partly based on existing roads, which would entail two sacrifices. It would cut off a corner of Jesus, and it would run through Christ's Piece. The latter loss is not over serious as Cambridge has many more attractive open spaces; indeed the plan already involves a compromise — the route would have been rather more satisfactory if it had invaded the fellows' garden of Christ's, but this temptation has wisely been resisted. As it is, the relief route is rather longer than the present spine road, although it might be made equally or more speedy. A large part of its value would lie in improving traffic circulation in the central area.



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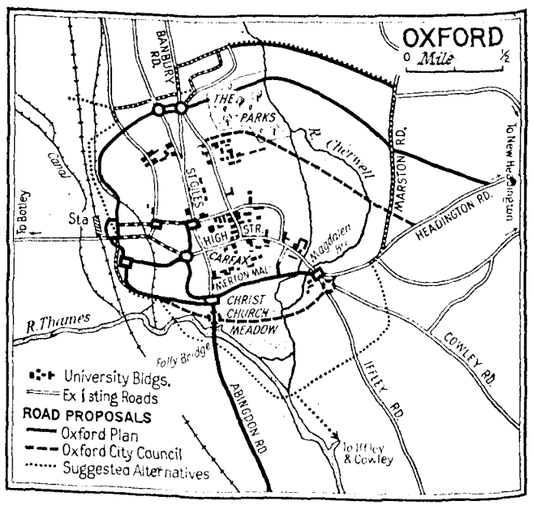
Oxford's problem is much more acute. More than 80 per cent of the heavy traffic traversing the High has a local destination; 60 per cent of the city's population lives east of Magdalen bridge and has no other way of reaching the centre or stations. The Minister has urged the city council to hasten the construction of a proper shopping centre at Cowley. But, as more and more Cowley workers get cars of their own, the local centre will need to be very good to compete wholly with the attractions of Oxford. It seems certain that the traffic seeking to pour down the High will continue to grow. Additional roads to bring part of the traffic to the centre have got to be provided.

There are three main schools of thought—and many minor ones—about how this should be done. The first school suggests that one big sacrifice is worth making to settle the problem. The Merton Mall, proposed by Mr Sharp in his Oxford plan, would have desecrated the quiet of the open spaces between the colleges and the rivers; but by providing the nearest and shortest alternative route to the High it would (the author claimed) have restored that tormented road to relative quietude. Reflection has convinced him and others that this view is unrealistic, and that the full goal could only be achieved if Magdalen bridge were closed to traffic (which would be forced, if it wished to enter the High, to do so by a turning off Merton Mall). The result, however, would be to create a new bottleneck for traffic bound north of Carfax.

The second school, represented by the current proposals of the city council, seeks a compromise between the urgency of relief roads and the protection of University amenities. It calls for two relief roads crossing the bottom of Christ Church meadow and the south of the Parks respectively. This solution runs an obvious risk of getting the worst of both worlds, since it would invade the University area at its attractive periphery, yet neither road would give nearly so short and direct a route to central Oxford as does the High. Much of the traffic that needs to be diverted would probably continue along its present route.

The third school frankly gives the protection of University amenities first claim, by pushing the line of the relief roads north of the Parks and south of the Isis. Yet it can also make out a very respectable case on traffic grounds, by urging that it would provide many of the residents of Iffley and Cowley with a route to the centre as direct as the present one, and shorter than that in the city council's proposals. The great spread of east Oxford from Marston to Littlemore, and the virtual certainty that some further spread will occur, tends to discredit the assumption that relief bridges should be placed as near to the time-honoured crossing at Magdalen as possible. It provides a case for putting the vital southern relief bridge well down the Isis, even though the length and the cost of the relief road would be greater than under the other proposals.

The Minister must now arbitrate between these and other conflicting suggestions. The outsider can make only two points. First, the idea that the High might be turned into a backwater by closing Magdalen bridge or some other device, thus forcing traffic to use the



alternative routes, seems rather chimerical. Secondly, any of the possible new routes will bring some relief to the High, but none (in all probability) will bring enough. In these circumstances, Mr Sandys would be wise to be cautious about sacrificing Oxford's amenities for any route which has only marginal traffic advantages over some less sacrilegious alternative.

Notes of the Week

Arms and the Facts

When the five-power disarmament talks were resumed in New York on Monday the British and French delegates were concerned to express their optimism, the American and Soviet delegates their open-minded readiness to examine suggestions from all quarters. Their opening speeches comprised restatements of their respective governments' pet proposals, as previously set out at the "summit" conference or earlier. The Canadian representative, Mr Paul Martin, being free from the duty of reheating a national dish and serving it up again, provided what was perhaps the tastiest portion of downright commonsense, giving warning both against wishful optimism and against the dangers of disappointment. As Mr Martin pointed out, no agreement to disarm will work unless each party to it is sure that the other parties are obeying the rules; this confidence can only be created if the arrangements for inspection and control are adequate; control thus remains the basic problem before the negotiators. This argument is not startlingly new but, after the summer's plethora of partial plans, it is high time it was brought back to the centre of the United Nations discussion. The hard facts of the disarmament problem are sadly familiar after a decade of debate, but that does not make it any less dangerous to overlook them in searching desperately for originality.

The five-member sub-committee's first task has been to probe the new position adopted by the Russians since May. During the first few meetings of this week, Mr Sobolev shed no fresh light on the control aspect of this position. Mr Nutting welcomed the Soviet government's modification of its original attitude (it may be recalled, as a measure of this modification, that only a year ago Mr Malik was deriding as "outdated" all idea of disarming by stages), but the Minister of State went on to point out that the Russian control plan was still inadequate, in that there could be no real growth of confidence if international inspectors were admitted only to a few ports and junctions. The systematic frustration of the neutral supervisors in North Korea, who were confined to just such activity, has provided a vivid object lesson.

Secrets and Bases

It can hardly be expected that the sub-committee will be able to cut a new track right through the jungle of armaments before the United Nations Assembly meets on September 20th. It will be able to make a more cheering report than its predecessor of last year could; but, up to the present moment, its progress remains blocked by the two major obstacles which, as has previously been pointed out in these columns, still bar the road forward. The first is the sweeping Soviet policy of top-secrecy for even the most elementary data, which, to begin with, makes it impossible for the outside world to get any clear idea whether the recently announced cuts in Russian and satellite armed manpower have any real meaning. In Bucharest last week Mr Khrushchev indicated that Russia would consider further cuts if "similar actions by the western powers" followed. Setting aside the fact that American armed manpower had already been reduced by 750,000 men since 1953—a bigger cut than the Soviet one—and that next year a total American reduction of 1,400,000 will have been made, while British and French forces will be down nearly to the levels now accepted by the Russians as the goal of disarmament; setting all this aside, it remains impossible to base defence policy on Soviet statements that cannot be verified.

The second great obstacle to disarmament is the direct link which the Russians have forged between all their proposals and their demand for the abolition of allied bases throughout the world. It has been shown that if this demand were accepted, western Europe and free Asia would still be left at the mercy of the Communist powers even if those powers genuinely carried out the arms reductions now proposed. If the Russians hold to their demand, it seems impossible that the present disarmament negotiations or any subsequent ones can achieve more than a list of items agreed on paper which can never be translated into reality. In New York this week, Mr Sobolev again presented the total abolition of allied bases as an integral part of the Soviet programme. Only when this insistence is abandoned will it be possible to view the new Soviet government as seriously interested in early disarmament.

Economising on the Call-Up

The services will have to make up their minds quickly what to do about national service. The campaign for cutting the call-up period is growing, along with allegations that manpower precious to industry is being wasted; and the Prime Minister is making visits to units of all three services, very possibly with the idea of getting a first hand picture for himself. It is generally presumed that the services must play their part in a renewed drive for government economy; and a cut in the call-up would be one of the few ways of helping Mr Butler and gaining political popularity at the same time.

The fact remains that to cut the length of the period of national service, while maintaining the numbers of the intake of young men to be given training, would be quite the most wasteful way of tackling the problem. All the

often-stated objections to it remain. It would deprive the Army of a large number of national service NCOs ; it would curtail the training given by the RAF to their technical reserve and probably wreck the national service pilot training arrangements ; it would prevent the Navy from using its growing intake of national servicemen in the last part of their training period to replace the increasingly scarce numbers of long service engineering mechanics and other technicians. In fact, as the Navy plans to take 10,000 national servicemen next year, in place of 6,600 this year, a cut in existing numbers would seriously affect the manning of ships. Though the services are necessarily inarticulate in the matter, there is every indication that they feel that, if a cut must come, the only sensible way of making it is through some variant of the selective principle. But they should by now be ready with some proposals for one ; the Prime Minister will be eager to incline an ear.

It is probable, however, that the services' main concern is still to fight a rearguard action against any reduction at all. They have a case for this. It is far from proved that any of the services have the " reduced commitments " which are airily referred to in some newspapers. In the past six months the Army has benefited to the extent of one battalion from Austria, and the strategic reserve now consists of one division not yet complete in Eastern Command and one which is building in Southern Command ; in fact, little more has been done than make up for the decline in long-service personnel. The effects of disarmament are still entirely hypothetical. And if it is financial economy that prompts a hasty new scrutiny of service spending, the Treasury will agree that the Prime Minister could help Mr Butler a good deal more by looking at the cost of the technical projects now just coming above the ground, for compared with them the cost of national service is inconsiderable —is, indeed, a dirt cheap way of keeping forces in the field.

Cyprus *Adagio*

THE opening of the London conference on Cyprus was not, after all, marred by any major disturbances in the island last week-end. And at Lancaster House, the atmosphere, so far, has been calm and restrained. Confronted with so many tricky hurdles, the Greek, Turkish and British delegates have been taking them with the utmost caution. The plan seems to be a judicious mixture of open and secret diplomacy, in two slow stages. During the first stage each Foreign Minister has been given an opportunity of stating his country's position at length ; Mr Zorlu, the acting Turkish Foreign Minister, completed this stage on Thursday morning, and a communiqué summarising the three points of view is being drafted as we go to press. Only in the second stage will the conference really get down to the task of hammering out some compromise. Paradoxically, the fact that uncompromising attitudes have already been struck by all concerned could facilitate a settlement ; for no satisfactory compromise is possible without substantial concessions from all, and these should be easier to swallow when all are clearly being forced to take the same unpleasant draught.

One new suggestion that has been mooted this week is that Greece and Turkey should be given some share under a Nato agreement in Britain's Cyprus headquarters. This is a sensible and constructive suggestion which could do a good deal to assuage Greek and Turkish fears and susceptibilities. But if the British Government insists on treating Cyprus primarily from the defence point of view and refuses to tackle the problem of *enosis*, it cannot expect to get very far. If it stands pat on its offer of self-government and nothing more, then the conference is almost bound to break down. But if the delegates can devise a formula whereby British sovereignty is preserved for a while but Cypriot self-determination at some future date is not ruled out, then progress may be made. It is mildly encouraging that although the Cyprus Ethnarchy National Council last week demanded immediate self-determination, Athens Radio has been conceding that this is impracticable and that Greece will be satisfied with self-determination within a " fixed " and " reasonable " time. But there is, of course, room for a wealth of disagreement over what is a " reasonable " time.

New Window to the West

AGRICULTURAL " co-existence " is making excellent progress. After publishing the critical comments of visiting American farmers and the favourable impressions brought back by Russian officials from the United States, the Soviet press has now turned to the recent visit by a Russian agricultural delegation to this country. Last week the head of that delegation, Mr Benediktov, once minister of agriculture and now minister of state farms, published his impressions in *Izvestia* under the title " What We Saw in England." The most interesting thing in this article is not its friendly tone, nor the compliments paid to Mr Heathcoat Amory and others, nor the references to improved relations and the Geneva spirit ; the new and valuable development is the objective nature of its descriptive passages.

Mr Benediktov notes, fairly enough, that not all the lessons derived from British private farming are applicable in Russia ; he points out, for example, that tractors are often not fully utilised here. He does not insist, however, as was once customary, on the superiority of the Soviet system. His article describes in concrete, practical terms the achievements of British farming and does not spare its praise for the experimental stations, the good quality of milk, pig rearing and bacon production. High British yields of wheat, potatoes and vegetables are also noticed. No comparisons are drawn, but since actual figures are quoted, the Russian reader can do the comparing himself. The Soviet leaders are no longer afraid of admitting that in certain fields their country is lagging behind the capitalist West.

Peter the Great would be delighted to learn of this practical application of the principle, launched by Mr Malenkov and elaborated by Marshal Bulganin, that Russia can and must learn from western techniques. It is a far cry from the chauvinist propaganda of Stalin's time which sought so ludicrously to prove that everything was a Russian invention and that anything the West could do, it could do better. Soviet delegates are at last going abroad to learn, not to proclaim that everyone is out of step except our Popov.

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An early Victorian goblet, reproduced by courtesy of Arthur Churchill Limited

New tool for an old craft

THE TRADITIONAL TOOL of the craftsman glass-cutter was a metal wheel (usually of cast iron), fed with sand where the cutting edge came into contact with the glass. The use of loose sand as an abrasive must have been inconvenient, and the risk of spoiling the work with scratches must have been great ; but in skilled hands these old wheels did a great deal of fine work, and the development of abrasive wheels that showed any considerable advantages was a harder and longer job than might have been expected. Ornamental glass cutting is done in two stages : the cuts are first roughed out and then polished smooth.

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To overcome both of these difficulties CARBORUNDUM have developed a special bonding material known as 'VL' bond, and we make a range of glass-cutting wheels with 'VL' bond and aluminium oxide abrasive grits. These wheels are a comparatively new development, but we do not doubt that they will have an important place among the glass-cutter's tools of the future.

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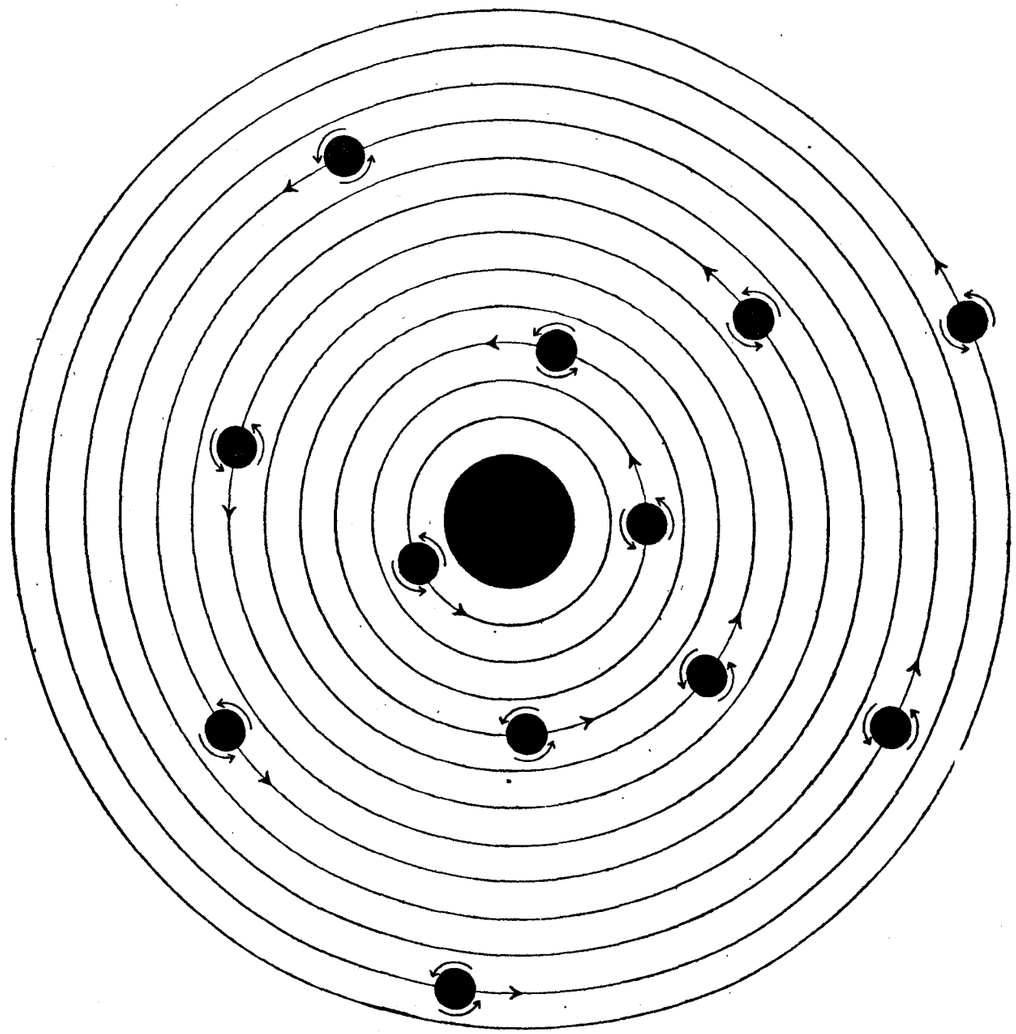

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The Stevedores Wait

WHEN the Trades Union Congress, which meets at Southport next week, discusses the item "inter-union disputes," it will not simply be holding a post-mortem on the troubles which have racked the country with strikes in recent months. Two such disputes are by no means dead; they are merely sleeping, and not very restfully at that.

The National Amalgamated Stevedores and Dockers, who will no doubt come in for some hard words at Southport, are lying low and saying nothing—waiting for a case which is to come up in the courts next term. An injunction has been filed on behalf of some of the ten thousand dockers who, according to the TUC disputes committee, must be returned to the Transport and General Workers' Union; it seeks to restrain the NASD from obeying this ruling. Meanwhile, no mass meetings are being held, the executive in London is not in touch with the dockers it has been told to give up and no union dues are levied on them. In the north they maintain their local organisation, but a good many have drifted back into the TGWU, which claims to have welcomed a thousand back into the fold in a single recent week. The election of the NASD's general secretary has been put off until after the results of the case are known, so that if the residue of the ten thousand are ruled by the court to be members of the union they will be able to vote. A further reason for postponement is no doubt that once this issue is settled there is a chance that the quarrel between the leaders in London and the north may be healed, and a homogeneous union re-emerge. It is rumoured that Mr Barrett, who retired from the general secretaryship because of ill-health when the row within the union reached its height, may then stand for office again.

The Railwaymen Hope

THE other inter-union dispute which is still smouldering is that between the railway unions. A few sparks were seen this week when the Associated Society of Locomotive Engineers and Firemen rejected the invitation of the National Union of Railwaymen to join it in talks about a concerted wage claim. The "Associated," as it is called in railway circles, spoke of the NUR's "misdeeds," its "unilateral action" and "lack of goodwill," and said that recent events—by which it means the NUR's refusal to join its recent strike—are no evidence of a change of heart. The third railway union, the Transport Salaried Staffs Association (which speaks for some 90,000 office staff and station-masters) replied more civilly, in that it agreed to join in wage discussions; but it added a rider that may have shocked the NUR even more than the Associated's bitter words. Its general secretary says that the TSSA is not considering a new wage claim at this time and would much prefer that the Government did something to check the rise in the cost of living. Thus if Mr Campbell gets a halo as the apostle of union amity, Mr Webber gets a bigger one—though from different people—as the apostle of restraint. He no doubt feels that, only eight weeks after the public was held to ransom and a wage increase secured, it is tactless to talk of yet another increase. And in any case he has no wish to help the NUR, which he does not love.

It would be wrong to imagine from these exchanges that the NUR habitually holds out the hand of friendship while the other unions turn away. In the past the refusal to co-operate has more often come from the NUR, whose ambition is to be the only union in the industry. The way in which it resisted throughout the 1920s, and then helped to break up in the 1940s, a scheme for a joint council which the TUC had hoped would develop into a railway workers' federation, is still remembered by the other two unions. Recent events have merely exacerbated the accumulated bitterness of forty years. It is a depressing prospect for the Transport Commission. The settlement after the strike broke the spiral of alternate claims by the ASLEF and the NUR. But there is no reason why the competition should not begin again.

Compromises on Morocco

AFTER long hours of debate on what to do in Morocco, the Faure cabinet has this week unanimously agreed on an ignoble course. It has decided to adopt, almost to the letter, the policy recommended to it on August 12th by its Resident General, M. Grandval, for execution before the potentially fatal anniversary of August 20th, and simultaneously to dismiss M. Grandval as a consequence of the disasters that occurred on that ill-starred date.

In France, many an uneasy Frenchman gets no satisfaction out of the sight of M. Grandval's head on a charger, for it is a symbol that though men may come and go, the obstinate myopia of the diehard *colons* and their lobby in Paris goes on for ever. It is said that, in the cabinet, General Koenig and M. Pinay gave way on the course to follow not because they recognise that an overwhelming majority of the politically conscious Moroccans want a change of sultan, and that French residents must bow to Moroccan opinion in such a matter, but only because they think that the fall of the Paris government just now would lead to more bloodshed in Morocco. Meanwhile, M. Grandval keeps honourable company with M. Mendès-France in a Valhalla of men who thought straight about North Africa and were laid low for doing so.

The way out of the immediate impasse is to be honourable retirement for the puppet Sultan, the appointment of a Council of the Throne to consist of the Grand Vizier, one moderate nationalist and one traditionalist, and the establishment of a "representative" cabinet. It cannot become fully representative until the Sultan in exile receives permission to leave Madagascar for France; that is the minimum price at present asked by the Istiqlal (Independence) party for their participation in self-government.

The man destined to execute these steps and to recapture, if he can, the Moroccan trust placed in M. Grandval, is General Boyer de la Tour, the Resident General in Tunisia. Is he up to the difficult job? Many Tunisians are sorry

to see him go and his experiences there should help him in Rabat; in Tunis, he had the moral courage to deal summarily not only with extremist Tunisians but with extremist Frenchmen. He is bound to need to display more of the same quality before his new job is done.

China's Witch-Hunt

THE hysterical wave of denunciations and liquidations in China, zeal for which was hotted up by the recent propaganda campaign against the hapless Hu Feng and his fellow *literati*, seems to be reaching new heights. Last week the people of Mukden were told that special post office boxes for denunciations had been provided; 1,600 reports were placed in them on August 22nd, the first day of their appearance. A few days earlier a "*trial*" in Nanking, attended by 3,000 people, ended in a death sentence which the mayor extolled as "an example of class struggle." Whole groups of "counter-revolutionaries" have lately been arrested and despatched in Jehol, Wuhan, Szechwan, Amoy and Shanghai. In a recent speech the Minister of Justice announced that since January 1954 "people's courts" had heard 363,604 cases "involving counter-revolutionaries and economic construction"; and that 3,796 itinerant tribunals and 157,966 "people's mediation committees" were "dealing blows to criminals who obstructed the socialist transformation of agriculture."

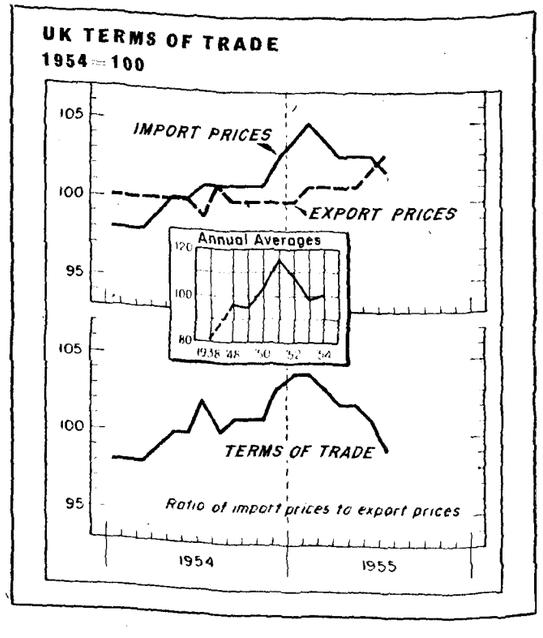
The Peking regime has, no doubt, many internal enemies, not all of them followers of Chiang Kai-shek; but it seems far from reluctant to make more. The Minister of Justice has been ordering the courts to "suppress all who incur criminal responsibility for accidents or violations of labour discipline . . . to follow the principle of heavy punishment wherever applicable." His argument is that over 40 per cent of convicted prisoners commit fresh crimes after release. "Reform through labour" so signally failed to make a certain Wang Pai love his masters that, after serving his term, he organised a gang with the object of going to Peking and assassinating the government leaders. "Pacific thinking," in the Minister's words, has led to "the mistake of giving lenient sentences to criminals." All that is to change.

The least likely cause of the new upsurge of witch-hunting is a real increase in activity by real Kuomintang agents, whose morale, indeed, must now be lower than ever as the dream of a "return to the mainland" fades. The Peking rulers have, however, other anxieties: peasant unrest under the impact of compulsory State purchases; the need to explain away economic setbacks as being the result of "sabotage"; and the need to goad on to greater efforts a people already losing its revolutionary zest and puzzled by the fact that international *détente* seems to mean no breathing space for them. The Korean, Indo-Chinese and Formosan furies have died down, and as a result, the head of the Supreme People's Court recently gave warning, "a feeling of peacefulness and relaxation, an extremely injurious state of mind, has grown up among the people." Spy-mania is an obvious way of checking such dangerous thoughts. Another well-tried standby is a tightening of nerves among Communist party members themselves; the *People's Daily* was lecturing them last week about "casually introducing relatives and friends to official posts without thorough investigation," "concealing their social relations," and "thinking that old members who had given meritorious service to the Revolution should receive lenient treatment." "It is better to confess voluntarily rather than under compulsion" said the Peking paper, "Party discipline is ironclad discipline."

On the Labour Standard

THE principal economic question of the 1920s and 1930s was the relation between money and stable employment; the principal economic question of the 1950s looks like being the relation between wages and stable money. Professor J. R. Hicks, in his presidential address to the Economics Section of the British Association this week, put the matter in a nutshell: ". . . The monetary system has become relatively elastic, so that it can accommodate itself to changes in wages, rather than the other way about. . . . It is hardly an exaggeration to say that instead of being on a Gold Standard, we are on a Labour Standard." The new standard has the vast advantage of removing the main cause of mass unemployment. But is it bound to lead to a perpetual and intolerable amount of inflation?

Professor Hicks examines the chief grounds on which he thinks that wage advances are sought, and he concludes that it need not. Perpetual wage inflation would be inevitable if full employment by itself generated a constantly rising cost of living; but in a modern economy, where productivity is rising, the extraneous influence upon prices should be downwards, and any cost of living increase sufficient to generate wage inflation is a sign that "something more fundamental has gone, or is going, wrong." Again, if the level of profits needed to induce full employment was so high as to engender wage claims automatically "indefinite wage inflation would be inevitable from this cause alone"; but while the high-profits argument is a useful weapon in negotiation, the unions have learned from hard experience how two-edged it proves when profits decline.



Professor Hicks concludes therefore that "the continual rise in money wages since 1945 is not a necessary consequence of full employment (or of the Labour Standard); it is sufficiently explicable in terms of factors that are peculiar to the times through which we are passing"—notably the dismantling of controls (which in itself he approves) and repercussions of the wartime upheaval of differentials. His conclusion is, for the long run, encouraging. But there remains an awkward suspicion that he proves too much. He never asks whether a Labour Standard operated on the assumption that one per cent unemployment is plenty is as innocuous as one working to Lord Beveridge's margin of three per cent; he does not consider whether wage claims, whatever their excuse, are not really determined by the unions' knowledge of their bargaining strength in such a society. Professor Hicks luminously establishes a set of relationships and clearly shows where economic reasoning needs be given body by social observation. But he is hardly ready yet to do for the burning economic question of the 1950s what Keynes did for that of the 1930s.

No Change in Industrial Diseases

THE TUC will not be pleased with the majority report (Cmd. 9548) on the diseases provisions of the Industrial Injuries Act. A worker who contracts a disease can claim benefit under this scheme in one of two ways. If the disease is "prescribed" under the Act and he follows an occupation in relation to which it is prescribed, the presumption (except in cases of industrial dermatitis) is that his disease was caused by his employment and his claim is allowed. But not many diseases are prescribed, and in other cases the worker has to fall back on the claim that his disease arose from an "accident" at work, accident being interpreted as "an unlooked-for mishap or an untoward event." Here, however, a difficulty arises for the worker, because his disease may be held to be contracted not by an accident or limited series of accidents but by a gradual process, in which case his claim is not allowed. This was the reason for the recent fuss about Raynaud's phenomenon (numbness and pallor in the fingers sometimes caused by the use of vibratory tools), which, some legal and insurance decisions have held, is the result of a continuous process not of an accident. The distinction between "accident" and "process" has certainly produced some hard cases.

The majority of the departmental committee has, however, decided against the TUC's proposal that the scheme should be generally extended to cover all cases where a claimant can show that his disease probably arose from the nature of his employment. A general cover would lead to a vast number of claims which could not be satisfactorily decided in the present state of medical knowledge. Could a clerk's indigestion be attributed to sitting still all day? Or a manager's to his responsibilities? And if other common complaints like bronchitis or rheumatism were covered when the sufferers worked in unfavourable conditions, the distinction between the industrial injuries scheme and the main insurance scheme would, the majority point out, be hard to maintain. If the schemes were then merged, there is no doubt who would be the loser; for the high benefits given for industrial injuries and diseases (67s. 6d. a week plus extras) could not possibly be extended to sickness at large.

The *Zürcher* and Herr Blucher

THERE is every reason why British as well as German newspapers should keep a very watchful eye on any attempt by German authorities to restrict the freedom of the press. Sovereignty may go to some heads in Bonn, and one day it may be necessary to make protests in the interests of German democrats. But the move of the *Neue Zürcher Zeitung*'s correspondent from Bonn to Rome was not the occasion to cry "wolf!". The famous Swiss newspaper has now issued a tart statement which should put an end to suggestions that its action had been taken because of a complaint made by Herr Blücher, the German vice-chancellor, about the reporting of the Free Democratic Party conference last March. The Zürich paper, whose reputation of austere independence is unsurpassed in any country, naturally rejects the idea that it would allow itself to be guided by a German cabinet minister.

Herr Blücher himself has denied that his talk with the editor about his party's troubles was directed against the paper's correspondent. And it is only fair to record that Herr Blücher is one of the last men who could be suspected of following in Dr Goebbels's footsteps. He is a liberal of the old German school and a well-known "pressophile." He is in charge of German relations with the OEEC, and has supported Dr Adenauer's European policy against many in his own party leadership. His handling of the right wing in the Free Democratic Party has been criticised as weak, but no more than that.

"Merdeka" for Malaya

THE new Chief Minister of the Federation of Malaya, Tengku Abdul Rahman, continues to assert himself with the vigour and confidence that bear witness to his belief that his majority in the Legislative Council makes him the real leader of the country. At the inauguration of the new House this week, he demanded a four-year timetable for self-government and independence, beginning with the appointment of a commission to change the new federal constitution and to transform the House with all speed into a purely elective chamber. He has already discussed his election pledges on this question with the Colonial Secre-

tary, as well as his demand for an amnesty offer to the Communists; indeed he has said that if necessary he would himself go into the jungle as a private citizen to start *pourparlers* with the terrorists. Mr Lennox-Boyd gently parried these proddings to rapid action, but he and British officialdom generally were left in no doubt of the present feelings of the elected members by their shouts of "*merdeka*" — freedom.

But to achieve "freedom" or self-government for the Federation, the Emergency must first be wound up. What chances are there of the Communists accepting an amnesty? There are certainly some. The victory of the Triple Alliance at the polls has deprived them of the argument that they represent the people of Malaya. They are hard pressed militarily. The international situation is, at least temporarily, against them. Under the terms of any probable amnesty, surrender would mean re-education in camps for those with Malayan citizenship, but most of the "hard core" are Chinese, and would face deportation to China. They may or may not face this prospect with equanimity. But even if the "people's army" in Malaya has to admit failure, a force could perhaps be kept in being just across the border in Siam. On balance the Communists may find it best to accept such terms—ostensibly from the Tengku. If they do not, it will mean a loss of face for the British: But it will also be a slap in the face for the Tengku himself, and he would presumably then put himself solidly behind a new drive against the terrorists. Thus the time is probably ripe for making such an offer; though it by no means follows—a point the Tengku has not perhaps realised fully—that its acceptance, welcome as it would be, would mean any quick relief to Malaya's strained finances.

Settling with the Printers

THE long negotiations between the Newspaper Proprietors Association and the printing trade unions—made more delicate by the unions' failure to implement the recommendations of the Commission of Enquiry to set up joint negotiating machinery—are bearing fruit in the shape of a definite, if not permanent, settlement. The unions which caused the stoppage last spring—the Electrical Trades Union and the Amalgamated Engineering Union—have accepted the newspapers' offer, and the craft unions seem likely to do so as well. Natsopa's decision has not yet been announced. The increase in pay, backdated to June 15th, is rather less than half the demand which was put forward by the ETU and AEU, and which precipitated the strike.

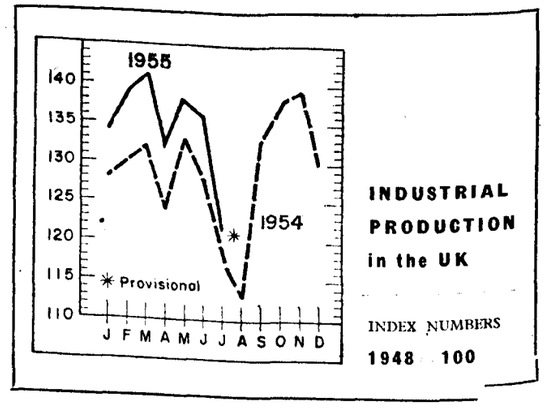
This is satisfactory as far as it goes; but it is not entirely the end of the story. The increases will, no doubt, form the basis of the negotiations between the provincial papers and the unions which become due in the autumn. But the most important feature of the settlement is the dropping of the sliding scale—the automatic revision of the cost of living bonus every six months in accordance with the cost of living index. Under the old agreement, in return for this "stabilisation clause," the unions made wage claims only at two to three year intervals; now (apart from the London Typographical Society, which has chosen to continue with the old system—a choice which could conceivably complicate future negotiations still more) they will be free to put in claims whenever they like.

The loss of the sliding scale, though it has its compensations, is not viewed with any great pleasure by the newspaper proprietors; but only time will show if it produces sudden demands for wage increases which will throw the industry, with its complicated wage structure, into periodic turmoil. The unions have made it quite clear that they will not have the present structure rationalised; so it remains, a permanent and potent cause of friction. The newspaper proprietors' present hope is that the very considerable increase in wages which they have conceded will keep the industry quiet for some time. Their next problem is to work out the effect on their own costs, and consider whether it must be passed on to the public in dearer papers.

Pied Pipers of Trade

UNTIL recently, surprisingly little attention had been given in the Soviet press to the prospects of greater east-west trade since the "summit" meeting at Geneva. Within the last week or so, however, Moscow has taken up the theme, but with little originality of approach. Not only are the arguments advanced precisely the same, and precisely as flimsy, as those regularly employed during the past few years, but the familiar figure of Mr Nesterov, president of the apocryphal "Chamber of Commerce" of the Soviet Union, has reappeared to lead the chorus. As usual, the entire blame for the present low level of trade between the Soviet bloc and the rest of the world is laid on the West's system of strategic export controls.

Moscow's tune has found a faint echo in certain western quarters. The time has now come, it is argued, when, as a contribution to the relaxation of tension, the West should reduce or even abolish the trade restrictions operated through "Cocom" (the consultative committee that co-ordinates the controls). What is forgotten, as usual, is that the removal of controls and restrictions on free exchange and free competition is a two-sided operation—in which, incidentally, the West took the initiative as long



ago as August last year, when the Cocom lists were drastically pruned. Whereas in the West only a small proportion of exports are officially controlled, in the Communist bloc all exports are automatically under governmental control. Trade with foreign countries on which the Communist rulers wish to put political pressure can thus be turned off like a tap at any time, as the Jugoslavs found in 1948, and the Australians last year.

Further, it is clear that to reduce western controls would have little effect on the volume of east-west trade. The main limiting factor is the capacity of the Sino-Soviet bloc to provide marketable exports with which to pay for the goods it needs. At present, because of its agricultural difficulties, and, to a lesser extent, of the reluctance of the Russians to dig any deeper into their gold reserves, the buying power of the bloc is low, and east-west trade would be unlikely to rise above its present levels whatever was done about the controls.

Missionaries and Indians

THE regulations governing missionaries which appeared in the Indian Yearbook published this week are little more than a restatement of those first introduced last autumn. They permit the Indian government to reduce the numbers of foreign missionaries, by compelling them to obtain a "no objection to return" stamp on their passports when seeking to re-enter the country; in this respect those from Commonwealth countries are put on an equal footing with the others. One of the reasons for the Indian government's determination to control foreign missionaries emerges in the regulation prohibiting them from working in frontier districts. On India's frontiers are located many of the tribes which, being still neither Hindu nor Muslim, can perhaps be converted; but Indians, suspicious that missionary work is not divorced from political influences, have seen its operations in these areas as a serious danger. The churches need not abandon animists to slow absorption into Hindu life—but they will have to send Indian Christians to carry the gospel to them in future.

It would be ingenuous to suggest that the regulations are animated solely by secular suspicions of western influence radiated by foreign clergymen. The revival of militant orthodox Hinduism in the last few years has led to some outright attacks on Christianity. Mr Nehru has raised his secular voice in protest, pointing out that Christianity is not only India's third largest religion, but has existed there for 1,900 years. That, though true, is not likely to appease the Mahasabha, and in their efforts to make converts the churches have had to face growing resistance arising from the charge that they are undermining Hindu civilisation, to which the idea of conversion is alien.

But the real problem is suspicion of western influence. The Christian churches in India have to become indigenous, and most denominations are rapidly becoming so. Two-thirds of the Catholic hierarchy are now Indian; the number of British missionaries in India has fallen by 500—nearly a third—in the last few years. The smaller sects, some deriving their inspiration and personnel from America, have been less successful. In India, as in Africa, missionaries are more and more concerned to divorce Christianity from westernism, to present it for what it is in fact—a religion originating in the East, not one invented by white men. Historians may find in this another sign of waning western supremacy—but the process is essential to the peaceful survival of Christianity in India, and perhaps in other eastern countries also.

Footballers in the Freeze

AT a time when calls for wage and dividend freezes are in the air, it is appropriate that public attention should have been called to an industry which suffers from both. This is the depressed, and now internationally uncompetitive, industry of British professional football; the complicated contract system by which the wage freeze is enforced, and which in some other countries would offend against anti-peonage laws, is to enjoy a debate of its own at an early stage of the Trades Union Congress at Southport next week. The maximum wage of a professional footballer is fixed at £15 a week, in spite of the fact that the marginal productivity of some of the stars—which can be accurately assessed by the drop in gates when they are injured and not playing—is well up in the four-figure class. Maximum dividends are pegged at 5 per cent, and most directors and managers are in the game for the fun of it, rather than to compete to give the customer satisfaction; the customer, indeed, stands upon the terraces in spartan discomfort, and even in the richest stadiums the loudspeakers which are supposed to inform him about team changes never quite seem to work. The money which is saved by the freezes is used to bid up to inflationary heights the fees that the clubs pay to each other for the transfer of players.

All the usual consequences of a system of controls of this sort abound. There is a fantastic misuse of valuable resources; a rich club is quite likely to lay hold on two front-rank stars who play in the same position and keep one of them ticking over every Saturday in a reserve match before a handful of people. A black market has sprung up to beat the freeze; players are cajoled to stay in the game by offers of cheap houses and other perquisites. The effect upon recruitment, in an inflationary age, is already beginning to show; recent additions even to the England team have tended to be of the amiably bovine, rather than the intelligent ball player, type.

But, above all, of course, the freeze keeps in being, although in a constant state of penury, what would be regarded as the inefficient "marginal" firms in any other industry. For a game such as football this deconcentration of resources, this keeping alive of a League team in scores of small towns, may be no bad thing; indeed, it may even be regarded as the main justification of the whole peculiar system. But when the TUC debates the matter next week, it would be wise to pause to consider what would be the state of the British standard of living if a freeze on dividends and wages—and with them all the uneconomic consequences they can see on their Saturday afternoons—were to be extended to British industry as a whole.

Letters to the Editor

Selective Call-up

SIR—Your Note on this subject seems to me to beg the main question—whether we are to accept as permanent the use of National Servicemen to replace Regulars in operational duties. So long as we do so, I agree that the value of the final six months service does give some force to the case for a selective call-up; but if we are ever to revert to the purpose for which the National Service Acts were passed, i.e., the provision of a large trained reserve for use in war, your argument is untenable.

Surely what we must aim at is the strengthening of our Regular forces coupled with a reduction in our commitments, leading to the release of National Servicemen from operational duties. Then we may hope for a reduction in the period of service not to 18 months, but to something much shorter.

I am quite sure also that you greatly underestimate the objections to a selective call-up which would exempt some men on an entirely arbitrary basis. They are too numerous to mention here, and would affect not only the men themselves, but also their employers, their fellow-workers, and of course especially their families.

If, in the immediate future, a reduction in numbers is desirable, I suggest that some of these objections might be met by a call-up in two sections—one for the full period as at present, and one for the minimum period necessary for the full-time training of reservists. This would enable the change over to be effected gradually, would provide some elasticity in meeting the requirements of the services and of industry, and above all would give all the men the valuable experience of training and discipline which National Service at its best can undoubtedly provide.—Yours faithfully,

Stirling YOUNGER OF LECKIE

Through Irish Eyes

SIR—In the article which appeared in your issue of August 20th, your Dublin correspondent appears to support the absence of a treaty of extradition between the Republic and the United Kingdom. Surely today any civilised state is prepared to assist in the suppression of crime and to enter into treaties of extradition with its neighbours for such a purpose. The question whether the offence is of such a nature as not to fall within the terms of the treaty is a matter to be decided by the courts of the country from which extradition is sought.

For that matter I cannot conceive of anything other than a criminal offence when armed citizens of one peaceful state cross the frontier and attack the citizens of another peaceful state. I have never heard of such action being regarded otherwise under international law.—Yours faithfully,

S. KNOX CUNNINGHAM

House of Commons, S.W.1

Gold Coast Portent

SIR—In your Note of July 23rd you are confident that once the opposition leaders and the Ashanti Chiefs "can hope to form a government at the centre the chances are that some form of regional devolution will satisfy them," and that Dr Nkrumah has "successfully piloted the Gold Coast to the threshold of independence." Unperturbed by the fact that many of those opposed to Nkrumah's "politics"—"Self-government *Now*" (1949) and "Self-government step-by-step, *not* in haste" (1951)—are those who in 1947 started the agitation for independence ("in the shortest possible time") and engaged Nkrumah from England as their secretary, you assert confidently that "the advocates of tribalism and feudal autocracy are now seeking to delay" independence! To what end?

Tribalism? How quickly does not the British imperial power forget its own history! Just over ten years ago, when the imperial policy was to separate Ashanti from the colony, was it not the present Asantehene who in 1943 rejected the British Government's Ashanti Advisory Council Ordinance (made by the Governor himself) to set up a separate legislature for Ashanti? Was it not the Asantehene who pressed for an original policy of legislative union of Ashanti with the colony? And did not Otumfuo Sir Osei Agyeman Prempeh's demand so upset Mr Oliver Stanley, the Secretary of State, then on a visit to the Gold Coast, and the Governor, Sir Alan Burns, that a special meeting had to be held at the Chief Commissioner's Residence in Kumasi to ask the Asantehene why he preferred to join Ashanti to the colony instead of keeping the Ashanti "tribal" unit separate from the colony tribes? And did not the Asantehene's policy turn the Advisory Ordinance into a dead letter?

Admitting that there has been "some local oppression," you go on to declare confidently that "If the charges against Dr Nkrumah's Government were true it is hardly likely that the Convention People's Party candidate would have been defeated in the recent by-election in Ashanti." He forgets that there are degrees of dictatorship; that even against the wish of Hitler, other people in Germany won elections; and that there is such a thing as braving intimidations.

Your Note even went so far as to suggest that the NLM leadership is so confused that "If the United Nations decide on a plebiscite for Togoland it is all too possible that some Ashanti will demand one too, ignoring the fact that its status as a mandated territory puts it on an entirely different footing." Just think: The *sin* of asking for a Constituent Assembly, or a Royal Commission, or an expert Constitution Commissioner!

Having, for four years and a half, lauded Dr Nkrumah to the world as a fine product of the British colonial genius, who is successfully piloting the Gold Coast to the threshold of independence planned for that African territory by the Colonial Office, the British are feeling rather disconcerted at the thought of having to turn round and tell the world that they had all the time been wrong about what was really happening in the Gold Coast. They are now using all the implements in their armoury to show that even if Dr Nkrumah is wrong, his opponents are wrong too, and so Dr Nkrumah could not be wrong really.

But how long will this deception last? Already a CPP man has been hanged for political murder, yet when you speak of a party making a stir "by demonstrations which have degenerated at times into violence," you are pointing at the NLM, not certainly at the sacrosanct CPP. And do you hope to help the Gold Coast towards purity of political life by saying, "The charge of corruption however can be levelled at all parties"? Is corruption in a new nation to be tolerated without a commission of inquiry just because "all the parties" are doing it?

How do opposition leaders prove themselves "confused" by asking for a Constituent Assembly to *determine, before* independence, the form and structure of the house to be occupied by independence? If there has "undoubtedly" been "too much centralisation, a legacy of efficient British rule and some local oppression" is it evidence of "confused leadership" to ask for an expert like Sir Keith Hancock to loosen the cords of the bad legacy and to liquidate it? Would it not also help to have a commission to clarify the issues so that those who are prejudiced by the single pipeline of information on the Gold Coast, but do not care to send their own correspondents to find out all the facts, may have such facts delivered to them secondhand through a Commissioner's report?

It is exceedingly embarrassing for some of us who have grown to admire the British sense of fair play to see this mud-slinging at one Gold Coast side.—Yours faithfully,

Accra J. B. DANQUAH

Fish Not Above Suspicion

SIR,—Your Note on the fourth annual report of the White Fish Authority says that the Authority's approval of the distant water trawler owners' regulatory scheme is, this year, not quite unqualified. There has been no change in the Authority's attitude to the scheme: earlier reports clearly express the view that regulation of this kind should not be solely in the hands of the trawler owners, and in none of them will an unqualified approval of the scheme be found. You also say that the Authority are wondering whether to take over responsibility for "price fixing." I wish to make clear that the Authority are considering no more than the question whether they, rather than the producers, should fix the minimum prices at first hand sale, and these prices only. The minimum prices are the lowest prices at which fish may be sold at the quayside for the fresh fish market. This is being considered at the request of some of the sections represented on the White Fish Industry Advisory Council.—Yours faithfully,

J. A. A. LEACH
Public Relations Officer

White Fish Authority, Knaresborough

A New Socialist International?

SIR—In connection with Mr Vlahovic's suggestion that the Cominform should be replaced by a new Socialist International you raise the question whether Marshal Tito is right in assuming that the Soviet leaders have changed their attitude towards Eastern Europe.

It can hardly be a coincidence that Mr Vlahovic published his article at the same time as western Communist parties are drifting towards closer co-operation with other left-wing movements. It seems to me that we are at the threshold of an era in which Moscow will try to combine the diplomacy of peaceful co-existence with an ideology uniting in some form or another various brands of Socialism. This form may well manifest itself in a new Socialist International—provided the Social Democrats have not learned their lessons in the 1930s and in 1945-47 and again fall into the trap. Its framework, at any rate, might offer an opportunity to the countries of Central and Eastern Europe to become less dependent on Moscow's influence than hitherto.—Yours faithfully,

Reading PAUL KATONA

Social Credit Looks East

SIR,—The interesting article in your issue of August 6th is marred by misrepresentation of Mr Manning and the Social Credit League's Policy. Mr Manning has repeatedly stated that their objective is based not only on the philosophy but on the technique of Monetary Reform laid down by Major Douglas.—Yours faithfully,

London, W.C.1 ANDREW CARDEN

Books & Publications

American Approaches

THE GREAT EXPERIMENT.
By Frank Thistlethwaite.
Cambridge University Press. 349 pages. 25s.

THIS book is one of the happy results of the postwar decision to teach American history at British universities. Mr Thistlethwaite soon discovered that the available general texts, most of them written by Americans, took too much for granted to serve as an introduction for British students. He had a very clear idea of what was needed: a "point of departure" for British readers which would explain, in terms of their history, how and why Americans are different from Europeans; a book that would emphasise the inter-connectedness, which is too often slighted, of the histories of the English-speaking peoples on the opposite shores of the Atlantic basin; and one that would make migration, and its corollary, the mobile and "open" society, stand out as the great formative influences in shaping the American character. This new approach has produced a book that is illuminating to the general reader and invaluable to the student.

To make America "stand out in the round," strict chronology has been made to take second place to a few great themes, and Mr Thistlethwaite has been heroic in his feats of omission. Some of them will take away the breath of readers accustomed to the orthodox political histories. But the cuts allow the broad outlines to emerge and give the author room to linger over matters he rightly considers more important: the story of the last great migration of peoples; the intellectual and philosophic baggage they brought with them and the philosophies they evolved for themselves, which have shaped and reflected the American's view of the state, society and the individual; and the religious experiences and convictions that helped Americans to believe themselves a dedicated people. An economic historian by training, Mr Thistlethwaite is particularly good on the economic influences, the organisation of industry and trade, and on the part played throughout the nineteenth century by British capital and British skills in helping Americans to develop a continent and become, in their turn, the chief exporters of capital and skill. But this is not just another economic interpretation. Mr Thistlethwaite's triumph is the weaving together of all the strands, with a sense of the importance of each, into a recognisable flesh and blood likeness, a history in 3-D. He writes well, and can find the right quotation of incident—often not the well-worn ones—to bring a general idea to life.

In the final chapter, the most stimulating and controversial, Mr Thistlethwaite considers mass production and the continuing dynamic pace of economic change (which, to the disappointment of the Jeremiahs, has survived the closing of the frontier) in relation to democracy. He concludes, tentatively, that they have reinforced the characteristic and original qualities of American society. Maturity, he thinks, has made Americans not more like Europeans, but more like themselves. The standardisation of products and parts has not meant the standardisation of men, but, on the contrary, has provided greater freedom of choice for more people.

Many readers may find, however, that this last chapter involves a jolting leap from the nineteen-twenties; it is almost as though Mr Thistlethwaite had run out of paper. Surely the era of Roosevelt and the New Deal is more than a footnote to Theodore Roosevelt's trust-busting and Wilson's New Freedom? Mr Thistlethwaite clearly has a close, lively and affectionate knowledge of present-day America; it is a pity that he should stop short twenty years ago. But, even with this omission, he has done more than effect an introduction; he has made a real contribution toward cementing an alliance.

Hot Springs Child

THE STORY OF FAO.
By Gove Hambidge.
Macmillan. 315 pages. 48s.

"THIS Conference . . . has considered the world problems of food and agriculture and declares its belief that the goal of freedom from want of food suitable and adequate for the health and strength of all peoples can be achieved." Such was the confident view of these problems expressed by the representatives of forty-four governments assembled at Hot Springs, Virginia, in 1943—before they set about trying to solve them.

The Food and Agriculture Organisation was the child of Hot Springs, conceived in this same spirit of optimism, and the present volume tells its story from the beginning. It is a good story vividly written. It describes the preparatory work—the inevitable teething troubles—carried out by an interim commission set up to work out plans for a permanent organisation. It gives an account of its scope, the drafting of its constitution, its early attempt at dealing

with the problem of food production and nutrition, finally bringing the narrative up to the present day. The author has been intimately connected with the organisation from its inception, and his interest and enthusiasm have never flagged. The book nevertheless is a story (as the title indicates) rather than a history; still less is it a critique. Little attempt is made to measure the individual achievements of FAO, or to appraise its successes and failures. No estimate of the merits of some of its undertakings is made, no judgment on what its total accomplishments amount to at the end of the first decade of its existence. To take one example only: the story tells how under the guidance of (then) Sir John Boyd Orr the staff in its first year set to work to prepare proposals for a "World Food Board." It tells how the plan was laid before the 1946 conference by its chief author, with the deep-rooted conviction and passionate sincerity which always characterised his advocacy; how the plan was ultimately rejected by the governments represented. But there the story stops; nothing is said of the reasons—economic, financial and political—for its rejection; yet they were very formidable.

The fact is that, in the early days of FAO, member governments were largely preoccupied with the fear of agricultural surpluses, and therefore with more or less heroic measures to stabilise agricultural commodity prices somewhat on the lines of the International Wheat Agreement. What then is of special interest in Mr Hambidge's narrative is the change in outlook, in the technical objectives, during subsequent years—the transition from the time when more spectacular proposals held the centre of the stage to the present when far simpler but none the less important activities have replaced them.

Much the most interesting part of this book is its description of agriculture in the underdeveloped or backward countries, regions that have laboured on through the centuries, employing technical practices hardly advanced beyond those in use at the time of Moses. Here FAO has lately participated in the work of "Extended Technical Assistance," giving help so far as it can within its financial resources to governments that have asked for it. It has wisely accepted the view that there is usually no short cut from primitive to modern methods of cultivation and livestock management, from crude implements to power-driven equipment. To show the Afghan peasant the advantage of the scythe over the sickle, to introduce vaccines against animal diseases, to develop research in the selection of rice, to encourage the use of fertilisers—these and countless other enterprises of the kind are examples of the present trend in the work of FAO.

It is no part of this book's purpose to estimate how far all this effort has contributed to the overriding problem of equating world food supplies with the growing world population (today the gap between the well fed and the underfed in the world as a whole is considerably larger than it was when FAO was founded). It is rather a story of what has been done and can be done through its agency in increasing food and other agricultural production, provided the collaboration of governments is sustained. On this last point the outlook is promising.

Unexplained Philosopher

THE LIFE OF DAVID HUME.
By Ernest Campbell Mossner.
Nelson. 703 pages. 42s.

WHITEHEAD once said that the world never quite recovers from the shock of a great philosopher. And certainly many would want to divide the history of philosophy into two main periods—before and after the work of David Hume. This is the cardinal feature of Hume's achievement, which any biographer must explain. Professor Mossner takes as the text of his biography Hume's dictum: "Be a philosopher; but amidst all your philosophy, be still a man." Hume practised what he preached, and his biographer has spent twenty years in a work of enormous erudition to establish this. All that he fails to explain about Hume is why he was such a great philosopher.

The fault, perhaps, was partly Hume's. His masterpiece, "A Treatise on Human Nature," which he published anonymously in 1737, "fell dead-born from the press" and Hume, whose overriding passion was for literary fame, often disowned in later years many of the brilliant insights which he had penned at the age of twenty-five. The reputation which he at last earned among his contemporaries was as an essayist and historian. He was, indeed, the first distinguishable man of letters to make a fortune from literature alone and still preserve his independence. He also served as a staff officer on two military expeditions and, as chargé d'affaires in Paris and as Under-Secretary of State, he showed himself an able diplomat and administrator. He applied for two Scottish professorships of philosophy, but was rejected in both cases on account of his religious heterodoxy.

Yet Hume cannot altogether be blamed for a lack of imagination on the part of his biographer. Perhaps he was rather an unexciting fellow with all the self-conscious good humour and shrewdness that characterise good men north of the border. As a man he obviously did not sparkle and scintillate like Hobbes. But as a thinker there was little about him of that staid sobriety with which he carted his enormous bulk between Scotland, London and the continent. And it is the audacity and brilliance of Hume as a thinker that his biographer so singularly fails to convey. There is scarcely a hint that Hume's fame rests more on the death-blow which he delivered to Cartesian modes of thought than on his rather self-conscious effort to set himself up as the Newton of the sciences of man. Similarly Hume's religious scepticism is ever present as one of those facets of his outlook that made his friendship even with the Moderates amongst Scottish divines something of a triumph for his personal goodness. But Professor Mossner fails to convey the sheer intellectual brilliance which made his "Dialogues on Natural Religion" perhaps the greatest work on the subject ever produced.

There are, too, some rather tantalising gaps in the treatment of Hume the man. Hume, we are told, displayed "many of the symptoms of a deep-set emotional and physical disorder" while he was in the throes of his "Treatise." Much is made of this "disease of the learned." But what exactly were the symptoms and what was the probable diagnosis of the disorder? Similarly much is made of the fact, as Hume himself put it, that he "had no Reason to be displeased with the reception" he met with from women. But what exactly his relations with women were is never clear, and in this respect we feel that we are entitled to know more about a man who is famous for his remark that "reason is and ought to be the slave of the passions."

In short this biography is a massive monument to human industry and scholarship. But it is dull.

In Defence of Partition

DIVIDED WE STAND: *A Study in Partition.*
By Michael Sheehy.
Faber. 104 pages. 10s. 6d.

MR SHEEHY'S argument is that Irish partition rests on a valid basis: that it is the result of the intransigence of the "south," not of the "north"; and that it will not be ended until the "south" returns to a realisation of its duties towards the defence of Western Europe.

Argument on this thesis will be barren because it turns on the definition of units. Irishmen, including Mr Sheehy, speak of the partition of Ireland; northern unionists have come to speak of the partition of the United Kingdom. It all depends on whether one believes that there was a real union of Great Britain and Ireland between 1801 and 1921 or that Ireland is a single unit, in spite of the existence of a community in the north-east whose problems and interests demand separate treatment. Even if it is granted that majorities should decide, the question remains: what majority and in what area?

There are, for example, two points at issue. The most obvious is the position of the two counties in Northern Ireland that have consistently voted since 1922 for inclusion with the rest of the country. Mr Sheehy's comment is that: "it is the dependence of the Northern Government on the nationalist areas for its continued existence which justifies the retention of such areas." Irish Republicans can justly reply that this line of thought is more usual in Eastern than in Western Europe.

But even if Fermanagh and Tyrone were on the other side of the border the problem of Irish unity would remain: that is, the reconciliation of the interests and traditions of the people of Belfast and its adjoining areas with those of the rest of Ireland. This is where the spadework has to be done, and Mr Sheehy would have rendered a great service if he had attempted it. Mr de Valera has spoken in general terms of a local autonomy for the north-east in a united Ireland. The all-important details have not been publicly worked out, naturally enough perhaps seeing that the governments in London, Belfast and Dublin have never trusted each other in these matters. A survey of these issues would have been immensely valuable.

Unfortunately, Mr Sheehy is principally concerned with defending the memory of John Redmond. It is good to think that the eclipse of his reputation is passing; but it is doubtful if Mr Sheehy's apologetics will be helpful. The influences at work against Redmond's policy might well have defeated a stronger, and less trusting leader. In the event, Carson's appeal to force against the Liberal Government in 1912 led to the discrediting of constitutional nationalism and the eclipse of the Irish Party. The opposition, at all costs, to Home Rule led to the Republic, of which Carson has many claims to be the founder. Sir Winston Churchill has written that all would have been well if Redmond's gesture of support for Britain in 1914 had been accepted and the Home Rule Act put into force at once. Things went otherwise, and nationalist Ireland received a lesson in the futility of making gestures of support in wartime that still influences its policy of neutrality. In these matters Mr Sheehy seems curiously unacquainted with the views of northern Irishmen, which are more complicated and certainly less dominated by enthusiasm for Nato, than he suggests. On these issues the best book is still Dr George O'Brien's "The Four Green Fields," which unfortunately is not cited in these pages.

Douglas Territory

SOCIAL CREDIT AND THE FEDERAL POWER IN CANADA.
By J. R. Mallory.
Toronto University Press (London: *Geoffrey Cumberlege*). 216 pages. 45s. $5.00.

THIS is the fifth book in the series on Social Credit in Alberta sponsored by the Canadian Social Science Research Council. The phenomenon of the first social credit government in the world (and, until British Columbia next door recently returned a second, the only one) has an interest wider than its Canadian context. How the monetary revolution launched with Messianic enthusiasm by Mr Aberhart has developed into a sound, business government commanding the respect and support of businessmen, a bulwark against the moderate socialism of the farmer-labour party, the Co-operative Commonwealth Federation, reserving its crusading fervour for attacks on the International "Money Power," is a fascinating tale, told in a fascinating manner.

It is also, as Professor Mallory's penetrating analysis makes clear, a symptom of a fundamental "mutation" in the Canadian economy and of a new trend in the evolution of Canadian federalism. The young Canadian nation grew up in the process of opening the western plains to settlement. The great westward expansion based on wheat growing was the basis for national unity and allowed differences to be resolved in common national aims. When expansion faltered in the thirties, when a collapse of world wheat prices and drought brought disaster to the prairie provinces, the clash of interest became acute between debtor frontier communities and the creditor, financial and industrial centres of eastern Canada.

Social credit, heir to the tradition of western agrarian radicalism, expressed that conflict. The social credit measures of the new provincial government infringed the powers and clashed with the responsibilities of the federal government. There had been long erosion of federal authority by a series of privy council interpretations of Canada's written constitution, the British North America Act, and a loosening of national cohesion with the emergence of the great new pulp and paper and mineral industries; these are under the control of the provinces, as owners of natural resources, and have a north-south axis cutting across the unifying east-west wheat axis. The central government at Ottawa, however, used its long-dormant power of disallowance to check financial experiments in Alberta which had a national significance. This book throws clear light on the character of the underlying crisis in Canadian federalism and the role of new parties and provincial experiments in resolving it. Like its distinguished predecessors, the book gives an insight into developments in the west since the thirties which is most helpful to a thorough understanding of contemporary Canada.

Apes and Investments

DARWIN REVALUED.
By Arthur Keith.
Watts. 294 pages. 25s.

SIR ARTHUR KEITH is pre-eminently well qualified to write a biography of Darwin and to attempt a twentieth-century revaluation of his work. Born in a generation that felt the immediate impact of Darwin's inspiration and educated in an environment favourable to Darwin's ideas, he was a talented prizewinner of a copy of "Origin of Species" while an anatomy student at Aberdeen in 1885. By that time the revolutionary volume on evolution, which had originally been printed in 1859 in only 1,200 copies, had sold over 28,000, and its influence had already begun to refashion social speculation as well as scientific research. Sir Arthur is well equipped also to describe those twentieth-century advances in the study of "the laws of growth" which have affected contemporary attitudes towards evolution. Indeed his own "New Theory of Human Evolution" was a notable addition to the literature of what had already become not only a doctrine but a tradition.

The main value of his competent biography, which does not seek to explore the broad problems of the more stimulating recent book "Apes, Angels and Victorians," by Professor Irvine, is that it provides us with a scientist's assessment of Darwin and not with a historian's. There are no surprises—despite the claims of the blurb—in its well-documented pages, and too little attempt is made to separate out philosophical and scientific elements in nineteenth-century science. Two main themes dominate the chronological chapters—Darwin's discoveries and Darwin's illness. Both are handled cautiously, for, like Darwin himself, Sir Arthur is more concerned with careful observation than with bold generalisation.

Eight supplementary chapters consider specific questions, such as the incentives and motives behind Darwin's work, his attitudes towards religion, the character and influence of his wife and, once again, the state of his health. Two of these chapters examine Darwin from an unusual angle. One, describing his "racial heritage," remarks that Darwin was representative of "a rather uncommon type of Englishman, one now spoken of as the 'Beaker' type." The other succeeds in persuading us that Darwin was an exceptionally capable businessman, "very methodical" in all his habits. Successful as his writings were, his investments were more so. It is somewhat disappointing that Sir Arthur does not quite succeed in pulling together the interesting pieces of evidence from these supplementary activities of Darwin and inserting them into the main biography. The effect of the two parts of the book is consequently a little disjointed, although the serious student will be grateful for Sir Arthur's meditations on subjects that are still ignored or treated somewhat flippantly almost a hundred years after the "Origin of Species" first appeared.

Ramble in Whitehall

THE CIVIL SERVICE IN BRITAIN.
By G. A. Campbell.
A Pelican Book. Penguin Books. 382 pages. 3s. 6d.

THIS book is a ramble through bureaucracy in very good company. It sets out to give the general reader a full, rather than a systematic, account of what civil servants do and to convey the feel of the profession. In both aims it is very successful, particularly in the latter. Amateurs of the civil service will admire the way in which Mr Campbell has avoided the usual traps of talking about either the elect or the masses as if they were the whole thing: the point of view of the middle class of the service (perhaps its most distinctive part) is excellently given: as one reads, one almost

sees those humane, irregular, indoor faces; one tastes the Whitehall tea and smells the pipesmoke.

Authors of books about the civil service face a problem of scope. How wide are they to cast their net? And how far are they to go in saying what it does? Must they describe its work office by office? And should a book about the civil service be merely a book about ministries with the ministers excised? Mr Campbell scarcely goes beyond the administrative, executive and clerical staff at headquarters; professional and scientific staff, inspectorates and regional offices, counter-clerks, postmen and industrial workers get little space. He gives rather too much room to a quick tour round all the ministries. He is at his best when he describes in some detail how any one ministry does its work. In so doing he goes a little outside his nominal subject, and throws in a lot about financial procedure, delegated legislation and the like. But he always brings his story back to the good civil servant's viewpoint, which insures him against the risk of underrating the importance of ministers and Parliament.

The book is rather shapeless, and the chapter headings often bear little relation to the contents. But in a ramble, as distinct from a textbook, that scarcely matters. The ground is thoroughly covered; the standard of accuracy is high; and the book is very readable. That large part of the nation which deals with, suffers from, or is related to the civil service should read Mr Campbell's excellent book.

Sociology of Law

THE JUDICIAL PROCESS AMONG THE BAROTSE OF NORTHERN RHODESIA.
By Max Gluckman.
Manchester University Press. 386 pages. 37s. 6d.

AT the end of this fascinating investigation the reader will conclude "how like ourselves"; and indeed one of the main lessons of Professor Gluckman's study is that judges on the bench have closely similar habits of thought and action whether they are tribal Africans or sit on the Queen's Bench. Barotse law and any form of European law differ markedly in substance and Barotse ethical ideals diverge in some ways from ours, but the essentials of judicial logic in reaching a verdict, and the propensity to add moral judgments, are much alike.

It is important not to start this book with the wrong expectations. Though the author takes great pains to help the reader, the argument is complicated. Mr Gluckman deals with the legal institutions of a Central African nation, with a relatively advanced system of government and law, a king and a hierarchy of state councils. But this is not a handbook of Barotse customary law. The investigation is based on a remarkable series of case records concerning those characteristic subjects of African civil litigation, marriage, land and property rights, but no specific account is given of Barotse marriage or inheritance law. Again, combining anthropology and jurisprudence, Mr Gluckman makes penetrating comments on the nature and status of primitive law; but this is incidental to his main theme.

A simplified description might say that this book is a study of the judicial machinery of a society as a source of directing and correcting action to safeguard the public interest and to adjust conflicts of interest between individuals. The central question, therefore, is: how are judicial decisions arrived at, accounted for, and put into operation in a society where all relationships are, as the author says, "multiplex," social, political and economic relationships being all mutually connected? Barotse courts are also councils involved in the legislative and executive functions of the state, and they do not, traditionally, have records. Thus in the task of cross-examination, carried out by the judges, as well as in giving judgment, the whole background of personal and legal relationships of the parties is considered and the public well-being is taken into account. This allows for notions of equity and of reasonableness to be brought into the judicial process, and gives leeway for adapting the law to changing conditions.

Professor Gluckman's book is not, however, just an analysis of an aspect of Barotse legal procedure. It is a notable contribution to the theory of what is sometimes called the sociology of law. As he develops his theme he shows that Barotse judges work with a *corpus juris,* which, though unwritten, has coherence. To apply this body of law to the facts of litigation they use a concept of the "reasonable man" in the same way as do judges in advanced legal systems, though, of course, with different ideas of what is customary and reasonable. This topic is discussed with great acumen. It leads on to a demonstration that Barotse judges follow a logical procedure, making use of a comprehensive and intricate legal vocabulary. This brings up a problem in jurisprudence that has been much confused. Legal concepts, especially those of greatest generality, are notoriously imprecise. Grappling with this problem as an anthropologist, and drawing on semantic theory for support, Mr Gluckman offers a novel and convincing explanation. "Uncertainty" in different degrees is a necessary feature of legal concepts, he maintains, for it enables the total body of law to absorb into itself changing social conditions and ideas and to meet the great variations in the facts in a flexible manner. Here is the germ of new way of looking at the conflict of European law and customary law in African colonies.

In his foreword Professor Goodhart describes this book as "a major contribution to legal philosophy." It is also a major contribution to our understanding of African law. The two further volumes that are promised will be eagerly awaited.

Shorter Notices

THE INDUSTRIALISATION OF BACKWARD AREAS.
By K. Mandelbaum.
Oxford Institute of Statistics, Monograph No. 2. Second Edition.
Basil Blackwell. 131 pages. 15s.

This monograph is of great value in giving the reader, particularly the student fresh to economics, an idea of the complex economic inter-relationships that a process of industrialisation, planned or unplanned, will set up. The study remains broadly acceptable in the light of recently developed econometric methods, but does not demand a knowledge of them. It must be emphasised that, although the countries of south-eastern Europe have been used to provide illustrative material, what is presented here is fundamentally a theoretical model designed to show what major quantities must be taken into account, and what their inter-actions are likely to be. The method, however, inevitably whets the appetite and one would like the author to have examined the realism and usefulness of his model in the light of actual postwar development in these countries.

Superficial reading of this book, together with the early writing of Professor Arthur Lewis on the Caribbean, has perhaps led to an over-emphasis on the problems of those poor countries with chronic and indisputable rural overpopulation. Professor Lewis has helped to redress the balance by his recent report on industrialisation in the Gold Coast, and Dr Mandelbaum again points out in his preface that his angle of approach is most helpful for areas suffering from a relative dearth of agricultural land.

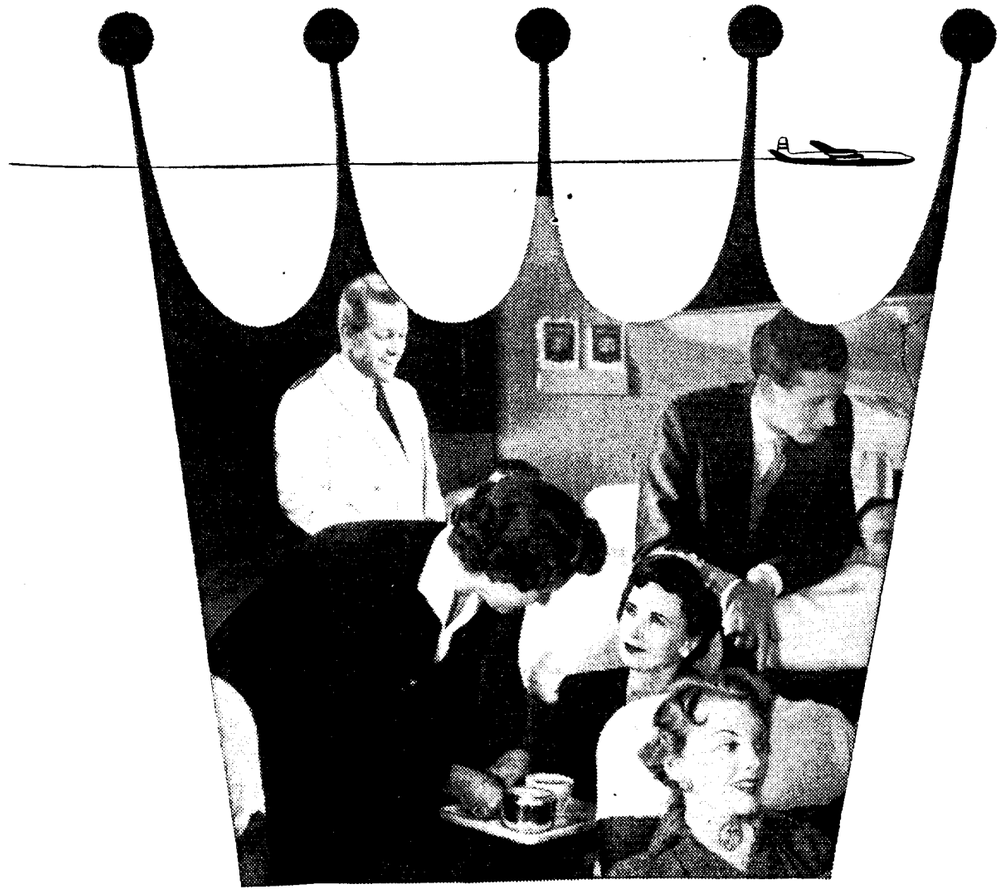
This monograph proved most suggestive and stimulating when it was first published in 1945, and it is good that it should be available again. A useful preface has been added containing references to important writings on the subject published over the last ten years.

★

THE STORY OF NEW ZEALAND.
By A. H. Reed.
Phoenix House. 335 pages. 21s.
PORTRAIT OF NEW ZEALAND.
By David Hall.
Wellington: *A. H. and A. W. Reed.*
London: *Phoenix House.* 272 pages. 25s.

New Zealand history is brief (the Maoris, having no written language, had only chants and spoken legends of the era before the white man), and its paths are by now well trodden. Mr Reed, in his agreeably written account of the main and more picturesque events of the Dominion's story, has certainly not sought to pioneer any fresh ground of research. But his tour of the familiar scene is briskly and freshly conducted, and is readable and vital.

Mr Hall's "Portrait of New Zealand" is primarily a factual and statistical survey of the contemporary New Zealand scene, but its facts and figures are laced with perceptive, wry comment, which lifts the book out of the ordinary. He underlines shrewdly the degree to which in New Zealand there is a steady pressure for conformity to a set social pattern, but he points out that this can be a source of strength as well as of weakness. He sums up neatly, too, the problem which faces all small communities: "We love our neighbour as the Bible (with which many are well-acquainted) bids us, and perhaps it is because of that that we know his business usually a little better than he does himself."



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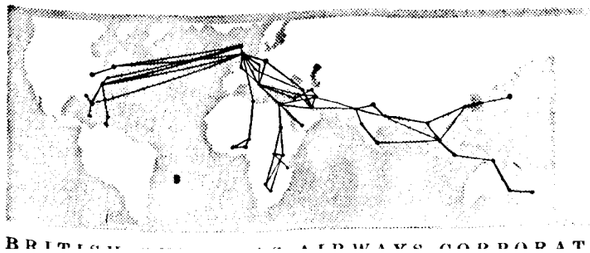

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American Survey

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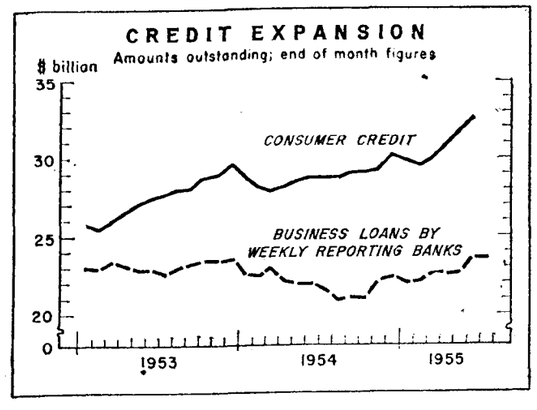
Money *versus* the Cycle

Washington, D.C.

EVEN if the United States has no worries about its balance of payments, it is undergoing a test of monetary policy little less demanding than that in Britain. Indeed, there are some remarkable similarities in the situations of the two countries; the chief of these is the firm decision of the authorities to let monetary policy do a difficult job largely alone, unaided by the array of direct controls which adorned the economic armoury in the years immediately after the world war and after the Korean outbreak.

The problem in the United States is set by the business cycle itself. With the exception of a small band far out on the progressive fringe, practically everybody is agreed that an excessive boom is likely to lead to some sort of a bust—not to a depression, perhaps, but to a disagreeable setback which ought to be avoided. The central banking authorities at the Federal Reserve Board are naturally convinced that runaway booms in general are loaded with danger, and they are fearful that the present one is getting close to the runaway stage.



But there are two important things they do not know. Firstly, can restrictive monetary measures press back the boom in precisely the places where it is bulging out of symmetry? Secondly, can monetary policy do a useful job without itself speeding the onset of the subsequent bust? The authorities have only a limited amount of experience—monetary measures have been an active instrument of policy in the modern economy only since 1951—and not all of it has been good. The mild recession in 1953 and 1954 began only a few months after the time when monetary policy had clamped down hardest on the preceding boom; although on balance the Federal Reserve authorities believe they did more good than harm at that time, they were burned badly enough to want to avoid another period of extreme stringency of funds comparable to the spring of 1953. At the same time, they are wondering now if less will do the job that has to be done.

The job, in its broadest sense, is to prevent the money supply from growing too fast. In the words of one worried official, borrowing by private concerns and individuals is "going through the roof," with the result that credit is expanding much faster than is output. Besides the inflationary consequences of this state of affairs, the authorities fear that this excessive growth of credit is, in effect, stealing demand from the future. But if the job is to slow down the creation of credit, then the question becomes: What credit? Certainly not credit extended to the government, for monetary policy must not balk the government's efforts to finance itself. It appears there will be a cash surplus in the federal accounts when this fiscal year ends in June, 1956, but the timing of receipts is such that the government will have to borrow some $8 billion in the last half of 1955 to tide it over. Business credit—for financing stocks of goods and materials perhaps? But they are still lower than they were at times of prosperity in the past and are scarcely high in relation to the volume of trade being done. Business borrowing from the banks has risen sharply this year, but it had some normal recovery to make from last year's recession. It would take a hardy man to state flatly that business credit as a whole is too high.

That leaves credit for stock market speculation, housing credit and hire-purchase credit. Though a case can be made—and is being made every day—for claiming that the level of debt in each of these fields is not too high, it is quite obvious that some stock market prices are far out of line with earnings or inherent values, and that total consumer obligations are higher in relation to consumer incomes than ever before. In any case, something is clearly causing credit to be created too fast.

The reaction of the authorities has been the classic one, though some critics argue that the timing was too slow. Monetary policy was shifted from "active ease" to just "ease" as long ago as December, when unemployment was still rising toward its winter peak of over 3,500,000. This year the policy has been altered by stages to neutrality, to mild restraint, and now to restraint. The discount rate for

borrowing from the Federal Reserve Banks has been raised twice; another increase seems in the making; the commercial banks have been kept in debt "at the Fed" through a policy of refusing to supply funds to the market, by purchases of government securities, in nearly the amounts that the thirsty economy would have liked. Money at the moment is definitely tight, and will be kept that way.

But still the growth of private credit goes on, in the face of a rise in interest rates all along the line. What is more, there seems no sure way of making the banks lend to the worthy steel company but not to the improvident buyer of an automobile, to the State of Massachusetts for a highway but not to the speculative builder of houses. Some of the present buying on credit may be borrowing from future consumption, but it is difficult for the authorities to prevent it without setting off some kind of inventory recession as it becomes too expensive for businesses to carry legitimate stocks. And finally, an effective squeeze can hardly be applied if the government is always coming to the money market with its hand out.

The actions of the Federal Reserve Board have, it is true, been backed by the rest of the government. The Treasury cautiously floated a long-term bond in two instalments, to soak up some of the money from the stock and mortgage markets, and to insulate at least part of its financing from the Federal Reserve's operations at the short-term commercial banking end of the credit structure. The housing agencies ordered a slight tightening in the terms of the mortgages they insure. And if no more than moral suasion is possible legally in the field of consumer borrowing, at least that has been supplied in ample measure by practically everyone from the Secretary of Commerce to the bank examining officials at the Treasury.

★

The most comforting reaction so far has been in the housing field, where new starts have dipped to a presumably healthier level. Banks are at last beginning to report that some marginal customers for loans are being turned away. A few states have refused to accept bids for new issues of bonds for public works on the ground that the yields demanded were too high. The stock market has been fairly stable for a month. But borrowers in general seem to be out to demonstrate that, if the demand for funds is there, "ways can be found" of borrowing the money unless the authorities clamp down so hard that they deflate the entire economy.

Still, the battle has really only begun. The period of greatest credit severity, when the official policy of restraint will have its full impact, is still ahead; as the seasonal demand for loans mounts, the banks will become more and more reluctant to sell their gilt-edged securities at a loss, to maintain the pace of advances. If the Federal Reserve Board and the Administration succeed, if the boom works itself out into ordinary and continuing prosperity, the consequences fire the imagination. The achievement would raise the possibility that the business cycle itself, in its serious manifestations, could be conquered permanently. Such a triumph would not, of course, eliminate the possibility that on the next occasion the authorities might fail to do the right thing at the right time. But it would show that the classic and impersonal instrument of money is indeed the regulator its greatest champions have always claimed it is, at least on the upward slope of the business cycle.

Morning after Geneva

THE Geneva party was over six weeks ago, but the morning after has only just dawned; during it Russian good will must develop into effective conciliation if peace is to become genuine, as President Eisenhower pointed out in his Philadelphia speech last week. He chose this moment, it is said, to hand out his sobering pick-me-up in order to help Dr Adenauer in his coming visit to Moscow. But the United States Administration is as concerned as is the German Chancellor about the extent to which the Geneva spirit has gone to the free world's head. Showing surprising good sense Americans, unlike some of their allies, are not yet talking of reducing their defence investment just as it may be going to pay a dividend. But if the present enthusiasm for making friends with Russians were to be suddenly rebuffed, the reaction might be an outbreak of aggressiveness which would be hard to check.

President Eisenhower does not regret the summer of conviviality; he admits that to the Russians the rule of decree honestly seems a better form of government than the rule of law, and that the damage they have done to the rights of man may be explained by suspicion and fear. But he insisted, apparently outlining an agenda for the autumn's negotiations, that no lasting peace would be possible as long as Germany remained divided, as long as nations were held in captivity, or as long as "an international political machine" fostered subversion within independent countries. The following day the Vice-President specified more clearly how the Communists might prove their good faith. To the President's three conditions he added the withdrawal of troops from Korea, the dismantling of the minefields and barbed wire which divide Europe and the acceptance of Mr Eisenhower's plan for aerial inspection of military installations, as a prelude to disarmament.

This is the President's own imaginative contribution to the breaking of the long deadlock and he might have been expected to emphasise it himself, especially since he was speaking as the United Nations subcommittee on disarmament was about to resume work, the first direct outcome of the Geneva meeting. That Mr Eisenhower did not make progress in this direction one of his first conditions shows that he recognises the difficulty of working out a satisfactory scheme, even though both sides are sincerely seeking a solution. Disarmament cannot come quickly and is, in the American view, dependent upon substance being given to the Geneva spirit.

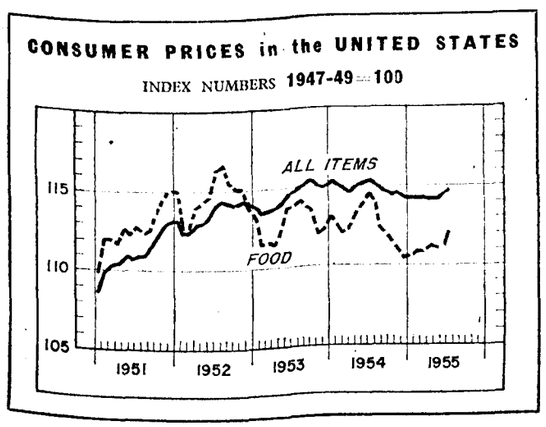
No Through Road for Imports

WHEN it is passing through foreign trade territory, President Eisenhower's middle road leads only to a dead end, whether it is travelled by bicycle or heavy electrical equipment. This at least is the impression left by the Administration's two latest compromises on imports. The government's rejection of a British firm's bid to build generators and transformers for a dam in the Northwest,

although it was nearly $1 million less than the American bid which was accepted, is excused on the grounds that the American manufacturers will make the equipment in the Pittsburgh area, where there is persistent unemployment in spite of today's ever-mounting demand for labour. But most of these Pittsburgh workers have been displaced from steel mills by technological improvements and it is doubtful if additional jobs in the electrical industry will help them much. Nor was the recent increase in the duty on bicycles large enough to satisfy American manufacturers; there will still be a demand for the imported article.

But the increase, at a time when American output of bicycles is itself going up, partly as a result of the market created by the efforts of foreign manufacturers, is quite enough to convince them that such efforts are becoming pointless. And the rejection of the British bid on the electrical contract is equally enough to convince them that some way of keeping imported goods out of this American market too will always be found. For it was the first contract to be let under the Buy American Act, covering government procurement, since the regulations were eased last December in order to improve the chances of bidders abroad. American businessmen can argue that foreigners have been clearly warned that the law provides for increases in tariffs when a domestic industry is being injured by imports and for the rejection of foreign bids by the government when there is unemployment at home. But the final decision rests with the Administration, which is constantly declaring its belief that trade barriers should be lowered and dollars earned by increased trade. Manufacturers abroad should not be blamed for trusting President Eisenhower to put his international principles before the pressures of small groups of businessmen and trade unionists, even though they may be in genuine distress.

From now on, however often the Adminstration insists that these two compromises set no precedent, and however outspokenly the American press may criticise the President for making them, foreign businessmen will feel justified in expecting that domestic interests will be given the benefit of any doubt where imports are concerned. Whether rightly or not, these practical decisions count more than attempts to simplify American customs procedures, or preparations to negotiate the full tariff reductions of 15 per cent allowed under the latest version of the Reciprocal Trade Agreements Act—particularly since that version makes it easier for pressure to be put on the President.



After the Flood

PRESIDENT EISENHOWER's Administration and most Americans are staunch partisans of individual self-help and *laissez-faire*, but in times of disaster the government swings into action with a multiplicity of agencies and devices that would do honour to a planned society. In the wake of the floods that caused physical damage to property to an estimated value of $1.7 billion in Connecticut, Massachusetts and other north-eastern states, President Eisenhower has launched a relief programme to assist the massive financial efforts being made by the states themselves. The programme will include $100 million in grants and much more in loans.

The Federal Civil Defence Administration is charged with co-ordinating emergency relief work of every kind, although it must leave actual care of the victims to the Red Cross and other voluntary agencies. The armed forces are re-establishing communications and providing transport and machinery needed to restore essential services, the Agricultural Department is drawing on its stocks of surplus foods and the Commerce Department will lease some 500,000 pieces of government-owned industrial machinery to plants whose equipment has been put out of action. Most long-range help, however, will come in the form of loans on easy terms to individuals and firms. Here, too, the many government agencies with lending facilities will play the principal parts, stepping in generously to help those who have lost their homes, their crops or their businesses.

The toll of the floods has been particularly heavy because they struck areas in which industry is concentrated. Hardest hit were brass mills—half of the country's capacity is in Connecticut—and textile mills along the Naugatuck and Connecticut Rivers. The textile industry in New England has long been in a depressed state and some of the antiquated mills may not be rebuilt. Those mill-owners who do want to stay on, however, may find that the shortage of key building materials—particularly steel and concrete—will not affect them as much as might have been expected, for manufacturers and suppliers from all over the country are giving top priority to the needs of the disaster areas.

Balancing Act

"BARRING some unforeseen development," President Eisenhower's Administration hopes to achieve by June 30th of next year one of its most publicised goals—a balanced Budget. This achievement would redeem a pledge made by Mr Eisenhower during his first election campaign and might help win his second.

The midyear review of the Budget shows that the anticipated deficit for the current fiscal year—estimated at $2.4 billion last January—has now been reduced to $1.7 billion, the lowest in five fiscal years. In the opinion of Mr Humphrey, the Secretary of the Treasury, a combination of national prosperity and government economy may entirely wipe out this red blot on the government's ledger. Rising personal incomes and corporate profits are expected

to increase the Treasury's tax receipts by some $2.1 billion over the original estimate of $60 billion, and this will more than offset an increase in estimated government spending of $1.4 billion. The latter, in fact, is due almost entirely to the rising cost of subsidies for certain farm products. Important reductions in estimated expenditure, on the other hand, are being made in foreign military aid, in the outlays of the Atomic Energy Commission and in the cost of stockpiling strategic materials. And although Mr Humphrey would not specify what further economies the government had in mind, he noted that a reduction of only 3 per cent in government spending would balance his books.

The prospect of a balanced Budget immediately conjures up the prospect of lower taxes, and Mr Humphrey has said he will recommend tax reductions if a surplus is still in sight next year. With the Democrats in control of Congress and an election in the offing, both parties will compete for the taxpayer's favour. The Democrats are likely to propose cuts in personal income taxes, and in excise taxes. Most Republicans, on the other hand, will feel that a high priority should be given to reducing corporate tax rates, although they will not wish to incur the charge of being a party of the rich. Whether an increase in purchasing power through a reduction of taxation is the best formula at a time of galloping prosperity is another matter.

Dodging Brooklyn

PARIS has its Eiffel Tower and London its Piccadilly Circus—but Brooklyn, that other world across the bridge from Manhattan, has its Dodgers. They are a baseball team whose brilliant play can move a Brooklynite's heart to ecstasy or whose capacity to lose ten games in a row for no perceptible reason can plunge the entire borough into despair. In short, a Brooklynite without "dem bums" is like a fish without water. Two weeks ago, however, Mr Walter O'Malley, president of the club, revealed not only that his team would play seven of its "at home" games away in Jersey City next year, but even hinted that the Dodgers might move altogether, leaving Brooklyn in limbo.

Mr O'Malley based his threat on the fact that attendance at Dodger games has fallen off steadily from 1,807,526 in 1947 to 1,020,531 in 1954 and to probably only a million this year. As the Dodgers have been champions in their league during most of this time, Mr O'Malley blames the decrease on the fact that Ebbets Field, their traditional home, is antiquated and inaccessible. No sooner, however, had he hinted that a new stadium might keep the Dodgers in Brooklyn than the rival New York Giants clamoured for a new playing field on their side of the river also.

Behind these moves there are sound economic reasons, but it is not altogether certain that the old age and relative remoteness of baseball stadiums are among the foremost. Attendance at major league games has declined throughout the country from a peak of nearly 21 million in 1948 to less than 16 million in 1954. In an attempt to revitalise the baseball industry, three major teams have moved to new cities since 1953 and have thus improved their box-office earnings. But on hot days, more and more baseball enthusiasts prefer to watch games sitting in front of television sets with a cold drink. Only at the time of the "World Series"—that majestic September occasion on which the champions of the American League meet the champions of the National League—do fans desert the television screen for the dramatic discomforts of the grandstands. At that time the cities fortunate enough to house one of the teams involved go wild. In 1953 the contending clubs earned nearly $3 million and New York City's hotels, restaurants and shops benefited hugely. It is with this fact in mind, no doubt, that Mayor Wagner of New York is thinking of building the Dodgers a new home.

Checks on Claims

FROM A CORRESPONDENT IN COLORADO

UNCLE SAM, owning 400 million acres of federal government property, may be the West's greatest landlord, but it has taken more than eighty years, and the discovery of atomic power, to induce Congress to give him satisfactory control over these public lands. President Eisenhower has recently signed a Bill amending the metal-mining law of 1872, passed when the miner was lord of all he surveyed in the Rocky Mountain West, and the mountains were considered virtually worthless, save for the metals they might produce.

That law stipulated that a man who thought he might have discovered valuable metals on federal land, which was not reserved for a national park or some other public purpose, might stake out one or more claims of a little more than 20 acres, dig a 10-foot hole or shaft to show that he had actually begun to mine and do at least $100 worth of development work a year. If metals worth going on with were found, the prospector might "patent" his claim and take it into his own private ownership; in the meantime he might use as much of the surface as he needed to develop his "diggings." For many years this meant in practice that he could use both the surface and underground of his claim freely as he liked. But with the coming of people to the West by the million, many other uses were found for the mountains; by far the most valuable was as a source of water for cities and farms, but they were also wanted for grazing, timber, hunting and fishing, and general recreation.

After the passage of this law, the Forest Service and the Bureau of Land Management were organised to administer the nation's resources of public lands. The Forest Service is responsible for about 150 million acres in the continental United States, and the Bureau of Land Management about 180 million. But the responsibility was limited, particularly of late years, by the mining law of 1872. For the federal agencies found themselves almost powerless in the face of the opportunities it offered to people who wanted to tie up public lands for almost any reason.

One difficulty was that the federal landlord had little idea of what tenants he had or where, because mining claims were filed with county officials rather than with the representative of the landlord, and a check required a search through endless different records. Another difficulty was that it had become custom, enforced by long usage, for people who had filed mining claims to use the land for almost any purpose they desired. While the federal bureaus technically had the right to expel trespassers who could

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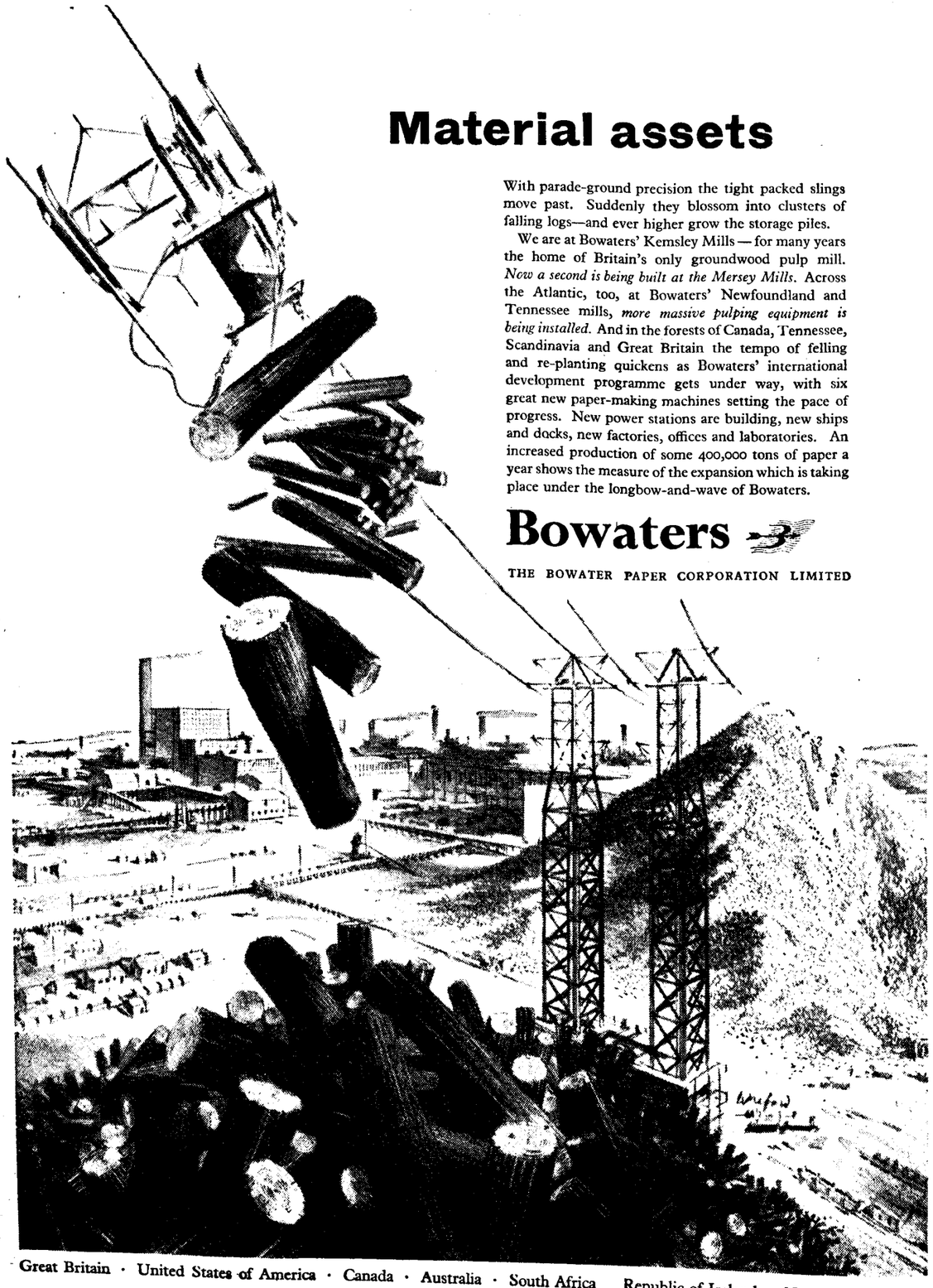

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not prove an actual mining intent, the process was slow, cumbersome and expensive. Furthermore Congress kept the agencies starved of funds for enforcement, so that only a few men might be engaged in trying to combat trespass over an area as large as the British Isles.

Roads into the publicly-owned wilderness opened up sites for fine "dude ranch" camps, roadside taverns and summer cabins. A California magazine actually published directions by which its readers might acquire sites for such cabins, by filing fake mining claims. The audacity of some claimants was beyond belief. A district forester took some stone from an old abandoned mine dump, overgrown with brush, to metal a new forest road. Promptly the Forest Service was confronted with a claim for $9,000, on the ground that the dump was ore of the highest grade. In many cases unwary purchasers were trapped into buying buildings on public land; the sellers then absconded before their lack of any title except a mining claim was noticed, leaving the buyers to hold the bag.

By 1950 the abuse had reached such proportions that the Forest Service alone reported that nearly 2 million acres of its lands were tied up by 74,000 mining claims, with only 2.6 per cent of these claims being worked for metals. The estimate was that such claims were hampering the development of $57 million worth of valuable lumber, for some of the magnificent timberland in the Northwest may carry trees worth more than $1,000 an acre. Then came the uranium rush, with thousands of new prospectors wandering over the public lands with Geiger counters. Some of them could afford to make bulldozers part of their standard prospecting equipment. With such machines, it is a matter of only an hour or two, rather than of weeks with pick-and-shovel, to gouge out the 10-foot-deep holes which the law required.

Notices of claims and huge holes began to appear all over the lovely slopes of the mountains, including some on lands already leased out for grazing or timbering purposes by the Forest Service. Two of the Service's experimental forests which had been preserved under virginal conditions, and had never been withdrawn from mining development because no mineral values appeared until the atomic age, were pock-marked with such pits. By this year the chief of the Forest Service was reporting that timber lands tied up in "mining claims" were now valued at $112 million. Last January there were 166,000 mining claims on the Forest Service's land, with new ones being filed at an estimated rate of 5,000 a year.

For years the more responsible members of the metal mining industry had looked with increasing disfavour on these practices as tending to throw disrepute on the whole industry. Furthermore they feared that such abuses would lead to an extension to metals of the system, applied to non-metallic minerals in 1920, under which discoveries would no longer be patentable (that is, subject to private ownership) but only leasable, with royalties on output being paid to the federal government.

So representatives of the conservation societies which had long protested against the situation, of the federal agencies, and of the mining associations, got together and presented a Bill which passed with almost no opposition. It stipulates clearly that a metal-mining claimant shall have the right to use just so much of the surface and its resources—and no more—as he actually needs for his underground operations, and provides in effect that the federal agencies may throw a trespasser off, leaving court procedures to come afterward. Everyone seems satisfied, including the legitimate miners, and those concerned about the conservation of the public resources are drawing long breaths of relief.

Oil Compact or Cartel?

New York

ONE little-noticed Bill in the stream of legislation passed by Congress before it adjourned authorised another four-year extension of the Interstate Oil Compact. This owes its origin, as do the state oil conservation authorities, to the desire to prevent a repetition of the wasteful and unprofitable overproduction that "demoralised" the petroleum industry in the early nineteen-thirties. A related purpose was to ensure, by co-operative state action, that jurisdiction over oil would remain with the state governments and that there would be no repetition of the public demand for federal control over the industry which followed the discovery of the prolific East Texas oilfield in 1931. Formed in 1935 with six members, the compact is now adhered to by 28 states, including all which are important oil producers except California. But congressional approval of the compact, necessary every four years, was on this occasion accompanied by a new provision, requiring the Attorney General to report annually to Congress on whether the activities of the commission set up to administer the compact have been consistent with its declared intent: the conservation of petroleum and natural gas by the prevention of physical waste. The commission has been accused of acting as a cartel, limiting production and fixing prices for the benefit of the oil-producing states, something which it is explicitly not authorised to do. But, in directing their fire at the commission, the critics of the mechanism for pricing crude oil in the United States seem to have mistaken their target. For the Interstate Oil Compact has no legislative, executive or judicial power whatever to enforce its views on its member states. Its purposes are to inform, educate and recommend, and to achieve these objectives it must rely solely on persuasion.

In encouraging its members to adopt better engineering practices to avoid wasting oil and gas, and in affording a forum for the interchange of technical information on conservation between the producing states, the commission undoubtedly has an important influence on the industry. But it has never attempted to assign production quotas to its members. So jealous are they of their states' rights that any suggestion of quotas would cause them to withdraw from the compact. But some of the members, admittedly with the implicit approval of the commission, limit oil production to market demand, and therefore they seem more worthy of the critic's attention than does the commission itself. As long as the largest petroleum producer, Texas, can be relied upon to curtail output in order to equate the supply of crude oil with the demand for it throughout the entire country, there is no need for an interstate cartel.

The World Overseas

Goa Reviewed

FROM OUR CORRESPONDENT LATELY ON THE GOAN BORDER

RUEFULLY reassessing the Goa question at a Congress party meeting in Sitapur, Mr Nehru declared: "We have no desire to impose ourselves on the people of Goa. It is for them ultimately to choose. We are convinced that 80 to 90 per cent of them desire freedom from Portuguese rule and a closer union with India, but the main thing is freedom from Portuguese rule and the removal of this last trace of colonialism from the living body of India." Only a week ago, Mr Nehru, probably, and most Indians, certainly, would scarcely have bothered to introduce these important qualifications into any statement on Goa. It was regarded as axiomatic that Goans were Indians. Yet Indians living in the jungle villages on the Goa border could have told a different tale, had they been asked. There, Goans have long been looked down on as a spineless and shifty lot, solely concerned wtih squeezing as much juice as possible out of both the Portuguese and Indian coconuts.

What has disillusioned Mr Nehru, and no doubt many other Indians as well, is the almost total failure of the Goans to respond to the example of *satyagraha*. It is true that after last year's fiasco, scarcely anyone expected large numbers of Goans to rise in rebellion against their Portuguese masters, especially when there was a likelihood, which proved only too well founded, that this time the Portuguese would use force. But it still came as a rude shock when not only did individual Goans infiltrate the Indian side of the border to spy on, mislead and finally betray parties of Indian *satyagrahis*, but whole Goan villages spared the Portuguese authorities the bother of repelling Indian entrants, by beating up and expelling them themselves.

Reviewing the recent melancholy events, at least a number of Indians are beginning to suspect that a "liberated" Goa might prove more of a headache than a Goa groaning under Portuguese oppression ever was. Would "liberated" Goans be duly grateful; or would they rather tend, whenever and wherever anything went wrong in future, to turn round and reproach the Indian Union for making them a part of it without waiting until they themselves had shown a little more ardour for an *anschluss*? This is the new vein of doubt that flaws the hitherto highly self-confident Indian case.

What in fact impels many Indians (but hardly any Goans) to risk death or injury over Goa is not burning indignation about the wrongs suffered by Goans under Portuguese dictatorship, but what Mr Nehru illuminatingly called "the removal of this last trace of colonialism from the living body of India." In short, it is nationalism, pure and simple. And, though the nationalists have formally adopted the Gandhian weapon of *satyagraha*, remarkably few of them really believe it can succeed by itself. Mr Nehru apparently favoured individual *satyagraha*, or action by very small, select groups: he always condemned mass tactics. Many if not most of the actual *satyagrahis* had no patience with individual methods, and resorted even to mass *satyagraha* only in the hope that by this means they could compel the Indian government into taking far more drastic "police" or military action. They were brave men, and women, for some of them have died for their belief; but it was nevertheless a grievous miscalculation. Their cause was frankly nationalist, but Mr Nehru is also an internationalist, and there has never been any reason whatever to disbelieve him when he says that India will never use physical force unless actually attacked.

Mr Nehru has been criticised for not preventing the mass entry from taking place, since he disapproved of it. This, however, was easier said than done. It can at least be argued that had Indian police tried to turn back the entering columns at the border points where they crossed into Goa—and this would certainly have meant incurring more political odium than the Congress Party chiefs, if not Mr Nehru himself, were prepared to face—the *satyagrahis* would simply have walked across at other places. The India-Goa border is a large jungle area virtually without roads; at this time of year it is waterlogged; and in places the border is only a scarcely visible track running for miles between open fields. The police would have had their work cut out.

Meanwhile, the technique of mass *satyagraha* has produced all the evil consequences which Mr Nehru half-predicted, short of the "police action" it hoped to precipitate, but including riots in Bombay and other cities which Mr Nehru apparently did not anticipate and has angrily deplored. The riots were made full use of by hooligans who conceivably had never heard of Goa but were out just to smash things up; and they may, as Mr Nehru has hinted, have been partially engineered by Communists and other dissident political groups, as a warming-up exercise for the violent demonstrations already being planned against the Government over the States Reorganisation Commission's report. But, in so far as they did have a connection with Goa, they once again demonstrated that the real Indian sentiment is one of undiluted nationalism. Goa must become part of India, not necessarily because the Goans want to come in, but because the "last trace of colonialism" must be wiped out.

Mr Nehru, in his Sitapur speech, refused to prophesy how the Goa situation will develop. *Satyagraha* is likely to continue, in one form or another, but is not likely to produce much effect on the Portuguese. Economic strangulation is not only a slow process, but is also likely to make Goans as much anti-Indian as it hurts the Portuguese. Indian disillusionment with Goans may also grow. There have been plenty of unfavourable comments on Goan "liberation leaders" who invariably lead from the rear. Mr Nehru's hint at a free choice for Goans—not of course to stay with Portugal, but whether or not to merge fully with India—would carry more conviction if it were not for the example of Kashmir, where a similar "free choice" is now declared to have been exercised without any plebiscite ever being held or seriously contemplated. Goa, under the present Portuguese regime, is a political sore at one end of India, just as Kashmir is a political sore at the other. While nationalist tempers remain as they are, there is unfortunately little likelihood of Goa attaining real political freedom, even as a result of being "liberated." This perhaps explains the continuing apathy of the Goans.

Pibul Imports Democracy

FIELD-MARSHAL PIBUL SONGGRAM is said to have returned to Bangkok from his world tour at the end of June bubbling over with the champagne of democracy and determined to hand out as many glasses of it as he could while the mood lasted. The exhilaration of his contact with the West was, however, tempered by bitterness at the frequently heard reproach that Siam was not as democratic as a self-respecting anti-Communist ally of the West should be. His deepest impressions are believed to have been formed while in London, and he returned home imbued with the virtues both of the monarchy as an institution (he has not always been as royalist as the Royal House of Siam might have wished) and of a parliamentary opposition that genuinely opposes while steadfastly remaining loyal.

The Prime Minister's mood clearly accounts for the bewildering series of measures that he announced last month; their impact on politicians, press and public all totally unprepared for such radicalism shocked Bangkok into talking of a "crisis." Pibul called his ministers together, lectured them on democracy and announced that he was about to demonstrate what he understood by democratic practice. He would, for instance, forthwith resign from the boards of any companies on which his name appeared. The commander-in-chief, General Sarit Thanarat, rose, declared his agreement and said he would resign from his fourteen companies. Other ministers were given seven days to think things over.

Marshal Pibul's shock treatment was, however, only beginning. He went on to argue that ministers should not hold permanent posts, and announced his resignation as inspector-general of the armed forces. Other ministers with permanent posts, including Sarit, remained silent. The Prime Minister then announced that he would abolish monopolies or other privileges of companies owned by ministers. The Army Industry Encouragement Company and the Police Industry Encouragement Company have since lost the first word of their titles and been deprived of monopolistic privileges.

Turning to constitutional reform, Pibul ordered the dissolution of the Legislative Committee of Deputies, a powerful body of parliamentarians which often exerted decisive political influence behind the scenes. The full significance of this action has not yet emerged, but it will doubtless take its place among other measures of democratisation now being hatched in Bangkok. The most important of these is the drafting of a bill allowing political parties to be formed (a Socialist party will be permitted, "so long as it is of the type in Great Britain and not of the type in Russia," but there will be no Communist party, because this would be a breach of the Anti-Communist Act). At present there are 123 elected and 123 nominated members in Siam's unicameral legislature.

Phao Loses Some Face

Marshal Pibul had yet another surprise in store. Sensing that the atmosphere in parliament was less approbatory than usual, he forestalled possible criticism of the cost of his tour to the treasury (some £10,000) by claiming that it had been useful in every way and by declaring that there would be no further official journeys abroad, except for "*bona fide* representatives" at international conferences.

With this background in mind, the much more highly publicised "demotion" of Police General Phao Sriyanondh, the reputed strong man of Siam, falls into perspective as just another of Marshal Pibul's glasses of champagne. The hasty first impressions that General Phao (who was abroad at the time and is due back in Bangkok this weekend) had lost some of his power have had to be revised. There is no doubt that he was kept fully informed of developments by telegrams from Pibul, one of which said that the Marshal had "temporarily" taken over the Ministry of the Interior. Since this did not affect Phao's position as Deputy Minister of the Interior, the effect of Pibul's action was merely to replace the former minister—a figurehead—by the Prime Minister, who is admittedly no figurehead but who disclaimed profounder motives with the statement that his new job was temporary. The only official "demotion" was that Phao lost his post as Deputy Minister of Finance; he had, however, been pleading for some time to be relieved of this on the grounds that he was too busy.

Against this, there is little doubt that the manner of Pibul's actions must have cost Phao some loss of face. How deep and lasting this will be depends on the Prime Minister; it is within his power to restore any face that may have been lost, by interpreting "temporarily" in a sense beneficial to Phao, and perhaps by giving him the job which he has performed in reality for so long, the Ministry of the Interior. Phao is indeed too valuable a man, and enjoys too powerful a backing, for Pibul to do anything that would alienate his chief of police.

The deeper results of Pibul's reforming zeal will not show themselves immediately. The contented Siamese, traditionally uninterested in politics and with an ingrained talent for obedience, have never shown the slightest desire for democracy—a phenomenon disconcerting to well-intentioned western visitors. If they are now to enjoy the benefits of democracy, it is clear that these will have to be imposed from above.

German Trade Unions Under Fire

GERMAN strikes are becoming a regular silly season topic. The stoppages last August were a sensation abroad, and this year's unofficial strikes, the first of their kind, have again received exaggerated publicity. Labour troubles in Germany have news value both on account of their rarity, and because of the eagerness of Germany's competitors to know whether costs will be raised. But the recent strikes were a small affair by British standards. They have ended in the Hamburg shipyards and in the Henschel engineering works at Kassel after a few days, without the men's demands having been conceded. They have, however, given a salutary shock to both unions and employers. Negotiations on the Metal Unions' demand for a 12 per cent increase were speeded up and ended in the Hamburg branch gaining an 8 per cent rise. A big spread of the unofficial actions is not expected. German workers are too strongly attached to their works and loyal to their unions to be easily moved.

As usual, it is hard to judge how far the Communists were responsible for the strikes. At the Henschel locomotive plant the men had a deep grievance and relations with the management were unusually bad. There the Communists were prominent on the strike committee, but were not the decisive element. In Hamburg, which is a centre of Communist activity, "red" influence and organisation were much more to blame, and, foolishly from their point of view, the strikers were openly supported by the local party and by their East German headquarters. On the whole, the flurry of unofficial actions was a failure if the Communists intended it to demonstrate their power, and they will receive some sharp rebukes from East Berlin. At the Communist party conference in West Germany last year, which was addressed by leaders from the Soviet Zone, it was made plain that the party could tolerate being wiped out in the *Bundestag*, but that it must keep and enlarge its vital positions in the trades unions and works councils at all costs. Its progress has not been impressive, as the unions and the rank and file have a healthy objection to their grievances being used for destructive political ends. It was a sign of their attitude that a delegation of miners from the Soviet Zone "Free German Trade Union" was again refused admittance to the recent congress of the Western Miners Union.

At the miners' meeting, a very important change was made in the regulation providing for a secret ballot to be taken by the unions before a strike. The executive was given the right to call the men out if the existence of the unions is deemed to be threatened. A potentially powerful weapon has thus been put in the hands of the leaders with which to counter any future attack from the right. That the democrats who head the Miners Union today should think it necessary to be forearmed in this way indicates their memories of the past and their suspicions of the new army. The German unions see themselves coming under fire from left and right in the days ahead. In the meantime, they will have to strengthen their hold on the German workers by securing better conditions.

El Tiempo Passes

THE suppression of *El Tiempo*, one of the most respected liberal newspapers in Latin America, was a sharp reminder that the political crisis in Colombia had become newly acute. If the government of General Rojas Pinilla is to evolve into a strict and sterile dictatorship, those who, both in Colombia and abroad, welcomed its hopeful beginnings, will have to revise their judgment. When the General seized power in a bloodless *coup* in June 1953, he quickly succeeded in quietening a country torn by five years of civil strife and exasperated by the ultra-conservatism of the government of Sr Laureano Gomez. Most of the rural guerrillas accepted his call to lay down their arms, and Liberals as well as Conservatives offered him their support. But a year later serious trouble once again broke out in Bogotá, and the riots, which the Rojas regime countered with brutal efficiency, showed that the country was still sharply divided.

In the last twelve months the position has further deteriorated and guerrillas have again been active in the provinces. It was press criticism of the government's policy towards the rebels that led to the establishment of strict censorship at the beginning of August. A few days later *El Tiempo* was silenced altogether, after its distinguished editor, Sr Garcia Peña, had, during a state visit to Ecuador by President Rojas, published an article in the principal newspaper in Quito contradicting the President's account of conditions in Colombia. When summoned to print an abject and false retraction of its views, *El Tiempo*, which had had long and painful experience of governmental pressure during Sr Gomez's presidency, preferred to be silenced.

A thick pall of censorship now makes it difficult to judge just how far the situation in Colombia has deteriorated. But a number of citizens associated with the opposition have recently vanished or been assassinated, and there have been abortive demonstrations in Bogotá. The Minister of the Interior, Sr Lucio Pabon Nunez, appears to have matters firmly in hand and the government has refused to summon the national constituent assembly, but there is no concealing the fact that unrest is rife. It is a painful sight to see Colombia, which has won well-merited international prestige through its cultural and economic development, and whose traditions of political freedom are the finest in South America, travelling the road which, in Buenos Aires, led to the emasculation of *La Prensa*, the continent's other outstanding independent newspaper.

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Russia Woos Islam

AMONG the host of foreign visitors to Moscow Moslem pilgrims have an increasingly prominent place. A Syrian parliamentary delegation travelled there last July; Colonel Nasser, the Egyptian Prime Minister, is expected next spring; and it has been announced recently that the Shah of Iran has also joined the Moscow queue. All this tourist diplomacy is only one result of the subtler, more flexible policy adopted towards the Middle East by Stalin's successors. The wooing of the Arabs was intensified last spring after the Bandoeng conference of Asian and African countries.

The Russians were bound to consider Egypt the most fertile ground for such an operation; only last week *Izvestia* praised it as a bulwark of peace because of its struggle "against the formation of military blocs in this area." And the greatest efforts have been made to attract the Egyptians. No less a person than Mr Shepilov, the editor of *Pravda* and a member of the party secretariat, was sent to Cairo in July. Soviet pilgrims to Mecca have also been stopping there in order to create goodwill. Most important, however, is the permanent backing that the Russians give Egypt not only in its differences with Iraq—which is dismissed as "really occupied by the British troops"—but also in its quarrel with Israel. In the new atmosphere Mr Ben Gurion may also receive an invitation to Moscow one day, but it is clearly on Egypt that the Russians are putting their money. During the earlier troubles at Gaza the Soviet delegate at Lake Success took Egypt's side, while the Soviet press described Israel as a threat to peace in the Middle East; this line is unlikely to change for the time being. Israel, according to the Russian press, is really in the American camp and it has been warned that a more specific pact with the United States "would be contrary to the spirit of Soviet-Israeli understanding" which preceded the resumption of diplomatic relations between the two countries.

Hopes of a Neutral Bloc

Syria is, next to Egypt, the main objective of the new Soviet policy. The fall of Faris el-Khury's cabinet in February was greeted by the Russians as part of "the Syrian struggle against imperialist manoeuvres." Since then the Soviet press has been full of allegations of Turkish and other efforts to divide Syria from Egypt. The Syrian ambassador in Moscow was assured of Russian backing and was told that Mr Molotov's protest against the "creation of offensive blocs" was a guarantee of Soviet support for Syria. The Syrian parliamentary delegation to Moscow may have been given further hints of Soviet "rewards" for "a policy of independence." In fact, Syria, Egypt and Saudi Arabia were the countries Mr Dulles had in mind when he referred this week to Soviet offers of arms to Arab states.

Russia is seeking allies, but it is also trying to neutralise its opponents in the Middle East. Here, as in Europe, the Soviet Union is not discouraged by previous failures. For example, efforts are being made to retrieve the Soviet position in Iran. A frontier agreement was signed between the two countries last December and since then the Russians have returned 11 tons of gold for past occupation costs. Though in the meantime Persian Communists and their allies have been ruthlessly suppressed, a recent ratification debate provided the foreign affairs commission of the Soviet parliament with an opportunity to stress Russian willingness to reinforce existing ties, "despite the opposition of certain Persian groups." At the meeting of the Supreme Soviet after the Geneva conference it was hinted that steps will even be taken to improve relations with Turkey, which is usually described as an American bastion. Moreover, the Russians have, for the moment, completely dropped their "historic" claims to Turkish territory.

In general, the immediate Soviet aim seems to be the creation of a neutral bloc grouped around Egypt which would serve as a centre of attraction for countries now under Anglo-American influence. It remains to be seen whether this Soviet diplomatic offensive will break on the rock of economic reality, despite the attempts of the Soviet bloc to foster trade with the Middle East. The Russians are aware that they are playing for high stakes and they are now playing adroitly. The Soviet Academy of Sciences has been officially blamed for devoting too little attention to the contemporary problems of the Middle East, and books about modern Egypt, Turkey or Iran are now being either written or translated. The Russians realise that the exploitation of mass national movements, rather than of weak Communist parties, can help them best in their present campaign. The old dream of transforming Moscow into a Mecca of revolutionary Arab movements will not materialise tomorrow, but in the meantime Russia can do much to thwart western wooing of the Middle East.

Sanity in New South Wales

FROM OUR CANBERRA CORRESPONDENT

AFTER the recent defeat of Dr Evatt at the special conference called in New South Wales to elect a new State executive and office-holders, it is possible to assess the effects of the year-long crisis in the Australian Labour party. The conference showed that a significantly large section of the party in New South Wales, which is the key state politically, has refused to accept the dispute in the clear black-and-white terms that Dr Evatt tried to make popular.

With both sides fairly evenly matched, the New South Wales conference was swung by a detached group who could not swallow the newly-adopted extremism of Dr Evatt and his newly-adopted allies. They found this brand of extremism as repugnant to Labour traditions as the right-wing extremism which had been alleged, with considerable success, against Dr Evatt's opponents. The charges of clerical (i.e. Roman Catholic) influence that were made against the right-wing faction did succeed up to a point. But Dr Evatt failed to convince the rest of the Labour movement that anyone who was against him was automatically convicted of subservience to Catholic aims and instructions. The force that really won the New South Wales conference was the force of sanity.

It was clearly demonstrated, too, that Dr Evatt's opponents had learned more from the lessons of the year than had his friends. The Evatt group was misled by a chain of previous successes, the limitations of which it did not fully understand. It achieved these successes first by winning control of the 12-man Federal Executive by the minimum majority, and then by exploiting the power of the Federal Executive to the full. This was a precarious and blatant exercise of power politics. What then apparently clinched matters for the Evatt group was the supreme error of its right-wing opponents in Victoria in setting up a rival party, which turned out to be virtually a Catholic party, instead of staying in the party and fighting it out with the aid of its natural allies. The anti-Evatt forces in New South Wales, on the other hand, sought non-Catholic support, and, despite the strength of Catholics in the Australian Labour movement (largely because of the Irish influence), proposed a new State executive in which only about 11 of 32 members should be Catholics. All 32 members on their voting "ticket" were elected, and the campaign by the pro-Evatt group to gain control of the party machine in New South Wales failed completely.

Dr Evatt had set himself up—unlike any Federal Labour leader before him—not as a party leader, but as a faction leader. The Australian Labour party is now being forced to learn that its conflicting groups, with their warring ambitions and ideals, must live with each other if the party is to remain effective politically. It is being taught that a faction, however strong, that seeks complete domination of the party is also inviting certain retribution, and this lesson has been brought home to both sides.

The New South Wales Premier, Mr Cahill, shrewdly stayed out of the dispute publicly, and resisted the efforts of the pro-Evatt faction to force him to declare himself. In private, he went against Dr Evatt, mainly because he wanted to preserve party unity. Events justified him, and probably saved him from political eclipse and his government from electoral defeat. Dr Evatt, however, has now put himself in an almost impossible position through his own immoderate behaviour. The New South Wales conference showed that as Federal Leader he has half the party against him, and although he seems unlikely to lose the leadership before the next Federal elections, he seems equally unlikely to retain it after them despite the lack of alternative talent.

Cloudy Rumanian Survey

BY A CORRESPONDENT

MR KHRUSHCHEV'S presence in Bucharest, for the second time in little more than two months, stole the limelight from the main business of the "Liberation Day" celebrations—Gheorghiu-Dej's annual economic report—even though the Russian leader's speech was little more than a potpourri of repetitious platitudes. But the Rumanian premier's speech was also a disappointing and unilluminating affair. His economic survey should have been particularly important this year since the first five year plan is coming to an end and a new one is due to begin next year. But in discussing the first plan Gheorghiu-Dej resorted to the Stalinist practice of quoting percentages related to unknown basic figures; and his only reference to the new plan was to note that it would be based on the old one and was now under consideration. This obscurity and reticence was presumably due both to disappointment over past progress and uncertainty over future plans.

Yet even Gheorghiu-Dej's guarded statements show that Rumania's industrialisation has been carried out at greater cost than was estimated and with much greater difficulty. According to the Rumanian premier, 57.7 per cent of the investment fund, and not 51.4 per cent as originally set down in the plan, went to industry; and heavy industry swallowed up "almost 50 per cent of the total economic and social-cultural investments" and not just over 42 per cent as had been intended. This suggests that in spite of Gheorghiu-Dej's statement that "an ever-increasing quantity of consumer goods" has been produced since the "new course" was introduced two years ago, the consumer goods industries did not receive even the meagre 9 per cent provided for in the plan. Gheorghiu-Dej also admitted that the "capacity of the iron and steel industry still does not ensure all the metal needed by the machine-building branch"; that there is "a certain lagging behind in the steel, coal and building materials industries and bottlenecks in the capacity of spinning mills, in finishing and in some branches of the food industry"; also that "serious losses" were due to the "inadequate supply of technical material to many enterprises." He also said that the reduction of production costs remains a "major task."

Record Oil Production

Only for oil production did Gheorghiu-Dej give a concrete figure—not surprisingly, since this section of industry, into which as much as 26.4 per cent of the total investment fund over the fiveyear period was poured, seems to be the only one in which real success has been achieved. During the current year, over 10.5 million tons of oil will be produced; this is both a prewar and a postwar record, even though it does just fall short of the 11 million tons target set by Gheorghiu-Dej two years ago. It is significant that, according to *Agerpress*, three-quarters of the present output is being extracted from the new oilfields of Moldavia, the Prahova valley, Pitesti and Altenia.

The only other concrete figures given by Gheorghiu-Dej refer to agriculture. He claimed that there are 5,600 kolkhozes and agricultural associations for joint cultivation, 2,700 simple (temporary) associations and about 3,200 co-operative sheepfolds, and that the "socialist sector of agriculture" now covers almost 26 per cent of the country's arable land. Since the plan target was that more than double the arable land should be collectivised by 1955, this figure, even assuming that it is not inflated, shows that the collectivisation drive has not been a success. The failure is due both to passive peasant resistance and to the regime's inability to supply the farmers with sufficient machinery. There are now no more than 220 Machine Tractor Stations, instead of the 428 originally planned, and the conflicting figures of tractor production given by Gheorghiu-Dej and the Rumanian statisticians over recent years cast doubt on the figure of 29,500 tractors (in 15 h.p. units) given by the Rumanian premier in his latest survey.

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THE BUSINESS WORLD

Materials on the Tightrope

IN the past twelve months Britain and other West European countries have tasted abundance for the first time in fifteen years. In record numbers motor cars, refrigerators, television sets and other worldly goods have poured out of assembly line and factory to satisfy a public whose purses have never been so full and a public that has seldom judged itself so creditworthy. This is the pleasurable reality behind the bare statistical fact that industrial production in Western Europe has risen by 20 per cent in the last 2½ years, reaching this summer a level nearly 40 per cent higher than in 1950.

Until recently, this upsurge of consumption had produced few strains upon resources other than manpower (which in Britain particularly is the scarcest resource of all). Such shortages as have occurred have come mainly in the extractive industries, not in agriculture. In the short term, at any rate, the problem of the world's agriculture is once again the problem of consumption, not production ; in some of the extractive industries the reverse is true.

For a quick test of this statement a glance at world commodity prices may suffice. Prices of cotton, wool, jute, cocoa, coffee and sugar, oils and fats are relatively weak, while prices of coal, oil, steel and the non-ferrous metals are relatively strong ; so is rubber, though rubber happens to be still in the main a product of agriculture. The main reason for the disparity is simply one of capital. It is still much cheaper and quicker to bring more land under cultivation, or to cultivate land more intensively, than to bring to the surface another 100,000 tons of—say—copper ore. And even the effects of bad harvests are now cushioned by the huge stocks of certain commodities in the world's ever-brimming granary, the United States.

That supplies of most industrial materials are still sufficient does not indicate merely that production has managed to keep in step with consumption ; other factors have been at work. One is that the world is now functioning more nearly as one economy than it has ever done since the war began. Inter-European trade has been liberalised to a high degree, and trade barriers between the dollar and non-dollar worlds have been lowered, though not removed. Britain has played its part in this, notably through the wide measure of transferability that sterling now enjoys as an international currency, and through the opening of the commodity markets. Hence over most of the world most materials can flow freely whither they are needed.

The other is that until recently the impact of a rising European demand for materials was tempered by the slackening of demand in the United States. But now the colossal American economy, after faltering for nine nerve-racking months, has resumed its advance and it is that recovery, coming on top of a still buoyant European demand, that has uncovered some shortages.

But not, however, the shortage of **coal** and **steel**, two essential ingredients of an industrial boom. Neither Britain nor Germany, the two biggest European producers, have been able to raise capacity enough to keep pace with the demands of their own industrial expansion and to retain their regular export markets. Both countries have been obliged to spend millions of dollars on importing coal and steel from the United States. The quite exceptional demand for shipping space to move those materials has provoked a rise in freight rates. American coal is comparatively cheap to buy, but it is now costly to ship. The resultant high landed price, and the further rise in prices of European coal have

encouraged the substitution of fuel oil, so world prices of fuel oil, too, are hardening.

Britain and Germany are both depending on imports of semi-finished and finished American steel to cover an apparently voracious home demand as well as overseas demand. Germany has become a net importer over the past six months, but Britain is still exporting twice as much as it imports. Export prices have been rising since the beginning of the year. Domestic prices, however, are less flexible and orders tend to multiply whenever shortage is in the air. Hence the real shortage in Europe and particularly in Britain may be less than the order load suggests. There are signs that some consumers at least are building up their stocks—as is always likely when prices respond only slowly to demand.

Shortages of the other metals—copper, aluminium and nickel—were all accentuated by the strategic purchases of the United States, with the result that the American authorities have lately felt obliged to abate their demands and to release supplies that were not officially part of the strategic stock. The letter of the regulations has been obeyed, but it is lamentable that in the copper market official interference has become a regular practice.

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Copper is an unhappy example of how surfeit can be turned into scarcity by misfortune and misjudgment. The sale of 100,000 tons of Chilean copper to the American strategic stock in March last year took care of the surplus; the restriction of American output during the recession and strikes in all the major producing countries subsequently transformed a bare sufficiency of copper into shortage. World production this year—barring strikes—should have been well over 300,000 tons more than last year and should have come within striking distance of consumption. But about 100,000 tons of that increase has been lost by strikes in Rhodesia and the United States. This week cash copper touched a fresh peak of £400 a ton in London, a rise of 70 per cent in the past year.

Aluminium is short because demand all over the world has recently grown faster than even the traditionally optimistic forecasts of the producers allowed for. Though the expansion of existing facilities is being brought forward (and at Kitimat in British Columbia the "expansion is being expanded") and new plants are under construction, there is no short cut to the time and money needed to build a smelter. Supplies to many consumers are rationed, and producers of "free" aluminium in Austria and Japan can obtain premiums of several cents over the Canadian price of U.S. 21.9 cents a lb, delivered Europe. Supplies of **nickel** have never been adequate in recent years, despite a steady expansion of world production. Some small abatement in demands for the American strategic stock and for defence requirements has left a little more nickel for civilian uses this year, but it is far from enough and "free" supplies are fetching prices more than twice as high as International Nickel's price of £521 a ton, cif Continent.

Demand for **rubber**, natural and synthetic, has taken everyone's breath away. To a buoyant consumption in Europe has been added the apparently insatiable appetite of Detroit and the return of Russia to the natural rubber market. Total American consumption of rubber in the first half of this year compared with the same period of last year, jumped by 150,000 tons to 772,000 tons, and world consumption of natural rubber in the first half of the year exceeded production by about 75,000 tons. The price of natural rubber has doubled within the year and is now about 41d. a lb. Prices of other industrial materials are also firm, though not always for the obvious reason. Prices of tin, lead and zinc, for example, are sustained not only by high consumption but also by the purchases of the American government—political rather than strategic—which have mopped up the surplus.

It is among the agricultural commodities that weakness is found. World supplies of wheat and cotton are grossly excessive, and prices are only propped up by the American support programme. Coffee and cocoa have not yet recovered from their collapse, sugar is again sickly and prices of oils and fats have drooped. Wool prices have fallen gently under the pressure of a small surplus, and will probably beat a further orderly retreat this season. Supplies of jute, too, are plentiful and prices are resting on the official export minima set by the Pakistan government.

THE STRONG AND THE WEAK

	A Year Ago	Three Months Ago	Now
Tin, cash, per ton.....£	728	717	747
Copper, cash, per ton ...£	240	332	392
Lead, prompt, per ton ..£	99	104	107
Zinc, prompt, per ton...£	78	92	90
Rubber, spot, per lb.... d.	20¼	27½	41
Cotton, spot, per lb. ... d.	30·2	29·7	29·5
Wool tops, 64's, per lb.. d.	148	128	116
Cocoa, prompt, per ton..£	437	285	260
Copra, per ton.....£	62	64	61

Granted a continuance of expansion in Britain and elsewhere, the relative shortage of the industrial as opposed to the agricultural commodities may remain a problem for some time. In the near future the shortage of copper, for example, is likely to be eased only by a pause in the fantastic output of the American motor industry; in other materials, too, any easement must depend much more on the chances of moderating demand than on the chances of expanding production quickly. Such a moderation no longer looks so distant now that Britain and other countries are trying to wash some of the inflation out of their systems. The effect on markets will depend on how seriously the attempt is made and on how expert governments are at curtailing demand without provoking recession.

Circus in the Air

To say that the opening of the Farnborough air show this year finds the British aircraft industry on the defensive would be an exaggeration. But twelve months' barrage of criticism, public and private, has left its scars—which manifest themselves in numerous small ways. The air show itself, for instance, is subtly changing in character. It was originally a severely technical flying demonstration of new aircraft planned for a technical audience that judged aerobatics solely as a demonstration of the aircraft's probable handling qualities in flight. Today there is more than a grain of truth in the criticism sometimes voiced by the industry's old guard that Farnborough has developed—or deteriorated—into nothing less than a flying circus. The display has always been spectacular, a combination of sounds, shapes and shifting colours that was irresistibly exhilarating, but this effect was largely unplanned, and made all the greater impact for that reason. But lately, as its audience widened, the industry appears to have given more thought to showmanship. This year it has gone to the lengths of asking the co-operation of the RAF, which is sending a team of Hunters and a team of Valiant bombers to demonstrate, presumably, that the industry is delivering some modern machines to the services. It is proper that an industry which lives largely on the money of the taxpayer should pay attention to the gallery and value its good opinion, but it is still possible to have doubts about whether Farnborough is the best occasion on which to attempt to do this.

The industry's performance next week will be judged by exacting standards. There have already this year been two national air displays, the first in Russia and the second in France, that astonished observers by the speed and breadth of technical progress and production ability that they demonstrated. Britain, by contrast, has been going through a difficult and discouraging period of development. In an industry like this, where design still involves a substantial element of guesswork, a percentage of failures is inevitable and also acceptable. But when a whole series of aircraft begin to require modifications before they can be made fit for service, it seems to denote something more than the ordinary laws of chance. There have been a good many inquests on the causes of the recent troubles with British aircraft, from the semi-judicial Comet inquiry and the government's White Paper on aircraft deliveries to the latest uncomplimentary but partially justified comments made by a junior off-shoot of the Hoover commission in the United States. There is one important reason for bringing up this subject again in this particular week when the industry is attempting to put the past behind it and rebuild its dented reputation on a series of new and promising projects. The wave of development troubles that ran like an infection through British aircraft factories from the early nineteen-fifties to the present day have a common cause whose roots seem to lie in the machinery by which service and some civil aircraft are developed and financed. So long as the same machinery is functioning, the same dangers shadow each new project developed under its aegis.

The services publish their requirements, in terms of aircraft performance, and the industry then puts forward projects designed to meet them, with the Ministry of Supply acting as go-between. Those projects that seem the most suitable are then awarded development contracts, and from that stage onwards the greater part of the work is paid for by the government. There is, however, nothing to stop any company from spending its own money to develop a project for which it, if not the services, sees a useful future. This system has worked reasonably well in the past (it is generally judged to be superior to the American methods), but it requires a fine sense of judgment by all three parties and if this becomes blunted, trouble follows.

In the recent history of the British aircraft industry, the services put forward requirements that were over-ambitious and the manufacturers, driven partly by intense internal competition, rashly undertook to meet them. The classic victim of this combination of errors was the Swift, which began as a promising research aircraft but ended on the scrapheap—because the Air Ministry asked for improvements in performance that the structure was technically incapable of sustaining, and the company undertook to make them. But Vickers is not the only manufacturer to fall into this pitfall. The career of the Hunter has been chequered, and its active life in service shortened because of the need to put right defects caused by straining the design, sometimes against a designer's better judgment, to meet service requirements. The last chapters of the history of the Javelin have not yet been written, but its future must still be regarded as uncertain in the extreme. During the same period, quite radical modifications have been quietly carried out on the big bombers. The Valiant, which is in service after minor delays, is one of the few designs that represents a compromise between what the services wanted and what the designer believed possible. But other companies have been less fortunate. The de Havilland 110 all-weather fighter was rejected in favour of the Javelin because its design was not sufficiently futuristic. The Folland Gnat was and still is coldly received in many service quarters because it lacks certain refinements.

These facts and their causes have been openly recognised and admitted both in the industry and in the Government departments affected. But the solution currently in favour does not seem to strike to the heart

of the matter. The defects of an aircraft can only be found out by flying it. Progress with most recent designs, and on the Javelin in particular, has certainly been held up in the past because only one or two prototypes were ordered at a time: an accident to one was therefore liable to set back work on the machine for months and sometimes years. So a practice long in use in other countries has now been adopted, that of ordering not one or two, but ten or twenty "pre-production" aircraft in order to cram a far greater number of test-flying hours into a given period of time, and to test different aspects of the aircraft—its electronics, armament and other equipment—in different prototypes.

This is an undoubted improvement on earlier methods of ordering, but it speeds up the uncovering of defects only after the machine has been designed and built. It tacitly assumes that development troubles are going to be encountered and merely looks for the quickest way of dealing with them. But the world's really successful designs have been those with the fewest development pains. The Viscount and the Canberra are two examples of aircraft put into production without major modifications being necessary, and the Canberra, which with its relatively low speed and limited payload should now by military standards be obsolete, is proving to have as many lives as a cat. Development troubles have arisen, apart from instances of really poor designs, because in the last resort those responsible for ordering aircraft, the Services and the Ministry of Supply, have bought aircraft off the drawing board or even earlier—and some of their swans have proved to be geese.

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It has been suggested before in these pages that the way to deal with this particular difficulty is not to order more prototypes, but to order those prototypes less precipitously. A move is being made at present to encourage companies to invest more of their own funds in the development of an aircraft and not to rely exclusively on Government finance. This, however, merely gives both Government and manufacturer an extra interest in hanging on to a failing project in the hope of salvaging something of their joint investment. It would be more satisfactory to ask the companies to undertake the preliminary development of any project themselves up to a point where something more tangible than the gleam in a designer's eye could be shown to the Service experts whose responsibility it is to choose between competing designs. This preliminary expenditure is not heavy, compared with the subsequent cost of test running and development flying; it can, of course, be recouped in the price of a successful aircraft that is ordered; and in a period when Britain must prune the number of defence projects that can be financed from the Exchequer, it might be the one guarantee that a good design will not be rejected at the drawing board stage simply because it is currently unfashionable.

If the lessons of the past four years are taken to heart, then the prospects of the industry may be more cheerful than they have been for some time. The strength of the British aircraft industry has always lain in its engine shops, and during the past year the pace of engine development—which is less influenced than airframes are by Service specifications—has been fast and encouraging. The de Havilland Gyron jet is probably the most powerful engine flying in the world, deriving its power from sheer brute size and force, and representing a new approach to engine design. The Rolls-Royce Conway, the world's first by-pass engine, is also a sharp departure from conventional jet engine thinking; so is the small Bristol Orpheus which, by weighing little itself, can give a small, simple machine like the Gnat supersonic speeds for relatively low power. Admittedly, the days when the British aircraft industry was able to sell Meteors to twelve different air forces and Vampires and Venoms to eighteen are gone, never to return. The value of these sales was never publically revealed, and the industry's present export boom is largely a civil one sustained by the Viscount and the small de Havilland machines. It was once hoped—indeed expected—that in due course, Vampires and Meteors would be replaced by swept-wing British fighters, and that the export trade founded on Britain's early lead in jet engine development would continue through future generations of fighters and bombers. But it has turned out that the cost of a modern fighter and its limited range of uses makes even Nato countries hesitate to buy them in quantity. The market may not be as big, therefore, as it was immediately after the war. But it is still a rich one, and foreign visitors still come to Farnborough in their thousands because whatever its mistakes, and its heartbreaks, the British industry is, and will continue to be, one of the recognised leaders in aircraft design.

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Business Notes

Sterling's August Storms

THE pressure against sterling, which abated last week, has since gathered force. The Premier's speech, with its references to Britain's "mortal peril" was read on the Continent as a confirmation of recent fears about the exchange, and selling of sterling has come from the Continental centres and has evoked further intervention by the Exchange Equalisation Account to prevent sterling from falling below the lower support point against several Continental currencies. There has also been some selling from New York this week and the spot rate against the dollar has fallen from $278\frac{5}{8}$ to $278\frac{1}{2}$; and the fall would have been greater but for support from the Exchange account. The forward dollar has also weakened slightly, though the movement was checked on the news of the further rise in United States money rates.

August has thus been a difficult month for sterling and it should surprise no one if the British gold and dollar reserve figures of the EPU settlement, published after this issue of *The Economist* went to press, show it. In part, the EPU deficit is explained by the seasonal pressure against sterling—the glut of British tourists on the Continent. The support that the Exchange account has had to give to sterling against European currencies must be reflected in the EPU settlement. Since the consequent sales of guilders, Belgian and Swiss francs worsen the net balance finally settled through the monthly EPU clearing. But the deficit for August has to be settled (in the middle of this month) under the new and tougher formula. Three-quarters of it has to be paid in gold and dollars and only one-quarter by an increase in the UK overdraft, whereas until now the settlement has been half gold, half credit. From now on living "in the red" with Europe will be more costly than it has been in the past. This is a further approach to practical convertibility, though it makes full theoretical convertibility more difficult. The firmness of security sterling thus stands out as the one cheering feature. Throughout the last week it has been remarkably steady at around $278\frac{1}{4}$ which was well above the rate for transferable sterling ($276\frac{1}{8}$), and that firmness has apparently owed nothing to support from the Exchange account.

A Ripple from Paris

IT was from Paris—not from New York—that a vote of no confidence in sterling was moved this week, and London markets have noted the divergency of view in their typical way, just as they have also reflected the British investor's less boisterous reactions to Britain's immediate problem. Paris has been buying gold shares on a fair scale, as always happens when sterling is under pressure. Most of the buying seems to have gone to Johannesburg, but London saw part of it including a brisk demand for Stilfontein, which on the week have risen 1s to 28s, and for Daggafontein, which are 2s. 6d. up at £2 16s. $10\frac{1}{2}$d. The price movements are not big, for the sterling scare is not a really big scare, but they run directly counter to the general movement of security prices, which both for gilt-edged and for industrials has on balance been downward. The *Financial Times* index of producing gold mines rose every day in the week ended on Wednesday; it has advanced from 84.64 to 86.46. In the same period the index of Government securities fell from 89.68 to 88.27 and the industrial index from 197.2 to 194.1.

At this early stage the vote of no confidence from Paris appears to be decidedly not carried. It is at least extraordinary that British resident investors should in that very week have been offered the most tempting opportunity they have had since the war for buying dollar securities—and spurned the chance. For the first time since dealings in dollar securities were restarted after the war the premium over New York prices that British residents have to pay for the privilege of dealing in a restricted market sank to nil, in the early days of this week. When, for example, the market quotes for its internal use a premium of nil to 1 per cent on a rate of $2.80 to the pound the quotation works out at $\frac{1}{2}$ per cent discount to $\frac{1}{2}$ per cent premium on the current dollar rate of around $2.78\frac{1}{2}$ to the pound. It is believed that some stock actually changed hands at a trifling discount on New York prices. Yet British investors have shown no desire whatever to take advantage of this apparently attractive free option against the sterling exchange. The reason for the virtual disappearance of the dollar premium is not the block of $15 million worth of dollar securities that the government broker has been selling for the Treasury. That selling is to all practical purposes finished. It is also difficult to imagine that the oil potentates of the Middle East are still using their dollars to buy stock in New York and re-selling in London. Such operations would now yield no profit or a small loss.

The real answer seems to be the reluctance of British investors to invest at all at present (and they well know that a credit tightening is also in progress in America). Reluctance to buy runs through nearly all markets. Except on Tuesday, when there was some substantial selling of gilt-edged, possibly on foreign account, the feature of the falling markets this week has not been selling but an absence of buying. The small volume of selling orders from operators who have been pressed by their banks or who have changed their view of the markets met few buyers. The settlement passed on Tuesday without event, but investors knew that the August gold reserve figures were due on Friday; and

the Prime Minister's week-end speech, which seemed to promise worse to come but gave no clear picture of what might be expected, only reinforced the reluctance to deal. The fact that Bank rate was not changed on Thursday removes for a week only one of many doubts. It is natural that the number of bargains marked has shrunk further; it was 27,590 in the first three days of this week compared with 31,025 in the first three days of last week.

Further Output Uncertain

OUTPUT indices for June and July never tell one much about how production is going and is likely to continue; and this year, with Whitsun and the August bank holiday affecting both months rather differently from last year, to say nothing of strikes, they suggest even less than usual. The June figure (which along with May has been corrected downwards) is now put provisionally at 136, which is 6 per cent higher than in June, 1954; the July figure, which is expected to be 121-122, will if so be less than 4 per cent higher. There are some indications that both figures err more on the low side than they did last year.

During the first half of the year industrial output as a whole was about 6 per cent higher than in the first half of 1954; in manufacturing industry it was nearly 7½ per cent higher. Manpower statistics are not directly comparable; but in June manufacturing industry employed 9,222,000 people, about 2½ per cent more than in June 1954. Output per head in manufacturing, therefore, may have been some 5 per cent higher than a year before. But the earnings figures published this week show that in April the earnings of workers in a large sample of manufacturing industries averaged £9 2s. 3d. a week—about 9½ per cent more than they were earning weekly in April 1954. Labour costs per unit of output in manufacturing industry certainly appear to have been fairly stable throughout 1953 and 1954. But this adds to the circumstantial evidence that they have been rising this year—and particularly in the last six months.

Copper Touches £400

NEVER has copper cost as much as it does now. Until recently a price of about £370 a ton for cash seemed to be the limit, and that was £135 a ton higher than the price of a year ago. But recently copper has leapt up again, touching £400 a ton this week and closing on Thursday at £392 a ton. The essential reason for this further burst of strength has not changed: though the strikes in the American copper mines are over, American consumers are still so short that they are being obliged to cover their marginal needs in the world market in London. The Americans are making the price, though demand from Continental consumers has not been negligible. Anyone here still fortunate enough to be sitting on some copper wire-bars could probably get about 52 cents a lb (£416 a ton) cif New York.

Successive increases in the American producers' price have naturally strengthened sentiment in London. The latest increase, to 43 cents a lb (£344 a ton), was partly in response to pressure from the Chilean government, which not unreasonably, considered that it should not lose foreign exchange merely because the American-owned mines in Chile were selling at a price that was still far below prices in London. The Canadian producer, International Nickel, has also raised its price by 4 cents to 39½ (Canadian) cents a lb; and when *The Economist* went to press the Selection Trust price was still unchanged at £325 a ton. Confidence in copper prices is magnificent—Continental consumers have paid as much as 50 cents a lb (£400 a ton) fas for American copper for shipment in the first quarter of next year.

BOAC Without the Comet

IN a year when the other international airlines were expanding their carrying capacity by as much as 20 per cent, the grounding of the Comets cost the British Overseas Airways Corporation a fifth of its fleet at a single blow. In view of this, the fact that the corporation has made a net profit during the financial year 1954-55 of £261,687 (£1,362,180 before payment of interest) demonstrates an astonishing resilience and a high degree of ingenuity in improvisation on the part of BOAC's management. The profit was considerably smaller than the year before, when gross profits exceeded £2 million and net profit, £1 million but it was made under most difficult circumstances, including a rise in operating costs of rather more than ½d. per ton mile to 39.9d.

BOAC must have been greatly helped by the steady expansion in tourist traffic. The corporation's annual report, published this week, described the Comet as having "a unique passenger attraction which the alternative capacity was quite unable to match." But fortunately for BOAC, tourist services tend to be operated with older types of aircraft that no longer have an appeal for first class passengers and the tourist traffic carried by BOAC, which a year previously had represented only a third of the total, last year accounted for more than 45 per cent of the traffic carried. Without this relative increase in the proportion of tourist to first class passengers, the corporation might have found it difficult to sell, as it did, an average of 63.7 per cent of the seats offered for sale on each aircraft. This percentage represents only a small drop on the load factor of the year before, when the Comets were flying booked almost to capacity.

BOAC's planned expansion has been badly upset, both by the grounding of the Comets, which involves the non-delivery of the Comet IIs that were to have operated to South America as well as the withdrawal of the Comet Is in service, and also by the late delivery of the Britannia. This leaves it with aircraft that are not only old by competitive standards but unsuitable for operations that the corporation had planned. BOAC has on order aircraft to the value of £85 million and substantial capital sums have already been handed over to aircraft manufacturers in the form of progress payments. The corporation has paid out, for example, 25 per cent of the purchase price of the ten Seven Seas on order from the Douglas Aircraft Corporation in America, and £5.3 million to de Havilland as progress payments on the abandoned *Comets IIs* and IIIs. It seems probable that these sums will be retained by de Havilland as payments in advance towards the Comet IVs that are now under development.

Advances Creeping Down

IN the four weeks to August 17th bank advances fell by £30 million. That covered the time when borrowers were receiving gentlemanly requests to do their bit by speeding repayments; but even the most patriotic of bankers know that in banking results are not so quick. The reduction in advances came from the tightening that began months before the resort to exhortation was added to the liquidity squeeze. It sprang in part too from the application money received from the £200 million electricity loan. That amounted on paper to £20 million, but the net amount received by the banks naturally fell short of £20 million by the Central Electricity Authority's current requirements.

It appears that the rate of repayment of bank advances by the private sector of the economy was very roughly in line with that in the first three weeks of July (when a nominal fall of £52 million in advances was heavily swollen by the fall in transit items and by the £10 million paid up on the gas loan). Total bank advances in mid-August were £2,105 million, just £1½ million higher than in mid-May.

LONDON CLEARING BANKS

	August 17, 1955		Change on Month	Change on Year
	£ million		£ million	£ million
Deposits	6,405·7		− 0·7	−113·2
"Net" deposits*	6,153·9		− 5·2	−124·5
	£ million	%†		
Liquid assets	*2,051·7*	*32·0*	*+ 43·4*	*−128·9*
Cash	515·3	*8·0*	− 20·0	− 18·3
Call money	423·7	*6·6*	− 34·5	− 14·0
Treasury bills	1,009·7	*15·8*	+ 99·4	−117·0
Other bills	102·9	*1·6*	− 1·6	+ 20·4
Investments plus advances	*4,186·8*	*65·4*	*− 45·9*	*+ 9·8*
Investments	2,082·0	*32·5*	− 15·8	−266·0
Advances	2,104·8	*32·9*	− 30·1	+275·8

* After deducting items in course of collection.
† Ratio of assets to published deposits.

In coming weeks further repayments by the gas and electric utilities will continue to bolster bank liquidity ratios. In the September banking period alone there are calls to the tune of £120 million on the two loans. This will give the banks greater liquidity but will not ease their self-set task of securing a reduction of about £200 million in advances to private borrowers by the end of the year.

The August statement from the clearing banks again shows a decline in investment portfolios—by nearly £16 million; this may include some writing down as well as actual sales. Liquid assets, however, have risen by £43 million and the average liquidity ratio rose from 31.3 per cent to 32.0 per cent, notwithstanding that the biggest of all the banks—the Midland—still shows a liquidity ratio below 30 per cent. The Midland's advances actually rose slightly in August to nearly £7 million above their May level. And the bank retains the distinction of being alone among the big banks in having made no reduction in its investments this year.

Sir John Braithwaite's Argument

SAID the old judge to the new judge: "Give your judgments, young man, but do not give your reasons; your judgments will nearly always be right; your reasons will often be wrong." The chairman of the Stock Exchange, Sir John Braithwaite, in his open letter to the press, is concerned to knock down the suggestion that dividends have risen faster than wages, salaries and profits. It is a useful service to remove a tiresome red herring; the mere relative sizes of the figures—£9¼ thousand million a year for wages and salaries and £1.1 thousand million for interest and dividends on quoted securities—suggests that the latter are unlikely to be the main source of the inflation in the system. But the chairman of the Stock Exchange has produced part of his reasoning, and the reasoning is far more debatable than the conclusion.

In the days of the Cripps dividend freeze the limited companies stuck to the rules much more closely than did the unions; wages and salaries rose by £1,040 million in 1948 and 1949. By taking 1947 as his starting point, Sir John can prove that since that year wages and salaries have risen by 69.2 per cent, trading profits by 51.6 per cent but interest and dividends by only 32.1 per cent. It is a valid calculation though it is also influenced by the fact that over those years nationalisation compulsorily transferred a large investment in ordinary capital into low yielding fixed interest stocks By taking 1947 for a starting point, and bringing into account the period of dividend restraint and its long after-effects, Sir John provides a telling answer to those trade unionists who use the figures of 1954 alone and show that in that one year dividends and interest rose 10 per cent, profits by 9 per cent, while wages and salaries rose 7½ per cent. Yet the very fact that a different starting point can produce the opposite answer suggests that there is a weakness in the argument.

That weakness surely is that those who believe in a free economy cannot also maintain that there is something sacrosanct about the proportions in which the national cake was cut in 1947 or in any other year, and indeed Sir John is specifically not attacking the size of any section's share of the national product. He is merely stating facts. The reasons why the Chancellor, when he gets stiff about wage demands, should not throw in a dividend freeze as a sweetener—if that is what Sir John Braithwaite fears—are different. They are surely first of all that Bank rate and the credit squeeze should take care of that sector; and

secondly, as everyone now knows, that when dividend policies are decided by Government exhortation instead of by directors' unfettered decisions, the result is distortions in the economy, excess assets in balance sheets and a happy hunting ground for take-over bidders.

The Radio Show

As the average size of television screen creeps up from 14 to 17 inches, and the average retail price of the majority of receivers (80 per cent of this year's sales) moves into a price range of between £70 and £100, manufacturers are beginning to exploit the possibility of the smaller receivers as "economy" models, retailing, after tax, for about £50. They have had these sets in production for some years and have largely written off their tooling and development costs, but demand has fallen off sharply. Sales of 12-inch sets, for example, which accounted for 70 per cent of sales three years ago, now account for only 8 per cent. By modifying the circuits production costs can be reduced still further, although at the expense of the receivers' range, making them no longer usable in fringe areas; one company has cut its price by probably as much as £8 by substituting a fibreboard casing for the conventional and exceedingly costly wooden cabinet that is roughly estimated to represent about £10 in the price of a receiver.

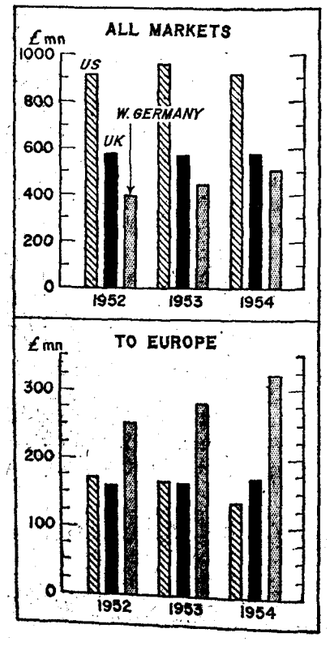
A number of the leading manufacturers in the radio industry have managed to bring to this year's Radio Show receivers with 12-inch screens that are capable of receiving both BBC and commercial television programmes for about £50 each. It is probably the most significant experiment of the many stunts tried out at this time of year. In the past demand has shown itself much more sensitive to technical improvements like the size of screen than it has to differences in price. But this is the first attempt to market small screen receivers at prices that are substantially lower, in terms of cost per square inch of viewing space, than the larger models.

Within the show itself, the amount of space given over not to television, or even to radio, but to what the uninitiated still call gramophones, remains a constant surprise. The market for "sound reproduction equipment" is a phenomenon apparently not restricted to this country. All that the television designers can offer in the way of novelty this year is a 9-inch screen set running at will from mains or from a 12 volt car battery (with the same consumption as a single head lamp)—a very considerable technical achievement. But high-fidelity reproduction equipment is in the throes of a major development, the introduction of tape recordings in place of discs.

Competition and Suppression

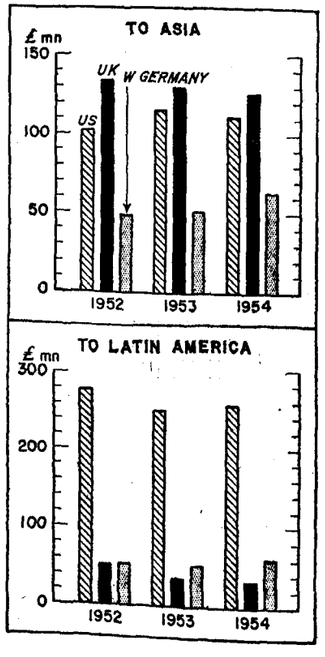
Two developments closely affecting the radio industry took place this week outside Earls Court. The English company Thorn Electric and the American manufacturers Sylvania have worked closely together in this country in the production of fluorescent lamp tubes; they are now planning to produce cathode ray tubes for television receivers, starting with 21-inch sizes. The market for these is small at present, but is growing with the growth in the average size of screen. In this country the retail price of television tubes averages

Engineering Exports in 1954

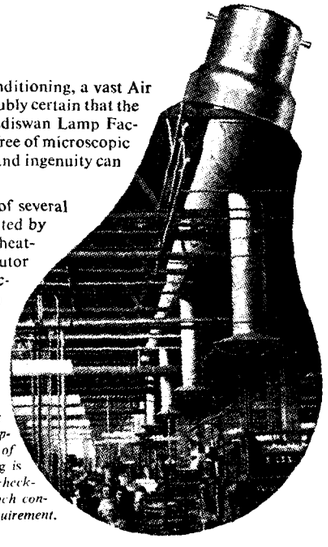


Exports of electrical and mechanical engineering products—excluding vehicles—from eleven of the main exporting countries rose slightly in 1954 by £83 million to £2,614 million. Exports from the United States, however, failed to increase for the first time since the war. The growth of West German exports continued apace, rising by £64 million—14 per cent—to £506 million; the largest gain was to Europe, but shipments to Asia and Latin America also rose sharply. Exports from Britain rose by £8 million to £578 million, but were no higher than in 1952.

It is creditable that Britain's exports to Europe have continued to increase in face of the resurgence of German competition, but the British Engineers' Association (which publishes the figures) rightly feels that there is no ground for complacency. It lists over twenty countries in which the rise in German exports last year appeared to be partly at Britain's expense. India is a disturbing example; while British exports to that country have slipped back in recent years, German exports to India have doubled since 1952.



Nothing left to chance...



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This immense plant consists of several Pumping Stations, each operated by 25 h.p. motors which deliver heat-treated, purified air via distributor ducts throughout the entire factory. Each Pumping Station circulates no less than 159,000 cubic feet (5½ tons) of air per minute! The temperature of the circulated air is precisely stabilised by thermostatic control.

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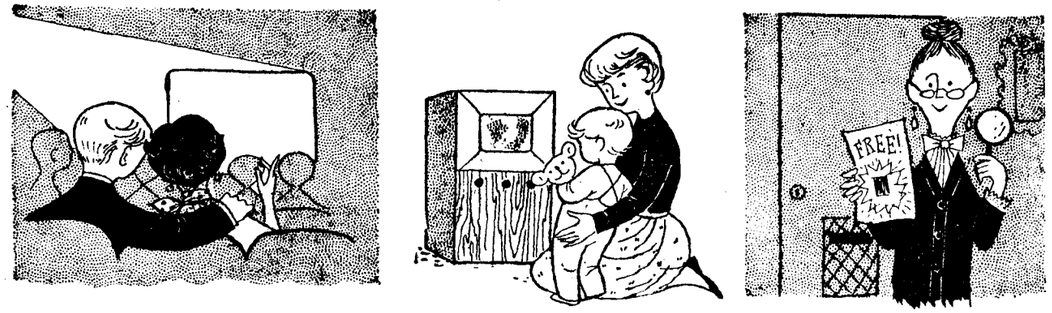

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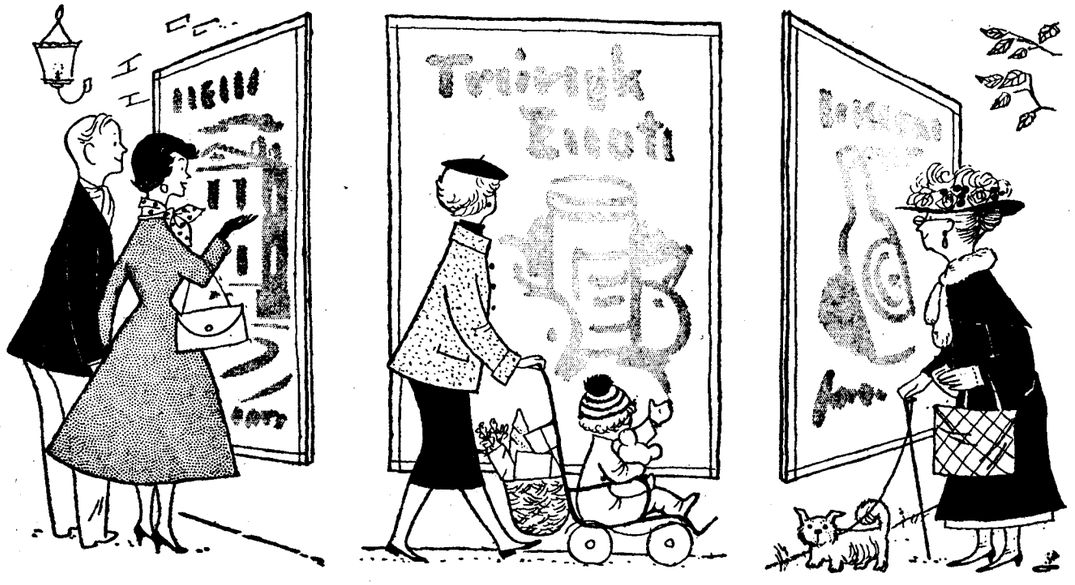


Get it known

POSTERS COMPLETE THE CAMPAIGN WITH REPETITION IN COLOUR

BRITISH POSTER ADVERTISING ASSOCIATION LONDON POSTER ADVERTISING ASSOCIATION LTD

£1 per inch (before tax), and is substantially higher than the price charged to set manufacturers. In the United States the difference is not so great, and the new company intends to follow American marketing rather than British practices when it comes to sell tubes to the public. It is expected that they will sell at prices roughly a third below those now ruling in this country. But it may be several years before the public benefits from these good intentions. Half the new company's output of 21-inch tubes is already earmarked for a set manufacturer—Fergusons—and it is hoped to export a large proportion of the remainder, leaving apparently very few for retail sale as replacements in this country. The demand here, however, may also take some time to develop; there are not yet enough 21-inch sets working in this country for there to be any appreciable retail demand for tube replacements.

The second development became effective much sooner, on September 1st. From that day, the Post Office has power to oblige owners of household electrical equipment, like refrigerators, hair-dryers and presumably electric shavers, to fit suppressors to these if it can be shown that they are interfering with a neighbour's television or sound radio reception. There is no doubt that interference from fractional electric motors can totally destroy reception, and the obvious and equitable solution would seem to be to insist that manufacturers of new equipment market it already suppressed. Refrigerator manufacturers are being placed under this obligation, but the Post Office has not asked other manufacturers to do the same on the grounds that it is only in fringe areas that interference is serious enough to justify asking for suppressors.

Yet it is difficult to be entirely comfortable about a solution that requires householders to spend from 10s. to £2 on each offending piece of equipment that they have up till now used in all innocence and good faith, simply because their neighbour wishes to enjoy the luxury of good television reception. It is bound to be a more costly process to modify equipment installed in a home than it would be to do so while it was on the production line, and the Post Office experts might be well advised to have second thoughts on whether it would not be more satisfactory to ask manufacturers to design suppressed equipment—since the ideal solution, the sale of interference-proof receivers, is said to be at present technically impossible.

Smoking on Quota

At first sight it would appear that even the cigarette manufacturers have been taken by surprise at the growth in the sales of their leading brands since quota restrictions were "finally" removed in January. This much could be read in the letter sent to tobacconists by John Player, a branch of Imperial Tobacco, announcing the temporary re-introduction of quotas on deliveries of "Players Medium" and "Players Weights." "Players Medium" and Gallaher's "Senior Service," which have been generally restricted for the last two months, also because production capacity has become short, are by far the top selling brands in the 3s. 7d. class of cigarettes. Both brands have made considerable gains since January, while many others have fallen sharply away. Among the cheaper cigarettes, selling at 2s. 8d. for twenty, "Woodbines" are still leading easily, but Wills, which makes them and is the other big branch of Imperial Tobacco, is better placed to increase output, having built new factories since the war at Glasgow and Newcastle. The shortage of manufacturing and packing machinery, which is the main reason why supplies of Players cigarettes cannot be quickly increased, will no doubt be made good in time; in the meanwhile certain other branches in the ITC group are helping out.

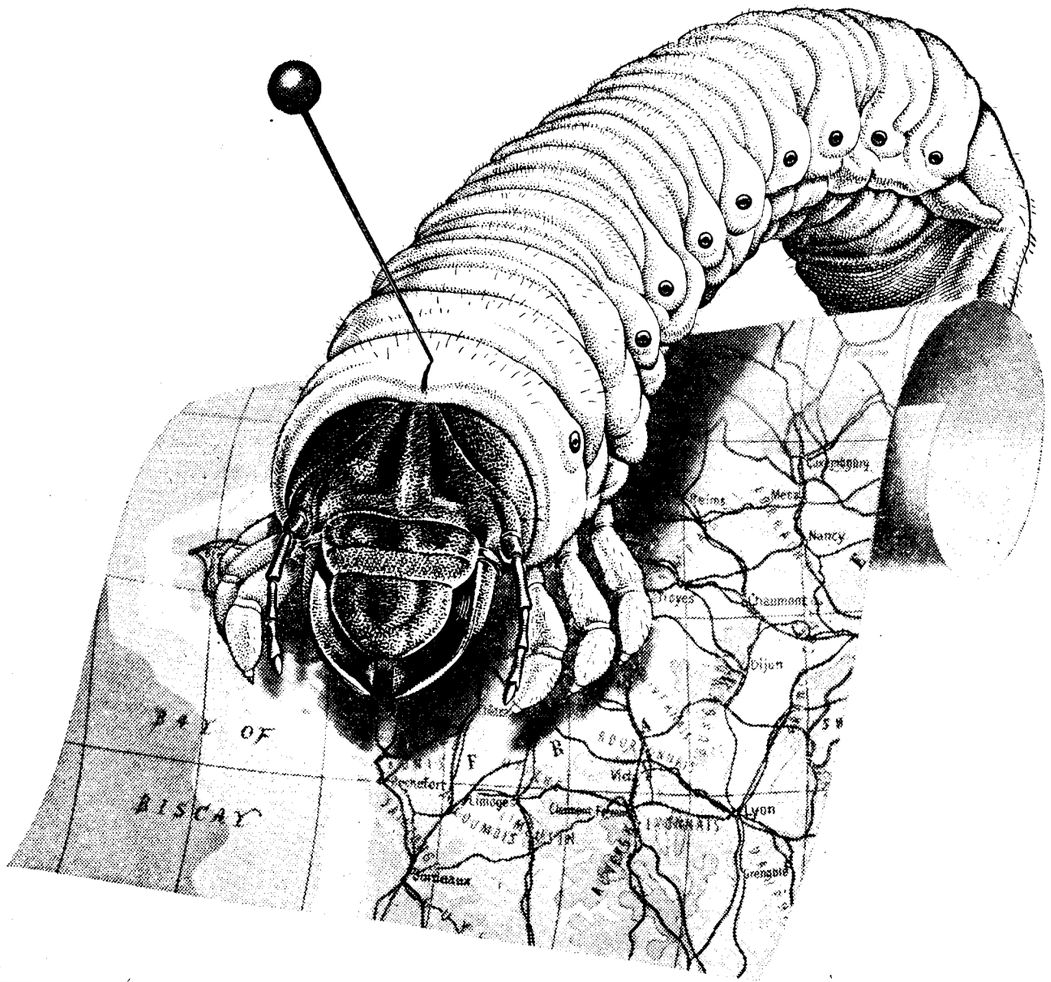
But there are other and more special reasons for these restrictions. The summer is a time of very high cigarette sales, though the manufacturers could have been expected to budget for that. But this year distribution was upset by the railway strike in June. Player was able to dispatch very heavy loads in anticipation of the strike, and deliveries were rather patchy whilst it lasted. Tobacconists' stocks, therefore, may be out of balance. Tobacconists are being restricted to a flat 87½ per cent of the deliveries of "Players Medium" they received in May and June. This quota will still leave current supplies above their comparable level last year; but sales may not have expanded as much, since there are large supplies still in the pipeline.

Sales of all cigarettes appear to have risen by about 2 per cent over last year, whereas pipe tobacco is still declining slightly. But this overall growth conceals the marked variation in sales of individual brands. Competition between manufacturers with existing brands in extra wrappings and with hefty advertising to launch new lines has returned almost to pre-war ferocity. But only Imperial Tobacco and Gallaher appear to be prospering. Gallaher has recently purchased Benson and Hedges, one of the last remaining successful independent companies outside the four principal makers; Imperial Tobacco, which has just brought out a new "Bristol" tipped cigarette at 3s. 3d., is now selling a good four-fifths of the cigarettes smoked in this country.

The Footplate Tally

The seventeen-day strike of railway firemen and engine drivers may have cost British Railways about £15 million of passenger and freight revenue. Were it not for this loss the Transport Commission's traffic receipts would probably have amounted to about £402 million by the middle of August, roughly the amount received to the same time last year. Some of this traffic may have been carried after the stoppage ended. But with only one locomotive manned in eight the railways managed to carry about 30 per cent of the normal passenger traffic during the period and, by concentrating upon minerals and coal traffic, were able to haul nearly 40 per cent of the normal tonnage of freight (in ton miles the proportion was somewhat lower).

So far this year the railways have been carrying rather more passengers than in 1954 and since June these have been paying more for their journeys. On the other hand, less freight has been sent by rail, though the difference between this year and last appears to have been diminishing with each month. Minerals traffic alone has been heavier; the railways have been offered less coal to haul, and have lost business in general merchandise and livestock. A comparison with freight earnings for 1954 has to take into account the 10 per cent increase in charges in March, 1954,



The case of *Melolontha melolontha*...

In Northern and Central France the larva of the common cockchafer *(M. melolontha)*, has always been regarded as one of the most serious pests of growing crops. French farmers christened it 'Agricultural pest No. 1'.

'White grubs' live 3 years in the soil and do an enormous amount of damage to many crops, especially to sugar beet, mangolds and potatoes. Losses amounting to 10,000 million francs a year were normal . . . but that was before the arrival of aldrin.

Aldrin, a soil insecticide developed by Shell, has completely changed the picture. Its use on sugar beet, one of the worst attacked crops, has often doubled the yield of sugar in cases of severe white grub infestation. Today non-tainting aldrin is widely recognised as a completely effective control and French farmers use it as part of their seasonal routine.

2-3 lbs. of aldrin per acre wipe out white grubs.

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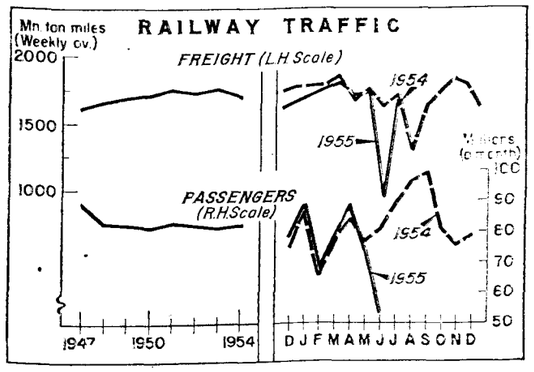
and the 7½ per cent advance last June (15 per cent for small loads). Even so freight revenue is £7 million down, and passenger receipts are £1.3 million lower.

Had the strike not taken place, the extra revenue the



Commission might have expected to have earned so far this year from the railways, from London transport, and from its buses and ships might have just about offset the decline in revenue from its road haulage fleets. As it is, its total receipts, at £387½ million, are 3½ per cent less.

Wool Prices Fall

THE 1955/56 raw wool season opened much as most people expected—or did prices fall simply *because* a fall was widely expected? At the first Australian sale at Sydney last Monday prices of merino wools were 7½ to 10 per cent below the close of the old season last June; the fall was not really as sharp as that, because in between the two sales there had been a 5 per cent drop in prices at the London auctions last July. The main buyers were as usual Britain and the Continent, but the Japanese were active. During the week prices drifted lower, but closed fairly steady 10 to 12½ per cent lower than in June and 5 to 7½ per cent lower than the London sale in July. Prices of wool tops in Bradford and of wool top futures in London weakened in sympathy, the London futures market maintaining its uncommonly large discount on actual prices of wool tops in Bradford.

It was reasonable to expect a fall in prices. This season, as last, a small surplus of wool is in prospect, and buyers naturally feel that that gives them the upper hand. Values of merino wools, which are the only kind available in quantity before the New Zealand sales of crossbred wools late in October, will face a stiffer test in a fortnight's time when Australia, South Africa and London will be selling concurrently. By then buyers may be more anxious to cover their needs and the market may settle down. The more distant outlook depends on several unknowns: the possibility of a further recovery in the American wool industry, of larger purchases by the Soviet bloc, and a withholding of supplies in South America. Even without that help it seems unlikely that wool prices will fall far, provided that disinflation in some consuming countries is not carried far.

South Durham Steel Plans

READY to come to market the moment the market looks ready to receive a substantial issue is the whole capital of the South Durham Steel and Iron Company. The operation will involve £12 to £14 million. The capital of the company is being reorganised before denationalisation, so that the whole of the existing capital—both the assets that were nationalised for £1¼ million in 1951 and the sum of between £5½ and £6 million that the Iron and Steel Holding and Realisation Agency has found for the company's successful development programme will be represented by ordinary stock. Even in these unpropitious markets it is considered that the equity of the company can be sold for about £10 million.

In addition a much smaller sum, between £2 and £4 million, will be raised by a debenture to be subscribed by the agency and sold to the public on a no profit—no loss basis, at the same time as the ordinary stock. It will represent South Durham's requirement of working capital. South Durham is thus a company that seems certain to yield a profit on denationalisation. Even if it has to be sold while the market is unhelpful a profit of the order of £3 million seems likely. But it is difficult to determine the basis on which the debenture stock can now be sold. It is for that reason that the sale of the £7½ million 4½ per cent debenture stock 1970/84—in the Guest Keen Iron and Steel Company—that was originally planned for August has now been postponed. Had the agency found it necessary to sell at once, it could not have avoided a substantial loss on the transaction.

Lancashire Shifts

FOR years the single-shift basis of the Lancashire cotton industry has seemed an anachronistic luxury. The question was how long it could survive when competition from foreign textile industries working two and three shifts returned in force. Only about 12 per cent of the looms are employed on two shifts, and about 3 per cent of the spindles. The lack of progress has been the fault more of the employers than the unions, but now that foreign competition has become painful, there are signs that the employers are taking the initiative. At one meeting last week representatives of the nine unions in spinning and weaving met to discuss the question of a night-shift, to which they have always been opposed. This followed an application by the manufacturers' association, which had in turn received requests to raise this question from several firms which are now running two shifts and wanted to run a night shift as well. The largest of these firms proposed to spend £500,000 on modernisation and re-equipment, provided that the machinery could be worked round the clock. The most hopeful aspect of the meeting was that this radical suggestion was not dismissed out of hand. It was agreed that the individual unions should each consider the question further, and that it would then be discussed again at a joint meeting.

This week there was a meeting between the spinners'

federation and the spinning unions which covered, it was said, "a wide range of problems affecting the efficiency and well-being of the industry." It seems that both sides agreed to discuss the points that the other side wanted to raise, and that they drew up a joint agenda for a number of meetings in the future. Apparently the unions wanted to discuss the improvement of working conditions, and the employers wanted to discuss such matters as shift-working and the wage premiums to be paid for it. It would be foolish to pretend that shift-working is the answer to all Lancashire's problems, which are problems of salesmanship as well as of costs. What is certain is that shift-working is an essential part of the answer. The difficulties are many and weighty, but they need not be insurmountable, and if the two sides of the industry can eventually reach a broad agreement the individual mills can be left to solve problems that vary with each one.

Sterling Agreement with Egypt

THE agreement permitting larger releases of sterling to Egypt from its blocked No. 2 account was signed in Cairo this week. Egypt will be allowed to transfer £20 million a year between 1955 and 1960, £10 million a year in 1961 and 1962, and the small remaining balance in 1963. Britain has also received a *quid pro quo* in the abolition by Egypt of currency discrimination against sterling area exports. Egyptian exporters were previously allowed to retain a portion of their earnings of sterling (and of deutsche-marks) and to auction them to importers of non-essential goods; the premia paid naturally put sterling area and German exporters at a disadvantage against their competitors. Now the import entitlement system has been abolished. It has been replaced by increased import duties of 7 per cent on imports of goods other than raw materials, capital goods and books and publications. That duty will not discriminate; it will apply to imports from all sources. Egypt has at the same time given an undertaking that it has no intention of introducing any new currency measure discriminating against sterling.

No Locomotives to India

FOR the second time in two years tenders from British builders of steam locomotives have failed to secure orders from the Indian Railways. India has been a traditional market for this country's engines and it is one of the few remaining markets for steam traction. This failure was therefore a nasty shock for firms in this country; their home market for main-line steam vehicles has been dead for some time. Their order books for steam locomotives are now very low indeed, except for certain specialist types. All these firms have been turning to the construction of diesel locomotives and both orders and output have grown more quickly than the industry might have expected; but not every firm has a comfortable order book.

The lack of much new business for steam traction will create transitional difficulties in the construction shops, which orders for assemblies and replacement parts will not entirely solve. The only locomotive tenders from here accepted by India were for twelve electric locomotives; the orders for these were received by English Electric earlier this year though they were included in the latest announcement. The total business awarded to British firms, including 3,000 or so freight wagons and other railway equipment, was just under £4 million out of a total programme of £60 million. Indian firms received nearly half the total, including two-fifths of the locomotives; their tender prices have not been disclosed. The remaining steam engines have been ordered from firms in Germany (151), Japan (125), Austria (50), Hungary and Czechoslovakia (40 each). Price seems to have been the main reason why United States, British, and other European firms failed, and the Indians appear to have been successful in paring down even some of the tender prices. British tenders are reported to have been 30 per cent above the lowest, which came from Hungary. Cost comparisons between countries are not easy to analyse, but even some German firms bilked at supplying locomotives for the sums that Indian Railways stipulated—and which one or two other German firms accepted.

Prosperity and Oil Tankers

THE forty per cent rise during July in the rates that oil shippers pay independent tanker owners was too good to last. Most of the major British and continental oil companies were able to fix all the vessels they required for loading this month to supplement their own fleets, as well as a substantial number of the extra tankers they will need for September. Voyage charter rates for tankers therefore have slipped back a little in the last three or four weeks. United States owners have also been receiving less favourable rates recently for ships engaged in the American coastwise trade. The seasonal improvement in the voyage tanker market came about six weeks earlier than last year, and most owners and charterers expect rates to remain reasonably steady for a while.

The reason why tanker owners have been securing generally better rates than in 1954 is not far to seek. Apart from changes in the cost of tanker operations, world oil consumption seems to be rising this year by more than the 5 per cent achieved in spite of the American recession last year, but there has been a drop in the number of new tankers launched. Up to June 1,646,000 tons of new tankers were completed. This increased the world fleet from almost 39,150,000 tons to nearly 40 million tons, after allowing for old tankers scrapped and others converted to ore carriers and dry cargo vessels. Another 1.7 million tons should be delivered by December, which will make nearly 3.4 million tons of new tanker capacity for the whole year. This will equal the net increase in the world fleet last year, when launchings totalled 4.7 million tons. This slackening in the rate of growth of the world's tanker fleet reflects the gradual completion of the vast flood of new orders placed three to four years ago. Tonnage under construction and on order has shrunk in the last eighteen

South cones are being hoisted

Gales are imminent in sea areas Fastnet, Lundy, Plymouth. These few words tell of impending drama on the high seas. The landsman may give it a passing thought. But somewhere a helicopter is taking off with packaged stores for some storm-bound lighthouse. In the winter gloom of a rising gale the stores arrive safely. And as the helicopter turns away, the first case is opened, revealing precious supplies undamaged by rough handling or wild weather, thanks to modern packaging.

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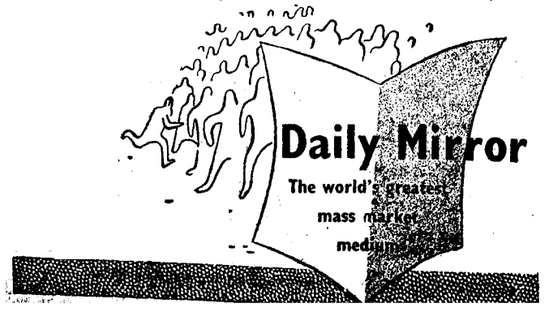
Can YOU make the grade with her?

Why? Because she is one of the millions of young people who are looking ahead, forming brand habits and deciding on the things to buy now and in the years to come. Although she is discerning, she is open to persuasion and if your advertisements make the grade with her now you are sowing the seeds of your future prosperity.

By approaching the problems of our time so realistically and presenting the news in a vital, up-to-the-minute style, the Daily Mirror appeals outstandingly to the vigorous, "keen to get on" younger generation. With the biggest daily sale on earth (it exceeds 4¾ million) it offers you the most powerful mass market coverage in the history of daily newspapers at the lowest square inch per thousand rate of all national dailies. Daily Mirror readers are young readers. Your customers today . . . . next month . . . . next year.



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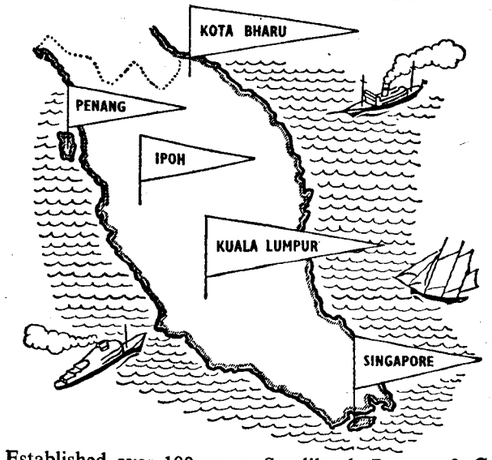

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V·S·O·P

REMY MARTIN
Pride of Cognac

months from 13 million tons to less than 9 million tons, the bulk of it for delivery by 1957. There is now no doubt, however, that oil companies, who own two-thirds of the British tanker fleet and a third of the world fleet are thinking actively of placing further orders for the new vessels they will need for replacement and expansion after 1957. They also seem prepared to promise lucrative time charter contracts if some of the major shipping companies, too, will order new large tankers.

Freedom to Hedge

AMONG the new measures recently adopted by the OEEC for the liberalisation of invisible transactions was one concerning restrictions on the freedom of nationals in one European country to hedge in the commodity terminal markets of another. The OEEC's reference to such dealings, it is true, hardly deserves the name "measure," for the member countries merely recognised that dealings should be free; they did not undertake to remove existing restrictions. But it is helpful to have the principle of freedom affirmed, and countries that continue to restrict these and other forms of invisible transactions will have to justify them periodically before the committee that has been set up to review progress in this field of liberalisation.

Britain cannot expect much from this decision, for the good reason that few European countries that are potential users of British markets now prevent their nationals from doing so. Broadly speaking Germany, Switzerland, Belgium, Holland and the Scandinavian countries place no restrictions on terminal transactions in British markets, provided that their nationals have a risk to hedge. Austria, Portugal, Turkey and Greece do not allow any transactions, but it is doubtful if there is much demand for such facilities in those countries, apart from Austria. France and Italy have only recently given a cautious approval to certain dealings here. French nationals were allowed to deal in London wool futures early this year, and have now been allowed to deal in cotton futures in Liverpool. Italy has recently allowed its nationals to use the London Metal Exchange and, like France, will probably be willing to approve requests from other trade interests when it is satisfied that this first venture in freedom has worked well.

The volume of terminal—as distinct from physical—business that comes here from the Continent is not large, but it may grow in time. In wool futures it is chiefly arbitrage from the markets in Antwerp and Roubaix; in metals the only substantial business comes from Germany; and in cotton and grains Continental interest has been slow to develop.

Mirror-Reed Share Deal

THESE are markets that encourage most would-be borrowers who can wait to do so. It is also a time when most newspaper groups that have a financial stake in the paper-making industry wish to retain it because newsprint is on the road to freedom and perhaps to more intense competition. The Daily Mirror group, consisting of Daily Mirror Newspapers, Sunday Pictorial Newspapers (1920) and the Mirror and Pictorial Trust Company, therefore took the market by surprise when it announced the sale of all its non-voting shares in Albert E. Reed, the paper company. The deal involves £3,200,000 and will provide the sinews of the Mirror's new building programme. The Mirror and its associates are however retaining their substantial minority interest in the voting £1 ordinary shares of Albert E. Reed.

The offer, underwritten by S. G. Warburg and Co. and by Helbert Wagg and Co., consists of 735,969 £1 "A" ordinary shares. These will be offered to other ordinary and "A" ordinary shareholders of Albert E. Reed at 87s. 6d. per share in the proportion of one for six. In present markets whatever price was chosen for the offer there was a risk the market price of Albert E. Reed £1 shares would move down to meet it. Therefore the inducement offered to Albert E. Reed ordinary shareholders has been kept small. The offer price of 87s. 6d. compares with a market price now down from 92s. 6d. to 90s. The shares involved are, however, offered free of stamp.

Hudson's Bay Strikes Oil

HOLDERS of the ordinary shares of Hudson's Bay Company have been hoping for years to hear the news they heard last week: there has been a rapid increase in the oil output of Hudson's Bay Oil and Gas Company (owned as to 75 per cent by the Continental Oil Company of Delaware and as to 25 per cent by Hudson's Bay Company). Production in the first half of 1955 was 10,186 barrels a day compared with 4,930 in the first half of 1954. The number of producing wells (allowing for some part ownership) was 264.6 compared with 159.7 in the first half of last year. The number of wells completed was 74.7 compared with 34.4.

It looks as though hopes that oil will provide a worthwhile addition to Hudson's Bay Company's revenue as its revenue from surplus land sales dies down are looking less remote. But for tired holders the news came just a little too late. The £1 shares rose 3s. 6d. on Friday and a further 2s. 3d. on Monday, a total advance of 5s. 9d. to 178s. 3d. on the news. They dropped back 5s. 3d. on Tuesday, and 2s. on Wednesday. The investor who was not quickly out has gained nothing.

SHORTER NOTES

The Federal Reserve Board approved the increase from 2 to 2¼ per cent in the discount rate of the Reserve Bank of Atlanta at the end of last week; this week it approved a similar increase in the discount rate of the Reserve Bank of St Louis. The rate of 2¼ per cent was already established by the Reserve Bank of Cleveland at the time of the general increase from 1¾ to 2 per cent in early August. The

Treasury bill rate in New York this week topped 2 per cent, rising from 1.875 per cent to 2.088 per cent.

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The German travel allowance of DM 1,500 (£127) is now available for every trip; previously it constituted a maximum annual allowance. In a note on page 724 of *The Economist* of last week this earlier allowance was wrongly stated to have been DM 300.

★

The general dividend paid by the Co-operative Wholesale Society to member societies on all purchases in 1954 was 3d. in the £ and the supplementary dividend on purchases of CWS productions was 4d. These figures were wrongly stated to be 4d. and 6d., respectively, in *The Economist* last week. The total of CWS allocations to reserves were substantially higher than appeared from the figures published owing to the allocations from surplus and deficit account of £425,000 to reserve balances and of £725,000 to development and obsolescence fund.

★

All the companies marketing fuel oil in Britain have now put into force the increase in price of about 10s. a ton that was first announced by two of the British-owned companies a fortnight ago.

Company Notes

ODEON THEATRES. Considered purely as a financial operation the rehabilitation of the Rank Organisation after the spending spree that culminated in 1948-49 is an impressive tribute to the Yorkshire doggedness of Mr J. Arthur Rank and the financial shrewdness of Mr John H. Davis. The preliminary figures show that a further £977,284 has been wiped off the bank overdrafts which reached £16¼ million in 1949. They have now been cut by over £12 million in 6 years. The arrangements for a rights issue now announced seem to promise that the residual overdraft will soon be further reduced or wiped out. Recovery has been achieved while the path for the cinema industry has been anything but roses all the way. Shareholders, offered a one for one free scrip issue and a dividend increase from 15 per cent to 25 per cent (it is only a year ago that the shares returned to the dividend list), will be anxious to forget the past and regard the future of their highly geared equity through stereoscopic spectacles. The table shows that the main companies of the Rank Organisation, Odeon Theatres,

	Years to June 25, 1954 £	1955 £
Rank Organisation— Odeon Theatres:		
Trading profits	7,704,084	8,727,035
Net profit after tax	1,031,080	1,327,939
Ordinary dividend	78,127 (15%)	136,130 (25%)
Gaumont-British Pictures:		
Trading profit	3,627,052	4,361,861
Net profit after tax	662,027	943,066
Ordinary dividend	248,357 (12½%)	311,575 (15%)
British & Dominions Films:		
Trading profit	373,720	538,754
Net profit after tax	106,114	178,089
Ordinary dividend	50,178 (5%)	68,197 (6½%)
Cinema-Television:		
Trading profit	850,723	995,321
Net profit after tax	305,650	428,764
Ordinary dividend	106,941 (30%)	167,703 (45%)

Gaumont British Picture Corporation, British and Dominions Film Corporation have shared in the recovery.

Conditions in the industry, including the reduction of entertainments tax and the wet summer of 1954, did indeed help cinema profits last year. It is therefore fair to point out that proportionately Odeon Theatres, which is appropriately to change its name to *Rank Organisation* has not done better than its main competitor—Associated British Picture Corporation. Comparison should not be pushed far because Associated British closes its year on March 31st, Odeon on June 25th. But Odeon's group trading profit of £8.7 million showed a rise of 13 per cent. Associated British, with a much smaller trading profit of £3 million, showed a rise of 35 per cent, and it—not the Rank Organisation—has earned the money to spend on expensive new developments among which CinemaScope is important.

That does not detract from the Rank Organisation's achievement. It merely suggests that investors, on the eve of the start of commercial television should approach the problem with caution. On the new dividend of 25 per cent the 5s. shares at 24s. 6d. yield £5 2s. per cent, a tribute to high earnings cover and high gearing. The full report will be awaited now to see whether the board regards the company's period of financial stringency as finished at the very time when for the country as a whole financial stringency seems to be beginning. Some features of the preliminary figures do suggest that the board feels that a steadier and perhaps more generous future lies ahead. The proposal to create 8 million 5s. non-voting "A" ordinary shares and to issue some of them as rights on terms not yet announced speaks for itself; it is obviously to clear the remaining overdraft. The proposal to transfer a further £1 million to reserve is no more than prudence. The plan to make a one for one free scrip issue does seem more surprising considering how recently shareholders must have been wondering whether even their present nominal capital was intact. The existing ordinary capital of £946,991 is however tiny for a company whose assets exceed £60 million, and the 25 per cent ordinary dividend will absorb only £136,130 out of a net taxed profit of £1.3 million, so that given a continuance of prosperity the rate of ordinary dividend might soon reach a level at which it would become a public target. But if the cinema industry is to lose its wide fluctuations and settle down to steady going prosperity, it will be settling down to something it has not known before.

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BEECHAM GROUP. Preliminary figures have already shown that the Beecham group made good progress in the year ended March 31st. The rise of £690,387 in the trading profit to £3,823,494, and the 30 per cent dividend on a capital doubled by a scrip issue established those basic facts. Lord Dovercourt's review now provides a much fuller breakdown of sales and revenue than shareholders in most companies receive. He gives the total sales income of the group—£22.8 million and he divides it into home sales—£14.6 million and exports and overseas sales £8.2 million. It is seen also that the home sales have been expanding without a break since 1951 (when it was only £9.8 million), whereas the overseas income, comprising both exports and trading by manufacturing subsidiaries abroad, has barely held steady at £8.2 million for each of the last three years. Yet in each of those last three years the profits earned in overseas markets has risen. Overseas profits were £894,255 in 1953, £984,252 in 1954 and £1,237,101 in 1955. It follows that increasing efficiency must have been bringing a rich reward from markets that were not as a whole expanding.

At home less than a third of total sales income comes from proprietary medicines. Sales of proprietary foods, swelled by the inclusion of three months' figures of H. W. Carter and Company, the proprietors of Ribena, yielded £6 million. Proprietary medicines brought in £4.1 million and proprietary toilet products £4.5 million. The tendency is thus to develop on the food side notwithstanding that the development of the Coca-Cola business in the group's territory has been difficult and in the chairman's words

"substantial losses have been incurred."

Lord Dovercourt's hint for the future is to warn shareholders that increased retentions from profits are essential for financing the development plans. The consolidated balance sheet seems to underline his warning. Cash has been drawn down from £2,330,156 to £758,112 while fixed assets have grown from £5,159,701 to £5,862,108.

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POWELL DUFFRYN. After last December's capital repayment, this company had an ordinary capital halved in nominal amount, but with the same number of shares (in 10s. instead of £1 units) as before. Thus the 1954-55 ordinary dividend, equivalent to 16 per cent on the present capital, represents the same distribution, in money, as in the previous year.

That this should be possible, in spite of cash payments in January last to preference and ordinary shareholders of no less than £11,821,604, is highly satisfactory but not at all surprising. Powell

	Years to Mar. 31, £ 1954	£ 1955
Consolidated earnings:		
Trading profit	1,535,575	2,003,333
Total income	2,285,622	2,615,952
Depreciation	426,994	457,849
Taxation	1,032,967	1,192,936
Net profits	*697,395*	*816,811*
Ordinary dividends	425,061	437,137
Ordinary dividend (per cent)†	16	16
Retained profits	178,284	286,926
Consolidated balance sheet:		
Fixed assets, *less* depreciation	6,020,240	5,878,857
Net current assets	13,189,562	11,468,792
Debtors and stocks	16,038,158	16,182,659
Liquid assets, *less* overdrafts	4,929,673	3,563,852
Reserves	13,293,395	8,923,428
Vested Assets Account (net)	632,282	757,364
Ordinary capital	9,660,471	4,830,236

†Equivalent on present capital.
10s. shares, at 17s. 6d., yield £9 3s. per cent.

Duffryn's first attempts to build up a new future with the sums paid in compensation for its nationalised collieries had never earned a great return. The change in policy which led the company to withdraw from its Vacuum Oil investment and from Wankie Colliery and its association with Rhodesian Anglo-American have released funds to shareholders without impairing the liquid resources needed for the remainder of the business. Trading profits for the year ended in March, 1955, show the good increase of 30 per cent over 1953-54. At £2,615,952, total profits are 14 per cent above the previous year, and are as high as at the time of colliery nationalisation. The rate of increase over the previous year is 16 per cent in equity earnings, which are 23¾ per cent on the present capital, allowing for Profits Tax on a full distribution.

At nearly £11½ million, net current assets are only £1¾ million less than a year earlier, despite all the changes that have occurred since then. The Compensation Account stands at £14,365,842 gross, an increase of £1,125,082 in the year. Since March, £305,000 more has been added, and the colliery claims are now cleared up. The only matter now outstanding is the disputed payment for the large electricity undertaking, and the Referee's award is not expected until early next year. That unknown figure, which could be high, provides what remains of a speculative flavour in the company's shares which yield £8 18s. per cent at 17s. 6d. xd.

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AMALGAMATED ANTHRACITE HOLDINGS. The effect of nationalisation was to give this group, which lost its mines but remains in existence a coal distributor, a book loss of £3,900,000 on colliery assets, a loss which was made good to the extent of £2,200,000 by writing up the value of the trading subsidiary in the balance sheet. A reorganisation in April, 1954, left shareholders with an ordinary capital of only £761,379 and a dividend. Since 1925 they had had £1,800,000 ordinary stock and no dividend.

Schemes of arrangement do not themselves bring in cash. Nor does withholding a generous proportion of profits necessarily mean much in money. Less than seven months after the scheme, £300,000 5½ per cent Unsecured Loan Stock 1967-69 was raised for cash. And now, owing to the average increase of 20 per cent in coal prices this year, the advisability of raising another £200,000 is being considered.

In spite of scarcities that made it hard for the merchanting subsidiary to keep adequate stocks in reserve, trading profits for 1954 are 2½ per cent higher, at £592,189 against £578,496. Ignoring special credits (a net sum of £46,328) but allowing for Profits Tax on a full distribution, equity earnings are 12 per cent, and the dividend, at 6 per cent, is, as forecast, double that for 1953. At 10½d., the 1s. ordinary shares yield £6 17s. per cent.

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FAIRBAIRN LAWSON COMBE BARBOUR. Misfortune swift and dramatic has overtaken this firm of textile machinery manufacturers with works at Belfast, Leeds and Dundee. A trading loss of about £30,000 is disclosed for the year ended March 31st against regular and substantial profits for several years previously. Ordinary shareholders who have received a regular 12½ per cent for the last four years now get no dividend. Substantial stock losses in addition to the past year's trading loss have been incurred. They will involve, after taxation relief provisions amounting to approximately £200,000. The directors describe those losses as "arising largely from changed world conditions and developments in the demand for textile machinery."

Shareholders will naturally expect a much fuller explanation when the full accounts come out. For the moment they must be content to know that something is being done. Board changes are announced, and reorganisation of the business is to be put in hand at once; the Belfast factory is to be closed and sold next year. A sum of £250,000 is being taken from the reserve to cover the cost of developments already incurred and initial losses on new products.

LONDON STOCK EXCHANGE

Next Account begins: September 7th
Next Contango Day: September 7th
Next Settlement Day: September 13th

THE hint of sterner financial restrictions contained in the Prime Minister's speech on Saturday was enough to curb the buying that had buoyed up industrial shares on the first three days of the new account, and a renewal of small selling eliminated the recent gains. Gilt-edged securities were further burdened by the projected flotation of £7 million 5½ per cent Kenya Power at 101. On Tuesday some substantial selling occurred. Most stocks drifted further on Wednesday to their lowest points this year. Saving Bonds 2 per cent 1964-67 fell to 78⅝ and War Loan 3 per cent 1955-59 to 93¼. Fears of a Bank rate move were an influence early in the week but recovery did not follow Thursday's no change announcement.

Among Foreign Bonds German stocks eased slightly while Japanese issues showed small gains. Japan 5 per cent, 1907, assented bonds improved to 160¼ and South Manchurian Railway 5 per cent, 1923, assented rose to 117. Bagdad Light and Power advanced to 93s. 9d. on confirmation of nationalisation by the Persian Government.

Breweries continued to lose ground but some building issues recovered a fraction of their earlier losses. Stores were out of favour and companies with interests in hire purchase drifted downwards and were often scarcely above their worst for the year. G.U.S. "A" receded further to 43s. 6d. Electrical shares were also marked down with the exception of Thorn Electrical Industries which gained 1s. 3d. to close barely changed on the week at 23s. after the announcement of a joint venture with Sylvania Electric of America into the large-scale manufacture of television tubes.

Steels slipped back after a short-lived rally. An increased dividend temporarily raised Whitehead Iron and Steel 4s. to 69s. 3d. Oils became firm on Wednesday after sliding earlier, but Coppers eased from their best. Old gold mines improved. Anglo-American Corporation continued strong at the new peak of 9⅛.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
Aug. 24	197·2	100·18	4·40	4·94
„ 25	199·5	99·92	4·40	4·88
„ 26	200·0	99·89	4·40	4·87
„ 29	198·6	99·74	4·40	4·90
„ 30	195·2	99·08	4·46	4·98
„ 31	194·1	99·03	4·45	5·01
			Total bargains	
1955, High	233·9 (July 21)	115·97 (Jan. 7)	1955 Aug. 24	9,122
„ Low	175·7 (Mar. 15)	99·03 (Aug. 31)	„ 25	9,781
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 26	8,888
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 29	10,200
			„ 30	9,118
			„ 31	8,262

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Aug. 31 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 24, 1955	Price, Aug. 31, 1955	Net Yield, Aug. 31, 1955 £ s. d.	Gross Yield, Aug. 31, 1955 £ s. d.
100 9/16	96⅞	Funding 2¾% '52-57	97 3/16	97 7/32	3 0 10	4 7 7l
100¼	97⅞	War Bonds 2½% '54-56	98⅛	98 3/32	3 8 6	4 11 1l
100 11/16	93¾	War Loan 3% '55-59	94 3/16	93¾	3 4 7	4 13 8l
100 21/32	99⅞	Serial Funding 3% 1955	99⅞	99/14 /9	1 1 2	4 4 6
100¼	96¼	Serial Funding 2½% 1957	96 9/16	96 9/32	2 18 2	4 0 6
99 11/32	91 7/16	Conv. 2% 1958-59	91 23/32	91 7/16	3 16 11	4 15 6l
97¾	89 31/32	*Exchequer 2% 1960*	89⅞	89 13/32	3 14 10	4 13 2
104¼	93 15/32	Exchequer 3% 1960	94	93 15/32	3 5 8	4 12 2
100 11/16	84¾	Savings Bonds 3% '55-65	85⅞	84¾	3 11 4	4 19 7l
100⅜	88	Funding 2½% '56-61	89	88⅛	3 18 5	5 3 2l
97	80¼	Funding 3% '59-69	81⅜	80¼	3 12 9	5 3 1l
103 7/16	91⅛	Funding 4% '60-90	92¾	91⅝	4 9 11	6 8 10e
96¾	78⅝	Savings Bonds 3% '60-70	80*	78⅝	3 11 7	5 1 0l
102⅝	88¾	Exchequer 3% '62-63	89⅞	88¾	3 8 10	4 17 1l
99 9/16	83⅛	Exchequer 2½% '63-64	84¾	83⅝	3 14 4	4 18 11l
95 9/16	78⅞	*Savings Bonds 2½% '64-67*	80	78⅝	3 15 5	5 0 10l
94 9/16	76⅛	Savings Bonds 3% '65-75	78	76⅝	3 6 11	4 17 1l
105¼	91⅞	Victory 4% '20-76	92⅝*	91⅞	3 3 3	4 19 4†
98¼	80¼	Funding 3% '66-68	81⅜	80¼	3 13 6	5 2 9l
103	85¾	Conv. 3½% 1969	86⅜*	85¼	3 7 2	4 19 10
98⅜	81⅝	Treas. 3½% '77-80	82¼	81⅞	3 2 1	4 16 8l
99 9/16	81½	Treas. 3½% '79-81	82⅝	81¼	3 1 5	4 15 6l
88¼	69½	Redemption 3% '86-96	71⅝*	70*	2 19 10	4 12 6l
95 11/16	79¾	Funding 3½% 1999-2004	80⅞	79¾	2 15 8	4 11 3l
97⅞	83 11/16	Consols 4% aft. Feb. '57	85¼	83⅞	2 15 0	4 15 9f
88 9/16	75	War L'n. 3½% aft Dec. '52	76⅜	75⅜	2 13 9	4 14 0f
89 11/16	73⅞	Conv. 3½% aft. April '61	75¼*	74¼*	2 14 2	4 14 1f
78½	64⅛	Treas. 3% aft. April '66	66⅛*	64¼*	2 13 8	4 13 2f
66¾	55⅝	Consols 2½%	56⅞	55⅝*	2 11 7	4 9 6f
66¾	54⅞	Treas. 2½% aft. April '75	55⅞*	55¼*	2 12 1	4 10 5f
99¼	97¾	Br. Elec. 4½% '67-69	98¼	97¾	2 15 2	4 13 6l
94 13/16	77¼	Br. Elec. 3% '68-73	78⅞*	77¼*	3 8 10	4 18 4l
93 15/16	76⅛	Br. Elec. 3% '74-77	77⅛*	76⅛*	3 5 4	4 15 5l
109 1/16	91⅞	Br. Elec. 4½% '74-79	92⅞*	91⅞*	2 18 3	4 16 3l
98 15/16	82¼	Br. Elec. 3½% '76-79	83¼	82¼	3 1 11	4 16 6l
105¾	90¼	Br Gas 4% '69-72	91⅜	90¼	3 1 1	4 17 6l
102¼	84⅜	Br. Gas 3½% '69-71	85⅜*	84⅛*	3 5 2	4 18 0l
88 7/16	72⅜	Br. Gas 3% '90-95	73⅞	72⅞	2 18 5	4 11 1l
94 15/16	77⅛	Br. Trans. 3% '68-73	78¼*	77⅞*	3 8 10	4 18 4l
105 1/16	89½	Br. Trans. 4% '72-77	90¼	89¼	2 19 10	4 17 1l
88 7/16	72⅛	Br. Trans. 3% '78-88	73⅜	72⅞	3 1 8	4 15 9l

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend. † Assumed average life approx. 12 years. § Less tax at 8s 6d. in £.

Prices, 1954 High	Low	Prices 1955 Jan1 to Aug.31 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 24, 1955	Price, Aug. 31, 1955	Yield, Aug. 31, 1955 £ s. d.
97⅞	90¼	94⅝	79⅞	Aust. 3½% '65-69	82½	81½	5 2 9l
101¾	97½	101⅜	87⅞	Ceylon 4% '73-75	90½	88¼	4 18 2l
106¾	98¼	103⅞	88⅛	N. Zealand 4% '76-78	89½	89½	4 15 3l
79⅞	71⅞	75⅝	62¾	L.C.C. 3% aft. 1920	64½	64½	4 13 0
99⅜	95	99	85½	Liverpool 3% '54-64	86	85½	4 19 6l
87⅞	80¼	84	66	M.Wtr.'B'3% '34-2003	66½	66½	4 15 11l
104¼	100	102½	95	Agric. Mort. 5% '59-89	97½	97½	5 3 0l
109⅜	71⅞	122⅞	91	German 7%	113	112	...
168¼	102	213	149	German 5½%	201½	199½	...
171	132⅜	202½	160	Japan 5% 1907	199½	201½	...
198¼	167	244½	190	Japan 5½% Conv 1930	241½	241½	...

Prices, 1955 Jan. 1 to Aug.31 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, Aug. 24, 1955	Price, Aug. 31, 1955	Yield, Aug. 31, 1955 £ s. d.
		%		%	BANKS & DISCOUNT			
58/7½	48/9	7	*b*	5	*a* Barclays £1	50/-	50/-	4 16 0
76/7½	58/3	15	*c*	6	*a* Lloyds 'A' £5, £1 pd.	59/3	59/6	5 0 10
89/3	74/9	18	*c*	9	*a* Midland £1, fully pd.	76/6	76/6	4 14 1
87/-	71/9	18	*c*	9	*a* N. Prov. 'B' £5, £1 pd.	72/6	73/-	4 18 8
96/10½	78/6	8	*b*	8	*a* Westmstr 'B' £4, £1¼ pd.	81/-	81/6	4 18 2
69/-	47/-	8⅜	*b*	3¾	*a* Alexanders £1	48/6	48/6	5 3 1
58/6	46/6	7	*b*	5	*a* Nat. Disc. 'B' £1	47/-	47/6	5 0 7
60/-	47/6	12½	*c*	6½	*a* Union Disc. £1	49/6	47/6	5 5 3
40/1½	32/3	4	*b*	4	*a* Barc. (D.C.O.) £1	33/-	33/-	4 0 10*s*
51/9	41/3	7½	*a*	7½	*b* Chart. Bk. of India £1	42/-	42/-	7 2 10
					INSURANCE			
21¾	14¼	50	*a*	110	*b* Leg. & Gen. £1 5/- pd.	19	18½	2 3 3
28	20¾	45	†*b*	20	†*a* Pearl £1, fully pd.	22	22	5 2 9
55¼	41¼	112½	†*c*	117½	†*c* Prudential 'A' £1	46½	46	4 5 1
					BREWERIES ETC.			
141/-	120/-	33	*b*	10	*a* Bass £1	122/6	121/3	6 18 7
34/9	22/-	10	*a*	10½	*b* Distillers 6/8	25/6*	25/6*	4 6 4*h*
49/6	40/3	15	*b*	8	*a* Guinness 10/-	43/9	42/6	5 8 3
93/9	70/6	7	*a*	14	*b* Whitbread 'A' Ord. £1	72/6	72/6	5 15 11

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 16½%. (*i*) On 10½%. (*j*) On 15%. (*l*) To latest date. (*m*) On 10%. (*n*) On 8%. (*o*) On 9%. (*p*) On 8¾%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*s*) On 6¾%. (*t*) On 13¾%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7½%. (*x*) On 12½%.

Prices 1955 Jan. 1 to Aug.31 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price Aug. 24 1955	Price, Aug. 31, 1955	Yield, Aug. 31, 1955 £ s. d.
		%		%	STEEL & ENGINEERING			
46/6	35/9	17½	*e*	4	*a* B.S.A. £1	40/-	40/-	4 7 6*p*
13/10½	10/-	3½	*a*	10⅞	*b* Cammell Laird 5/-	11/6	11/6	6 1 9
39/3	27/-	...		3	*a* Colvilles £1	31/-	32/-	5 12 6*o*
36/7½	23/-	...		8	*c* Dorman Long £1	30/-	31/-	5 3 3
54/-	31/2½	5	*a*	15	*b* Guest Keen N'fold £1	44/-	45/-	4 8 11*m*
79/9	42/-	12½	*c*	5	*a* Stewarts & Lloyds £1	65/-	66/6	3 15 2
47/-	27/6	6¾	*b*	4	*a* Summers (John) £1	38/6	39/3	5 1 11*m*
50/-	28/6	6	*b*	4	*a* United Steel £1	40/6	41/3	4 17 0
47/10½	35/9	2½	*a*	6	*b* Vickers £1	38/6	39/6	4 8 4
					TEXTILES			
30/4½	20/9	6	*b*	4	*a* Bradford Dyers £1	21/3*	21/-*	9 10 6
35/-	25/-	3	*a*	7	*b* Brit. Celanese £1	26/3	26/6	7 10 11
29/6	23/-	2½	*a*	6½	*b* Coats (J. & P.) £1	24/-	24/6	7 2 10
55/3	35/-	4	*a*	6	*b* Courtaulds £1	45/7½	44/6	4 9 11
34/1½	25/9	7½	*b*	5	*a* Lancs. Cotton £1	26/9	26/6	9 8 8
36/0¾	28/-	2½	*a*	10	*b* Patons & Baldwins £1	30/-	30/-	8 6 8
					MOTOR & AIRCRAFT			
22/11½	17/4½	3½	*a*	6½	*b* Bristol Aeroplane 10/-	19/9	19/3	5 3 11
15/9¾	9/10½	8½	*b*	4	*a* British Motor 5/-	11/3	11/-	5 13 8
27/10½	21/3	7½	*c*	Nil	*c* De Havilland £1	23/3	23/9	Nil
60/-	37/-	5	*a*	10	*b* Ford Motor £1	47/6	46/3	3 15 8*v*
70/9	43/1½	7½	*b*	5	*a* Hawker Siddeley £1	55/-	53/-	4 14 4
52/9	33/6	25	*c*	30	*c* Leyland Motors £1	42/6	42/6	4 14 1*m*
133/1½	71/3	5	*a*	12½	*b* Rolls Royce £1	112/6	115/-	3 0 11
12/3¾	6/10½	12	*c*	12	*c* Standard Motor 5/-	10/9	11/-	5 9 1
					SHOPS & STORES			
21/7½	12/6	17½	*b*	3	*a* Boots Pure Drug 5/-	18/6	17/9	3 17 6*t*
47/6	36/9	7½	*a*	20	*b* Debenhams 10/-	39/3	39/7½	6 18 10
62/6	43/9	15	*a*	45	*b* Gt. Universal 5/-	48/6	46/6	6 9 0
114/-	93/1½	5	*a*	17½	*b* Lyons (J.) 'A' £1	95/-	95/-	4 14 9
76/-	58/6	15	*a*	30	*b* Marks & Spen. 'A' 5/-	66/-	66/-	3 17 9
71/9	55/3	36¾	*b*	20	*a* Woolworth 5/-	60/	59/3	4 4 5*d*
					OIL			
139/-	68/6	5	*a*	14	*b* British Petroleum £1	116/10½	114/4½	2 12 4*j*
93/5½	50/-	7½	*a*	13½	*b* Burmah £1	76/10½	71/4½	2 18 8*i*
£62¾	£50¾	6	*a*	10	*b* Royal Dutch 100 fl.	£60½	£60	2 10 5
158/9	109/9	5	†*a*	10	†*b* Shell Reg. £1	133/9	135/7½	3 16 11
44/6	26/9	15	†*b*	5	†*a* Trinidad L'holds 5/-	38/6	37/9	4 12 2
					SHIPPING			
37/3	25/6	5	*a*	7	*b* Cunard £1	27/6	27/6	7 5 5*m*
61/-	45/-	12	*c*	14	*c* Furness Withy £1	47/-*	47/-*	5 19 2
38/6	27/6	3	*a*	13	*b* P. & O. Def. £1	31/	31/-	5 3 3*n*
					MISCELLANEOUS			
97/6	61/3	14	*c*	2½	*a* Assoc. Elect. £1	87/6	87/6	3 4 0
135/-	88/9	5	*a*	15	*b* Assoc. Port. Cem. £1	110/-	112/6	3 11 1
111/6	67/-	7½	*a*	15	*b* Bowater Paper £1	93/9	93/9	3 16 11*u*
56/3	44/1½	2½	*a*	7½	*b* B.I.C.C. £1	45/-	47/-	4 5 1
58/3	35/6	4	*a*	8	*b* Brit. Aluminium £1	48/6	51/-	4 14 1
61/3	47/10½	15	†*c*	10	†*a* Brit. Amer. Tob. 10/-	54/-*	55/-*	4 14 10
$64½	$51⅞	3	*b*	3	*a* Canadian Pacific $25	$59¾	$60⅞	4 9 11
48/9	31/4½	41⅞	*b*	14 7/16	*a* Decca Record 4/-	38/9	38/9	3 17 5*r*
33/4½	26/-	4	*a*	10	*b* Dunlop Rubber 10/-	27/-	26/6	5 5 8
87/3	54/1½	8½	*b*	4	*a* English Elect. £1	77/6*	77/6*	3 4 6
81/-	51/3	4½	*a*	9½	*b* General Elect. £1	67/6*	67/6*	4 3 0
61/6	38/3	4	*a*	6	*b* Imp. Chemical £1	51/3	50/10½	3 18 7
65/10½	57/9	12½	*b*	8½	*a* Imp. Tobacco £1	58/6	60/-	7 0 0
$157⅞	$105½	$2·90	*c*	$1·75	*a* Inter. Nickel n.p.v.	$147	$154½*	3 7 7
77/-	57/6	7½	*a*	10	*b* London Brick £1	65/-	66/3	5 6 8
38/6	26/-	15¾	*b*	6¾	*a* Monsanto Chemicals 5/-	29/6	30/-	3 15 0
81/3	60/3	3½	*a*	14½	*b* Tate & Lyle £1	71/10½	71/10½	4 8 11*g*
109/6	72/6	10	*b*	10	*a* Tube Investments £1	95/	95/-	4 4 3
118/6	95/6	17½	*b*	5	*a* Turner & Newall £1	105/-	104½	4 6 3
100/6	69/3	6	*a*	9½	*b* Unilever £1	92/6	92/6	3 8 1
44/1½	33/9	7½	†*b*	7 1/16	†*b* United Molasses 10/-	34/6	36/-	6 2 9*q*
49/9	34/-	2½	†*a*	27½	†*b* Cons. Tea & Lands £1	40/6	42/-	24 17 0
3/4½	1/10½	10	*c*	15	*c* London Asiatic Rbr. 2/-	2/6	2/7½	11 8 7
63/6	38/9	7½	*a*	20	*b* United Sua Betong £1	52/6	52/6	10 9 5
					MINES			
9 3/32	7 3/16	20	*a*	50	*b* Anglo-Amer. 10/-	8⅞	9¼	3 16 9
143/3	106/10½	80	*a*	120	*b* De Beers 5/- Bearer	127/6	131/10½	7 11 8
126/3	78/9	...		...	Free State Geduld 5/-	85/-	88/1½	Nil
70/9	51/7½	10	*b*	10	*a* Randfontein £1	58/1½	58/9	6 16 2
10/3	6/8½	24	*c*	28	*c* London Tin 4/-	9/8½	9/8½	11 9 0
49¾	31½	200	*b*	50	*a* Rhokana £1	49	47½	5 5 10

New York Closing Prices

	Aug. 24 $	Aug. 31 $		Aug. 24 $	Aug. 31 $		Aug. 24 $	Aug. 31 $
Balt. & Ohio	51½	52⅞	Am. Smelting	52¼	55⅞	Inter. Paper	106½	108½
Can. Pac.	33⅞	33⅞	Am. Viscose	58¾	57½	Nat. Distill.	20¼	21
N.Y. Cent.	46⅞	46⅞	Col. of Am.	22¼	22¾	Sears Roebuck	98½	99½
Pennsyl.	27⅞	27	*Chrysler*	86¼	87½	Shell	61⅞	61⅞
Amer. Tel.	178⅞	179½	Gen. Elec.	51½	53	Std. Oil of N.J.	133⅞	135½
Stand. Gas	10	9⅞	Gen. Motors	128	127⅞	U.S. Steel	53⅞	56½
United Corp.	6½	6½	Goodyear	57½	60	Westinghouse	66⅞	66⅞
W. Union Tel.	23	23⅞	Inter. Nickel	82½	85½	Woolworth	50⅜	49½

Statistics

The following list shows the most recent date on which each statistical page appeared.

BRITISH		OVERSEAS	
Prices and Wages	This week	Western Europe	
Production and Consumption	Aug. 13th	Production and Trade	This week
Manpower	Aug. 20th	British Commonwealth	Aug. 13th
External Trade	Aug. 27th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	Aug. 20th
Industrial Profits	July 23rd	United States	Aug. 27th
World Trade	July 23rd		

Prices and Wages

	Unit	1952	1953	1954	1954 Aug. 17	Aug. 24	Aug. 31	1955 Aug. 9	Aug. 16	Aug. 23	Aug. 30
		mid-June									
WORLD PRICES											
Commodity Price Indicator: (1)											
All items	1952 = 100	99	89	99	98	98	96	96	95	95	96
Food	"	99·5	93·2	119·6	119·8	118·4	115·6	93·5	92·7	92·0	93.3
Fibres	"	98·5	87·0	88·7	85·4	86·7	86·0	80·9	80·9	80·9	80·8
Metals	"	100·0	80·0	81·5	80·7	82·2	82·1	98·6	98·5	100·3	101·7
Other items	"	96·3	95·9	93·5	92·2	91·2	90·5	117·6	113·1	114·3	114·0
BRITISH WHOLESALE PRICES		Monthly averages			1954			1955			
		1952	1953	1954	May	June	July	April	May	June	July
Id series:											
All articles	1938 = 100	323·3	323·5	325·3	326·3	327·7	328·1	329·5	328·0	331·4	337·8
Food and tobacco	"	292·0	314·6	314·6	317·4	318·6	319·8	308·1	305·3	312·4	320·2
Materials used in:	June 30, 1949 = 100										
Non-food manufacturing	"	162·1	145·8	143·5	145·1	145·2	143·7	149·4	148·9	150·7	153·7
Mechanical engineering	"	149·9	145·7	150·4	149·3	150·8	150·8	164·4	162·5	163·8	166·1
Electrical machinery	"	165·4	155·2	160·5	159·0	159·9	159·8	182·3	177·8	180·1	182·2
Building and civil engineering	"	133·6	130·4	131·4	131·0	131·3	131·4	136·0	136·0	136·3	136·5
House building	"	130·6	128·7	130·7	130·3	130·4	131·0	135·5	135·6	136·5	136·9
Commodities:											
Cotton, raw (6)	"	171·9	140·6	155·0	156·1	155·4	155·7	150·6	150·7	150·6	150·8
Wool, raw	"	147·9	171·1	160·8	173·4	177·5	165·3	148·1	148·9	148·7	141·9
Rubber, No. 1 RSS, one month future	"	282·8	199·1	197·9	185·3	191·9	204·6	261·7	267·5	305·9	370·7
Softwood, imported	"	158·0	144·1	145·0	143·3	143·4	144·3	153·9	153·9	154·4	154·8
Copper, ex-warehouse (2)	"	220·7	217·6	213·4	208·2	205·0	204·4	281·8	265·7	278·4	281·5
UK RETAIL PRICES											
Interim index:	June 17, 1947 = 100										
All items		136	140	143	141	142	145	147	147	150	150
	Jan. 15, 1952 = 100										
All items		102·6	105·8	107·7	106·7	107·3	109·1	110·8	110·6	112·9	113·3
Food	"	105·4	111·3	114·2	112·1	113·6	118·0	119·9	119·8	124·8	125·6
	1938 = 100 (3)										
All items		221	228	232	230	231	235	238	238	243	244
Food	"	221	233	239	235	238	247	251	251	261	263
Rent and rates	"	122	129	134	134	134	134	137	137	138	138
Clothing	"	259	253	255	255	255	255	255	255	255	255
Fuel and light	"	197	207	216	213	214	214	223	216	219	219
Household durable goods	"	294	286	284	284	284	283	284	285	285	285
Drink	"	255	256	257	257	257	257	260	260	260	260
Tobacco	"	386	387	387	387	387	387	387	387	387	388
Purchasing power of £ (based on all consumer spending)	1938 = 100	45	44	43	43	43	42	42	42	41	41
UK TERMS OF TRADE (4)											
Import prices:											
All items	1954 = 100	113	100	100	100	100	100	101	103	103	102
Food, drink and tobacco	"	100	96	100	100	101	101	101	101	101	98
Basic materials	"	123	102	100	99	101	102	104	104	104	104
Export prices:											
All items	"	105	103	100	100	100	99	101	101	102	103
All manufactures	"	105	103	100	100	100	99	101	101	102	103
Metals	"	105	102	100	100	101	99	102	103	104	105
Engineering products	"	98	100	100	99	100	99	102	101	102	103
Textiles (excluding clothing)	"	110	98	100	101	102	101	101	100	101	101
Terms of trade:											
Ratio of import to export prices	"	108	97	100	100	100	102	102	102	101	99
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952 = 100	100·0	77·5	86·1	77·4	77·6	79·7	110·2	122·6	128·0	130·0
UK WAGES											
Weekly wage rates:	June 30, 1947 = 100										
All workers		130	136	142	142	142	143	152	152	152	153
Men	"	129	134	140	141	141	141	150	151	151	151
Women	"	133	140	146	146	146	147	154	154	155	155
Weekly earnings: (5)		s. d.									
All workers		151 11	160 1	171 9	...	...	...	182·3	...	...	...
Men	"	178 6	189 2	204 5	...	...	...	217·5	...	...	...
Women	"	96 4	102 5	108 2	...	...	...	112·5	...	...	...
	Oct., 1938 = 100										
All workers		285	301	323	...	...	...	342	...	...	...
Men	"	259	274	296	...	...	...	315	...	...	...
Women	"	296	315	333	...	...	...	346	...	...	...

(1) From August, 1953, the index has been revised to show a more representative wheat price. (2) Fugures up to July, 1953, relate to delivered prices and subsequently to ex-warehouse prices of H.C. electrolytic copper. (3) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (4) Annual figures are based on unit values and are influenced by changes in the composition of trade as well as price movements. (5) Surveys made twice a year; annual figures relate to October survey. (6) Revised series based on Liverpool spot market prices, as from July 1, 1954.

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) (1948 = 100)												
1938	118	82	78	90	193	132	76	101	89	81	67	64
1953	184	114	121	127	251	193	142	161	144	142	111	149
1954	210	124	129	139	282	235	145	176	158	151	115	...
1955 January	198	127	128	150	296	245	140	177	154	152	122	...
„ February	228	129	134	152	301	235		174	149	181	125	...
„ March	234	128	136	156	311	250		196	176	173	126	...
„ April	233	131	133	152	318	240	...	185	166	143	132	...
„ May	...	...	134	156	330	256	...	...	165	149	128	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas[3]	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T.
IMPORTS (c. i. f.)												
1938	50	1,922	135	3·84	505	1·2[4]	3·45	0·94	118	99	174	12·5
1953	1,106	10,094	573	121·52	1,334	592·6[4]	15·28	124·75	738	543	680	124·3
1954	1,416	10,624	669	126·84	1,611	823·1	14·99	125·05	891	606	766	111·6
1955, January	1,693	11,131	677	116·56	1,693	927·6	15·98	129·42	1,054	652	844	100·5
„ February	1,644	10,881	686	139·52	1,819	791·5	17·52	129·66	895	674	803	105·1
„ March	2,077	12,678	682	139·89	1,996	886·7	20·86	142·12	1,030	730	926	142·9
„ April	1,798	11,134	678	149·44	2,020	887·2	16·98	137·53	961	605	891	130·7
„ May	1,802	11 811	623	139·81	1,914	...	17·00	146·80	...	655	...	117·3
EXPORTS (f. o. b.)												
1938	30	1,806	128	2·55	468	0·9[4]	2·02	0·88	87	65	154	12·1
1953	1,099	9,414	508	117·24	1,542	282·1[4]	9·50	77·50	672	303	638	92·4
1954	1,321	9,597	546	126·03	1,837	376·0	9·59	85·24	755	347	685	78·2
1955, January	1,258	11,009	648	133·82	1,761	489·0	9·68	75·72	790	355	707	73·6
„ February	1,286	10,685	528	138·53	1,908	376·5	8·81	83·66	777	385	655	99·6
„ March	1,462	12,121	582	136·72	2,221	290·6	10·63	90·15	842	423	584	75·6
„ April	1,400	11,084	520	153·89	2,013	237·2	8·63	93·56	766	376	662	51·6
„ May	1,473	10,174	585	137·30	2,165	...	8·10	94·00	...	334	...	58·9
BALANCE												
1938	− 20	− 116	− 7	− 1·29	− 37	− 0·3[4]	− 1·43	− 0·06	− 31	− 34	− 20	− 0·4
1953	− 7	− 680	− 65	− 4·28	+ 208	−310·5[4]	− 5·78	−47·25	− 66	− 240	− 42	− 31·9
1954	− 95	− 1,027	− 123	− 0·81	+ 226	−447·1	− 5·40	−39·81	− 136	− 259	− 81	− 33·4
1955 January	− 435	− 122	− 29	+17·26	+ 68	−438·6	− 6·30	−53·70	− 264	− 297	− 137	− 26·9
„ February	− 358	− 196	− 158	− 0·99	+ 89	−415·0	− 8·71	−46·00	− 118	− 289	− 148	− 5·5
„ March	− 615	− 557	− 100	− 3·17	+ 225	−596·1	−10·23	−51·97	− 188	− 307	− 342	− 67·3
„ April	− 398	− 50	− 158	+ 4·45	− 7	−650·0	− 8·35	−43·97	− 195	− 229	− 229	− 79·1
„ May	− 329	− 1,637	− 38	− 2·51	+ 251	...	− 8·90	−52·80	...	− 321	...	− 58·4
VOLUME OF EXTERNAL TRADE (5) (1948 = 100)												
IMPORTS												
1938	266	93	118	...	249	...	79	88	118	100	94	91
1953	207	116[6]	169	119	271	...	111	175	156	141	118	217
1954	288	128[6]	204	129	341	...	108	180	196	161	134	215
1955, January	346	136[6]	205	127	355	...	113	181	227	174	149	170
„ February	344	124[6]		149	386	...	121	178	191	175		179
„ March	444	147[6]		149	412	...	144	199	223	187		277
„ April	371	127	...	161	414	...	116	195	207	161	...	...
„ May	371	...	...	149	392	...	...	...	...	175	...	...
EXPORTS												
1938	147	110	129	...	530	...	156	119	156	123	111	107
1953	270	145[6]	26[illegible]	209	783	...	188	150	292	144	145	182
1954	330	158[6]	225	243	970	...	192	165	344	166	158	172
1955 January	315	175[6]	240	278	927	...	189	146	360	161	149	136
„ February	320	162[6]		279	1,005	...	170	164	359	172		179
„ March	361	187[6]		275	1,157	...	205	172	378	198		154
„ April	335	167[6]	...	300	1,061	...	167	174	350	171	...	...
„ May	354	..	...	269	1,131	...	...	...	...	150	...	...

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark and Greece exclude mining; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland which covers general trade with exports seasonally adjusted. Belgium includes Luxemburg. (3) New drachmas introduced May 1, 1954 (1 new drachma = 1 000 old drachmas). (4) Thousand million drachmas. (5) New series original base 1953 = 100

Financial Statistics

EXCHEQUER RETURNS

For the week ended August 27th there was an "above-line" surplus (after allowing for Sinking Funds) of £7,436,000 compared with a deficit of £48,006,000 in the previous week and a surplus of £15,622,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £11,553,000, bringing the total cumulative deficit to £367,236,000 (£271,637,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to Aug. 28, 1954	April 1, 1955 to Aug. 27, 1955	Week ended Aug. 28, 1954	Week ended Aug. 27, 1955
Ord. Revenue					
Income Tax	1877,400	397,786	403,788	24,057	17,437
Sur-tax	136,000	28,000	25,500	700	500
Death Duties	185,000	77,000	77,000	5,900	3,600
Stamps	74,000	28,200	30,600	1,800	2,000
Profits Tax & EPT	180,000	69,400	73,200	3,500	3,500
Excess Profits Levy	25,000	37,900	11,900	1,800	300
Special Contribution and other Inland Revenue	1,000	580	250	...	50
Total Inland Rev.	2478,400	638,866	622,238	37,757	27,387
Customs	1131,700	453,333	457,441	23,306	23,017
Excise	796,050	316,960	348,860	16,130	20,430
Total Customs and Excise	1927,750	770,293	806,301	39,436	43,447
Motor Duties	80,000	14,281	16,701	...	235
PO (Net Receipts)	...	10,700	8,010	1,750	2,250
Broadcast Licences	25,000	5,750	5,300	1,050	...
Sundry Loans	24,000	9,130	13,660	...	...
Miscellaneous	175,000	61,001	33,961	4,112	4,738
Total	**4710,150**	**1510,024**	**1506,170**	**84,105**	**78,056**
Ord. Expenditure					
Debt Interest	600,000	227,526	246,513	2,299	4,333
Payments to N. Ireland Exchequer	53,000	18,878	21,918	2,022	2,317
Other Cons. Fund	10,000	4,182	5,154	118	24
Supply Services	3862,875	1356,023	1346,250	63,814	63.667
Total	**4525,875**	**1606,609**	**1619,835**	**68,253**	**70,340**
Sinking Funds	36,000	12,183	11,395	230	280
"Above-line" Surplus or Deficit		**108,768**	**125,060**	**15,622**	**7,436**
"Below-line" Net Expenditure*		162,869	242,176	8,495	11,553
Total Surplus or Deficit		**271,637**	**367,236**	**7,127**	**4,117**
Net Receipts from:					
Tax Reserve Certificates		164,221	41,522	2,597	1,301
Savings Certificates		4,500	12,900	100	300
Defence Bonds		− 7,894	− 724	70	− 624

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Aug. 28	3,260·0	1,547·0	267·3	...	5,074·3
1955					
May 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
„ 11	3,240·0	1,903·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
„ 16	3,260·0	2,020·0	293·8	...	5,573·7
„ 23	3,270·0	2,019·6	286·1	...	5,575·7
„ 30	3,280·0	2,049·0	265·5	...	5,594·6
Aug. 6	3,300·0	1,999·1	272·1	...	5,571·2
„ 13	3,310·0	1,969·5	298·3	...	5,577·8
„ 20	3,320·0	2,027·8	257·8	...	5,605·6
„ 27	3,350·0	2,008·7	249·7	...	5,608·4

THE MONEY MARKET

The market maintained its bid at £99 per cent for the fourth week in succession at the Treasury bill tender on Friday last; the average rate of discount came out at £4 0s. 1.10d. per cent. This week the bill rate in New York rose from 1.875 per cent to 2.088 per cent. The premium on the three months forward dollar increased by 1/16 cent this week, and at 1 9/16-1 7/16 cents it is approximately at the point of the interest parity. The London bill tender was up by £10 million to £280 million, and yesterday it was increased by a further £10 million. This will produce an excess of new bills over maturities of £40 million next week, against £30 million this week and last. Applications at last Friday's tender were up by £8.3 million to £388.4 million, and the market's allotment fell slightly from 62 to 61 per cent.

Lombard Street secured only momentary relief from the credit stringency at the week-end; this week repayments of seven-day penal loans and the large take-up of Treasury bills made market supplies of credit inadequate throughout.

In the exchange market sterling weakened slightly, despite official support. The weakness was most marked against Continental currencies, which have mostly been held at close to their support points.

The Bank return shows a reflux of notes of £6.6 million in the week to Wednesday. Discounts and advances fell by £10.2 million, reflecting the market's net repayments of penal loans.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4 3/16-4 5/16
Banks	2½	3 months	4 3/16-4 5/16
Discount houses	2½*	4 months	4 3/16-4 5/16
		6 months	4½
Money Day-to-day	2½-4	Fine trade bills:	
Short periods	2½-3½	3 months	4½-5
Treas. bills 2 months	3 11/16	4 months	4½-5½
3 months	4	6 months	5-5½

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 Sept. 1	1955 Aug. 24	1955 Aug. 31
Issue Department:*			
Notes in circulation	1,649·9	1,788·9	1,782·3
Notes in banking dept.	25·5	36·4	43·1
Govt. debt and securities*	1,671·2	1,821·2	1,821·3
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	14·7	11·7	10·9
Treasury special account	3·6	2·7	2·7
Bankers	266·7	233·0	243·6
Others	67·8	68·4	70·0
Total	352·8	315·8	327·2
Securities:			
Government	319·5	249·2	263·4
Discounts and advances	9·5	30·2	20·0
Other	14·6	16·1	16·8
Total	343·6	295·5	300·2
Banking department reserve	27·7	38·8	45·5
	%	%	%
"Proportion"	7·8	12·2	13·8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,825 million from £1,875 million on August 17th, 1955.

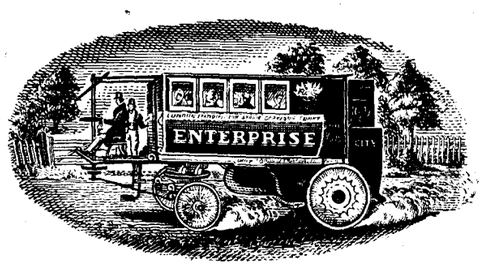
TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954 Aug. 27	260·0	422·7	260·0	32 3·19	47
1955 May 27	250·0	389·9	250·0	78 4·37	48
June 3	250·0	370·5	250·0	78 11·80	52
„ 10	260·0	378·6	260·0	79 7·53	53
„ 17	260·0	365·6	260·0	79 5·17	65
„ 24	270·0	380·5	270·0	79 4·53	58
July 1	290·0	383·8	290·0	79 4·87	67
„ 8	280·0	403·8	280·0	79 4·60	56
„ 15	260·0	383·4	260·0	79 4·88	55
„ 22	240·0	361·4	240·0	79 4·98	55
„ 29	240·0	344·2	240·0	79 5·08	60
Aug. 5	240·0	350·8	240·0	80 0·42	56
„ 12	240·0	350·4	240·0	80 1·13	58
„ 19	270·0	380·1	270·0	80 1·28	62
„ 26	280·0	388·4	280·0	80 1·10	61

*On Aug. 26th tenders for 91 day bills at £99 0s. 0d. secured about 61 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £290 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: August 31	Market Rates: Spot: August 25	August 26	August 27	August 29	August 30	August 31
United States $	2·78-2·82	2·78⅜-2·78⅝	2·78⅜-2·78⅝	2·78½-2·78¾	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝
Canadian $	...	2·74⅞-2·74⅞	2·74 9/16-2·74 11/16	2·74 9/16-2·74 11/16	2·74 7/16-2·74 9/16	2·74⅜-2·74½	2·74⅜-2·74½
French Fr.	972·65-987·35	972⅞-973⅛	972⅝-973⅛	972½-973⅛	972½-973⅛	972⅞-973⅛	972½-973⅛
Swiss Fr.	12·15 9/16-12·33 9/16	12·15⅞-12·15⅞	12·15⅞-12·15⅞	12·15⅞-12·15⅞	12·15⅞-12·15⅞	12·15⅞-12·15⅞	12·15⅞-12·15⅞
Belgian Fr.	138·95-141·05	138·95-139·00	138·95-139·00	138·95-139·00	138·95-139·00	138·95-139·00	138·95-139·00
Dutch Gld.	10·56-10·72	10·59-10·59½	10·57½-10·58	10·58-10·58½	10·57½-10·58	10·57½-10·57½	10·57-10·57½
W. Ger. D-Mk.	11·67 9/16-11·84 11/16	11·69½-11·69½	11·68½-11·68½	11·68½-11·68½	11·68½-11·69	11·68½-11·69	11·69½-11·69½
Portuguese Esc.	79·90-81·10	79·90-80·05	79·90-80·10	79·90-80·10	79·90-80·15	79·90-80·10	79·95-80·15
Swedish Kr.	14·37½-14·59½	14·38¼-14·38¾	14·38-14·38¼	14·38¼-14·38¾	14·38-14·38¼	14·38¼-14·38¾	14·38¼-14·38¾
Danish Kr.	19·19½-19·48½	19·34-19·34½	19·34-19·34½	19·34-19·34½	19·34-19·34½	19·33½-19·34	19·33½-19·34
Norwegian Kr.	19·85-20·15	19·99⅝-19·99⅞	19·99⅝-19·99⅞	19·99⅝-19·99⅞	19·99½-19·99⅞	19·99⅝-19·99⅞	19·99⅝-19·99⅞
One Month Forward Rates							
United States $		3/16-5/16c. pm	½-⅝c. pm	½-⅝c. pm	½-⅝c. pm	⅜-7/16c. pm	⅜-7/16c. pm
Canadian $		5/16-7/16c. pm	5/16-7/16c. pm	5/16-7/16c. pm	5/16-7/16c. pm	5/16-7/16c. pm	5/16-7/16c. pm
French Fr.		1 pm par	1 pm-par	1 pm-par	1 pm-par	1 pm-par	1 pm-par
Swiss Fr.		2¾-2¼c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm	3½-3c. pm
Belgian Fr.		¾-¼ pm	¾-¼ pm	½-¼ pm	½-¼ pm	½-¼ pm	5/16-⅛ pm
Dutch Gld.		3¼-2¾c. pm	3⅜-3¼c. pm	3⅜-3¼c. pm	3⅜-3¼c. pm	3⅜-3¼c. pm	3½-2¾c. pm
W. Ger. D-Mk.		3 2½pf. pm	3½-3pf. pm	3¼-3pf. pm	3¼-3pf. pm	3½-3pf. pm	3½-3pf. pm
Swedish Kr.		10 pm par	10 pm-par	10 pm-par	10 pm-par	10 pm-par	10 pm-par
Danish Kr.		par-20 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis
Norwegian Kr.		10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/4	251/4	...	251/4½	251/4½	251/4½



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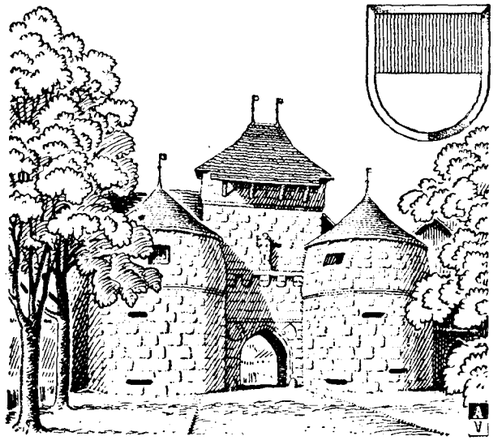

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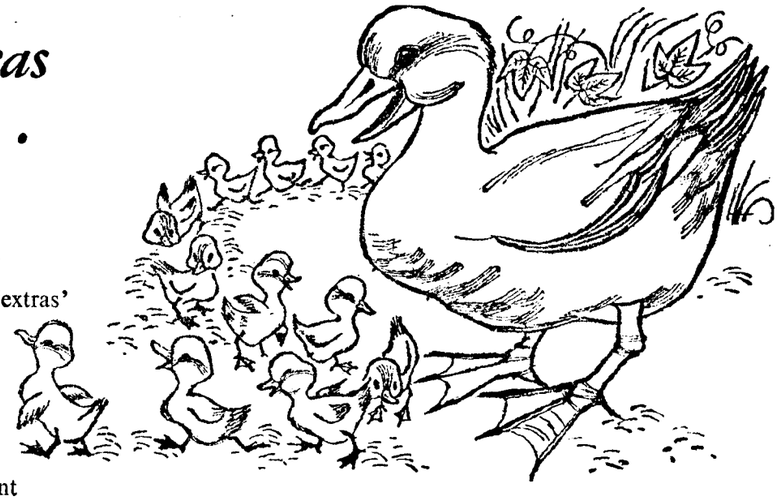

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COMPANY MEETINGS

CROPPER & COMPANY, LIMITED

(Carton Manufacturers)

ANOTHER YEAR OF EXPANSION

MR FRANK W. J. SMITH'S STATEMENT

The fifty-eighth annual general meeting of Cropper & Company Limited was held on August 25th at Thatcham, Berks.

The Secretary (Mr E. G. Hadcock, ACA) read the notice convening the meeting and Mr D. Rae Smith, of Messrs Deloitte, Plender, Griffiths & Company, the Auditors, read the report of his firm.

The following is the Statement of Mr Frank W. J. Smith, the Chairman of the company, which was circulated with the Annual Report and accounts for the year ended June 30, 1955. Once again I am happy to report another year of expansion and successful trading, and have pleasure in presenting the Report of the Directors and Accounts for the year ended June 30, 1955.

Profits.—The consolidated profit of the Group for the year ended June 30, 1955, amounted to £550,972, after charging depreciation and all expenses. From this must be deducted the provision for taxation which amounts to £271,985, or almost half the profit figure in spite of the recent reduction in the standard rate. Adding the balance brought forward of £78,221 and the credit for Taxation adjustments in respect of the previous years of £25,739, we have a balance of £382,947. From this we must deduct the dividend on the Preference Shares of £6,189 and the interim dividend on the Ordinary Shares, paid in January which absorbed £18,378, leaving a disposable balance of £358,380. The Directors recommend transferring £205,000 to General Reserve, to pay a final dividend of 20 per cent the net cost of which amounts to £61,482, making the rate of dividend for the year 26¼ per cent, and to carry forward £91,898.

Accounts.—You will notice that this year the Accounts are presented to you in a slightly different form. This has been done in order to conform with modern practice and in consultation with our Auditors, Messrs Deloitte, Plender, Griffiths & Company.

Capital. During the financial year under review a bonus issue was made on the Ordinary Shares of one Share for each Share held, thus doubling the Issued Ordinary Share Capital to bring it to the present figure of £534,624. This bonus issue was satisfied by a transfer from General Reserve Account of £267,312.

DIVIDENDS

On January 31st last, an Interim Dividend of 6¼ per cent was paid on the increased Ordinary Capital and the Board now feels justified in paying a final dividend of 20 per cent making 26¼ per cent for the year.

Reserves.—This year £205,000 has been transferred to General Reserve, together with a sum of £5,999 which is a provision that is now no longer required. After providing an amount of £14,573 to write off the excess cost of Containers Limited Shares over the net asset value at the date of purchase, and £267,312 in connection with the bonus issue of Ordinary Shares already mentioned, the General Reserve stands at £1,063,190 as compared with £1,119,528 last year.

Fixed Assets.—It will be noticed from the Consolidated Balance Sheet that the fixed assets have considerably increased. This is partly due to the policy of expansion and modernisation in the parent Company and its subsidiary, Containers Limited, but mainly because of the purchase of the new wholly owned subsidiary company—the Cropper & Colthrop Transport Company Limited, which purchase was financed out of cash resources.

Trade Investment.—Our investment in Colthrop Board & Paper Mills Limited has been increased by 25,000 Shares which were purchased during the year at £5 5s. 0d. each, again out of cash resources, bringing the total cost of the investment in this, our Associated Company, to £200,442, a figure much below the present market value.

Current Assets.—Under this heading it will be noticed that the total is £163,355 less than last year, but when the purchase of the new subsidiary company and the additional shares in the Colthrop Board & Paper Mills Limited, amounting together to £371,250, is taken into account, it will be realised that this figure reveals a very strong position standing as it does at £1,461,658, an excess of £1,021,921 over Current Liabilities.

I have never been anxious to forecast the future and, indeed, handicapped as we are as an industry by allocations and quotas decided on by the Government of the day, it is impossible for me to make any pronouncements with certainty. I would, however, say that at the moment our factories are busy and our order books in a healthy condition. I hope this will result in further satisfactory figures for the current year.

Management and Staff.—As you will notice from the Directors' Report, I have relinquished the position of Managing Director, and Mr Stuart W. Butters has been appointed in my place.

In conclusion, I would like to take the opportunity of expressing my gratitude to my co-Directors, Staff and all our employees for their co-operation and loyalty during the past year, without which we could not have produced these excellent figures.

MR STUART W. BUTTERS' REMARKS

Mr Stuart W. Butters (Managing Director), who presided, said: I feel we cannot commence the business of this meeting without reference to our Chairman, Mr Frank W. J. Smith, who is unable to be with us today because of ill-health. I think I am right in saying it is the first Annual General Meeting he has missed since he joined the Board of this Company in 1916, and we all very much regret his absence. I am sure I am speaking for everyone present in wishing him a speedy recovery to normal health and strength. With your permission, I propose sending him a message of goodwill from all of us at Thatcham today.

Gentlemen, as the report and accounts have been in your hands for the time prescribed by the Companies Act we will, with your permission, take them as read. (Agreed.)

The results of the year under review have been achieved under conditions of increasing competition, and I trust you will consider them to be satisfactory. In my opinion, they have been produced mainly through our policy of expansion and modernisation, which still continues in spite of the fact that we are handicapped by restrictions on certain qualities of board which are only available under Government quotas. However, there would appear to be some easing in the situation so far as newsprint is concerned, and I hope that it will not be long before the Government assists our industry in a similar way, thus enabling us to work with greater efficiency and economy.

As you will have noticed from the Directors' Report, we have made substantial investments over the past year. Since our last meeting, we have purchased the additional 25,000 shares in our Associate Company, Colthrop Board and Paper Mills, Limited, referred to by our Chairman at that time, and the book value of our investment in that company has risen from £69,192 to £200,442, a figure very much below its market value.

CROPPER AND COLTHROP TRANSPORT COMPANY, LIMITED

You will also have read in the Directors' Report of the acquisition from the Transport Commission of a fleet of 85 "A" Licensed vehicles, together with garages, workshops and other buildings, and the formation of a wholly owned Subsidiary Company known as Cropper and Colthrop Transport Company, Limited. As you will realise, situated as we are in a rural area, it is essential that we possess an efficient means of collecting our raw materials and delivering our manufactured goods to all parts of the country with the minimum of delay. The provision of this fleet of lorries also enables us to give our customers a more personal and specialised service than was possible under Nationalisation.

We are well satisfied with the results achieved by this new company since its incorporation, and I feel sure that this new venture, which was purchased out of cash resources, will prove a most useful asset to our company. An examination of the Balance Sheets you have before you shows that the financial strength of the company continues to improve, a process that I sincerely hope will continue in the future.

I will now propose:

"That the report of the Directors and the Accounts of the company for the year ended June 30, 1955, be and they are hereby approved and adopted; that a Final Dividend of 20 per cent, less Income Tax, be paid to the Ordinary shareholders registered at the date of this meeting; that £100,000 be transferred to General Reserve; and that £55,331, the balance of the Profit and Loss Account, be carried forward."

Mr J. R. Henry, OBE, seconded the resolution, and it was carried unanimously.

The retiring directors (Mr Frank W. J. Smith, Mr J. R. Henry and Mr H. V. Dove) were re-elected, and the fee of the Auditors (Messrs Deloitte, Plender, Griffiths and Co.) was duly fixed.

Mr S. R. Greenland proposed a cordial vote of thanks to the Chairman, directors, staff and employees of the company. Mr A. J. Gaul seconded the resolution, and it was carried unanimously.

After a brief acknowledgment by the Chairman, the proceedings terminated

FURNESS, WITHY AND COMPANY

FACTORS CONTRIBUTING TO PLACING OF CONTRACTS ABROAD

SIR ERNEST H. MURRANT ON INCALCULABLE EFFECT OF STRIKES

The Sixty-fourth annual general meeting of Furness, Withy and Company, Limited, will be held on September 21st at the registered office of the Company, Furness House, Leadenhall Street, London, E.C.

The following is an extract from the statement by the Chairman, Sir Ernest H. Murrant, KCMG, MBE, which has been circulated with the report and accounts for the year ended April 30, 1955:

The general impact of events so far as the Shipping Industry is concerned was that the overall rise in both capital and operating costs was more marked than the increase in the level of freight rates and in advance thereof.

In his review of the Accounts of the Parent Company and of the Group the Chairman said:

The net surplus (after provision for all administration costs, Depreciation, Taxation, etc.) which flows through to your Company is £773,961, the comparable figure last year being £692,936. Depreciation of fixed Assets within the whole Group required more this year than last, and there is no escaping the fact that this trend will continue owing to the high initial cost of each new ship that comes into commission. The provision for taxation of various kinds amounts to the large sum of £1,041,306, which is very nearly 50 per cent more than the net surplus attributable to the Parent Company.

From the net surplus an amount of £250,000 has been transferred to Fleet Replacement Account, and after providing the 5 per cent dividend on the Preference Share Capital, your Directors recommend that 14 per cent less income tax be distributed on the £6 million Ordinary Stock, in place of the 10 per cent plus 2 per cent bonus paid last year.

The Balance Carried Forward to the 1955-6 Accounts is slightly reduced at £406,574. The amount of capital expenditure contracted for at April 30th was £5 million odd. Additional contracts have been entered into since that date, both by the Parent Company and other members of the Group. The most important of these new contracts apply to Shaw Savill & Albion, whose post-war programme has been particularly heavy.

REASONS FOR PLACING CONTRACTS ABROAD

The placing of the contracts referred to has received a certain amount of attention in the press and elsewhere inasmuch as three of the ships in question are to be built abroad. It was with the greatest reluctance and regret that the Boards of your Company and of Shaw Savill agreed to this procedure, but the circumstances must be faced and, put shortly, the facts are: (a) the cost and delivery dates could not be matched, by a wide margin, by any Shipbuilders in the United Kingdom; (b) the maximum price is fixed and not subject to the wide variations between contract and ultimate prices which we have unhappily experienced in recent years; (c) delivery dates are guaranteed under penalty. These are all irresistible arguments, and it can fairly be said that Shipowners (who have to compete for business in an international market) have for too long been shouldering the burden of late deliveries and blank cheque prices, which have been the consequence of full order books and unsettled labour conditions.

Finally, it should be noted that, apart from the ships under construction in the United Kingdom at April 30th and apart from the three to be built abroad, the new contracts entered into by your Company and Subsidiaries since that date include five other ships to be built in the United Kingdom at a cost which is estimated to exceed £5,500,000.

EVENTS OF THE YEAR

Events of the year under review include the coming into commission of the "Southern Cross"—a unique ship which has attracted a great deal of popular attention; the successful rescue of the crew of a wrecked vessel by the "Queen of Bermuda"; an unfortunate strike of some members of the crew of "Queen of Bermuda" on the eve of sailing from New York in breach of their Union Agreement; the Dock Strike in the United Kingdom last October, followed by the Railway Strike, and more recently the partial Dock Strike which arose from disagreement between the Unions which, to avoid long titles, may be referred to as the Stevedores and Dockers' Unions. This is neither the place nor time to discuss those occurrences, but they seriously affected your Company's business and must be referred to. The losses incurred by Exporters, Importers and Shipowners by strikes are incalculable; some can be measured in terms of money, others in terms of time, but the losses in terms of prestige and lost orders cannot be measured.

It is possible that the serious consequences of these lamentable events may lead to a thorough overhauling of the whole machinery for avoiding industrial disputes; certain it is that the Trade Union movement has been greatly prejudiced, particularly in respect of the failure to avoid inter-Union disagreements and the failure to avoid unofficial strikes.

THE OUTLOOK

I do not propose to take the risk of venturing upon any forecast for the current year. What I have already said is sufficient to show that unforeseen and uncontrollable events may upset the most carefully considered remarks. Had it not been for the most recent Dock Strike, I could have said that the year commenced with a better outlook than the previous year, and we still have reasonable confidence that we shall be able to show no less satisfactory results than those now presented. Our business is very widespread; we have a magnificent fleet of ships, we have a vigorous staff and enthusiasm to seek new openings. On the other hand, we have many thorns in our flesh, as, for instance, flag discrimination, notably the United States 50/50 rule which is being copied in other forms by other nations, and also a Royal Commision in Canada enquiring into the merits of restricting the Canadian Coasting and Great Lakes trades to Canadian owned and Canadian built ships, which might—if unwise counsels should be listened to—seriously affect your Company's interests. However, such things are all part of the lot of all Shipowners who are engaged in world-wide international trading, and we may hope that difficulties and disappointments in some directions may be offset by more encouraging things in other directions.

THE GLOBE TELEGRAPH & TRUST COMPANY

ANOTHER YEAR OF PROGRESS

The Eighty-second annual general meeting of The Globe Telegraph & Trust Company Limited was held on August 26th in London.

In the absence of Sir Edward Wilshaw, KCMG, the Right Honourable Lord Pender, CBE, occupied the Chair. The following is an extract from the statement by Sir Edward Wilshaw which was read: We have had another year of consistent progress, the gross income has risen by £130,600 to £801,150, and we are increasing the final dividend by 1 per cent which makes a total of 10 per cent for the year. This compares with 7 per cent for 1951, 8 per cent for 1952 and 1953 and 9 per cent for 1954.

The earnings for the year, before providing for taxation, are £625,426 which is £128,742 higher than last year. Income tax absorbs £271,927 and leaves net earnings of £353,499 this year against £275,370 for 1954.

The capital has been increased to £5 million by the issue of 1,117,799 shares of £1 each, of which 1,109,229 were offered to Stockholders for subscription at par. There is a new item, namely Share Premium Account, amounting to £63,313. The Capital Reserve has been increased by £197,565, surplus on sales of investments, to £668,323. The General Reserve has been increased by £50,000 and now amounts to £450,000, and the Unappropriated Earnings have increased by £38,193 to £235,227.

The invested funds now amount to £9,939,070, an increase of £1,440,213. Of these funds £7,559,226 is in Quoted Investments which had a market value of £16,147,571. The Unquoted Investments, the value of which is substantially in excess of the sum shown in the Balance Sheet (£2,379,844) include our holding of one-half of the Ordinary Stock of Cables Investment Trust Limited, and during the year this holding has increased by £250,000. This additional investment in that Company will show a very satisfactory return.

DIVIDEND PROSPECTS AND PROPOSALS

Last year your Directors were able to recommend the payment of an increased dividend which they felt confident could be maintained; this year a further increase, payable on the larger capital is recommended with no less confidence regarding its maintenance in the immediate future subject, of course, to any unforeseen conditions which may affect the prosperity of the country as a whole.

In February of this year we arranged for the Ordinary Stock to be transferable in units of five shillings, and for the Stock Exchange Quotation to be based on this amount. We took this step in the hope that it might assist and encourage the smaller investor to place his funds in an organisation which, by its portfolio, is providing a considerable investment spread not possible to attain by operating on one's own account. The number of transfers registered since we instituted the five shilling unit has increased by some 33⅓ per cent and the total of new accounts on the Stock Register has gone up by approximately 75 per cent. This, I think, can be taken as an indication of an increased interest in our Stock on the part of the investing public.

We have decided in future to declare dividends in terms of "so many pence per five shilling unit of stock." The 10 per cent distribution is, of course, equal to 6 pence per unit of five shillings. This year we also propose to reduce the margin between the rates of the interim and final dividends.

The report and accounts were adopted.

BLACKBURN AND GENERAL AIRCRAFT

ANOTHER YEAR OF PROGRESS

The 20th annual general meeting of Blackburn and General Aircraft Limited was held on August 25th at Brough, East Yorks.

The following is a précis of the review by the Chairman, Mr R. Blackburn, OBE, AMICE, MIMechE, HonFRAeS, who presided.

Once more I am pleased to be able to present trading results which I believe to be satisfactory. After all charges other than taxation, the profit at £520,000 is up by £69,000, but because of the need for increased tax provisions the nett profit shows an increase of only £8,500 at £253,000.

The Balance Sheet reflects, of course, the adjustments to issued capital and reserves following the scrip issue of one fully paid share for every two shares then held, but our reserves are still approximately equal to the issued capital.

REVIEW OF OPERATIONS

The past year has been notable for the intense efforts made to meet our manufacturing commitment on the "Beverley," which in overall size is the largest aircraft being manufactured in the British Commonwealth. Although there is naturally a good deal still to be done to bring them to full operational standard, the first "Beverley" Squadron in the Royal Air Force will be formed by the end of 1955.

Another order has been placed for "Beverleys" for the Royal Air Force since I last spoke to you, and I hope that others will follow in sufficient time to enable us to maintain continuity of production during the next two years or more. We have not yet obtained any orders for the "Beverley" or the civil version, the "Universal," from overseas or from civil operators, but, now that the delivery dates which we can quote are not so distant, the signs in some quarters are not unhopeful.

Our Engine Design and Development staff and facilities have been expanded appreciably during the year, and this expansion is continuing as fast as possible within the limitations imposed by the rate of recruitment. A substantial amount of development running has taken place on two new types of gas turbines and a third will be starting test bed work shortly.

The results of the Dumbarton Housing Division last year were satisfactory and showed an encouraging improvement over those of the previous year.

After reviewing the activities of the Subsidiary Companies the statement continued:

FUTURE OUTLOOK

There seems to be no doubt that the events of the past 12 months have consolidated the position and prospects of your Company in the aviation world.

During the next two years or so the "Beverley" should continue to occupy the bulk of our aircraft production capacity. This aircraft possesses striking possibilities of development in range and load-carrying capacity, of which it is our intention to take full advantage. I am very happy to be able to inform you that an important and challenging aircraft development contract, for which a number of other major firms in the industry competed, is being placed with your Company. With this contract and our "Beverley" commitments we can, all being well, look forward to our aircraft activities continuing at a high level for a number of years.

On the engine side, the development work which has been put into the Blackburn-Turbomeca range of gas turbines during the past year or two is bringing us to the threshold of a progressive and substantial increase in engine work. Our other non-aviation activities have, on the whole, encouraging prospects and should continue to make a useful contribution to the overall prosperity of your Company.

It is, however, clear, with the new and increasing commitments in prospect, that we must embark on a programme of re-equipment and extension of our technical research and development facilities. Your Directors have therefore authorised capital expenditure of approximately £500,000 during the next two years, and more will be required in due course when our new aircraft and gas turbines are in full production.

From the short-term aspect I can see no reason at the moment why next year's results should not be satisfactory.

It is the policy of your Board to finance the expansion of the Company's activities as far as possible from our existing resources. We have, however, decided to recommend a small increase in the total distribution for the year by a final dividend of 5½ per cent, less tax, making a total for the year of 9 per cent on the new capital, or the equivalent of 13½ per cent, less tax, on the old capital compared with 12½ per cent.

The report was adopted.

GOLDEN HOPE RUBBER ESTATE LIMITED

SIR ERIC MACFADYEN'S STATEMENT

The forty-ninth annual general meeting of The Golden Hope Rubber Estate, Limited, was held on September 1st in London, Mr H. B. Egmont Hake, CBE, presiding.

The following is an abstract of the circulated statement by the chairman, Sir Eric Macfadyen:

Our rubber output at 7,327,020 lb is 2 per cent down on last year's. We harvested 488 tons of palm oil. Rubber produced £644,574 (against £577,701). Cesses recovered (refunds from payments on previous years' crops) £85,812 (£46,067). Trade investments £8,792 (£5,433), and the total balance before taxation was £289,536 (£141,416). After the year's taxation £152,874 was left, or nearly twice as much as a year ago (£76,559). The final settlement of our war damage claims brought in £8,597, and the final settlement of the war and postwar taxation—a protracted and complicated negotiation—released £35,799 which had been held in suspense on this account.

The higher dividend of 25 per cent which we recommend will require £96,190. Reserve allocations take £102,881, and we shall carry forward £37,177 (£36,791). For the current year we estimate an output of 7,500,000 lb of rubber and 1,000 tons of palm oil. Trade investments include £28,000, representing our two-fifths investment in Klanang Bahru Syndicate, Limited. After protracted negotiations we have recently purchased for 35,000 shares and £22,750 in cash the interests of the remaining shareholders, so that the company will now be a wholly-owned subsidiary of Golden Hope.

The report and accounts were adopted.

TEA CORPORATION

ALL-TIME RECORDS

The ordinary general meeting of the Tea Corporation, Limited, was held on August 30th in London, Mr E. G. Estall, chairman, presiding.

The following is an extract from his circulated statement for the year ended January 31, 1955:

The gross profit for the year at £108,242 is an all-time record and, after providing £60,314 for taxation, leaves a net profit of £47,927. Your directors recommend a final dividend of 20 per cent, less income tax. This makes a total dividend of 40 per cent for the year.

A made tea crop of 1,523,423 lb from estate leaf was secured for the year, another all-time record and equivalent to 757 lb per acre, which compares with 1,380,923 lb last year. The tea crop for the current year is estimated at 1,475,000 lb made tea, compared with 1,380,000 lb last year.

Addressing the meeting, the chairman said: With regard to the current year, we started off under difficulties. However, tea prices have steadily improved and at last week's auctions our gross average price was 53.34d. per lb for the sale of 38,000 lb. Ceylon duty has now been reduced to 9d. per lb. The collapse of the market and the high duty have affected results for the first few months, but the whole position is now much steadier and I feel we can look forward to a satisfactory year's working.

The crop to the end of July was 767,000 lb, some 69,000 lb short of that harvested for the similar period last year, and this is mainly due to bad weather. From all reports, crops now appear to be improving.

The report and accounts were adopted.

BEKOH CONSOLIDATED RUBBER ESTATES

PROFIT DOUBLED

The thirty-fifth annual general meeting of this company was held on August 31st in London, Mr E. G. Estall, chairman, presiding.

The following is an extract from his circulated statement:

The gross profit for the year ended March 31, 1955, was £68,376, more than double that of the previous year. The directors propose to reserve towards future replanting £10,000 and recommend a dividend of 10 per cent less tax.

Bekoh Estate comprises 3,629 acres, of which some 2,113 were planted prior to 1941. A good deal of replanting must be undertaken and an area of 143 acres is already being prepared. A four-year programme has been drawn up to replant a further 450 acres, by which time the 1947-52 replanted areas should be coming into full bearing.

The crop harvested during the year totalled 978,000 lb and for the current year the crop is estimated at over 1 million lb, the increase being due to some of the earlier replantings coming into bearing. The crop from Coronation Estate was 954,100 lb against an estimate of 1,092,000.

Addressing the meeting, the chairman said: In the current year the crops harvested for both estates to the end of July totalled 621,000 lb and, although this is rather lower than the estimated crop, it must be appreciated that the April-June period is the worst quarter of the year due to wintering and leaf renewal. Costs are of course rising and this can be readily understood as both wages and duty are harnessed to the price of the commodity.

The report was adopted.

WILLIAMS AND WILLIAMS LIMITED

EXTENSIVE OVERSEAS INTERESTS

The Forty-sixth Annual General Meeting of Williams and Williams Limited was held on August 25th at Reliance Works, Chester.

The Chairman of the Company (Mr B. A. Williams, CBE) presided and in the course of his remarks said:

When we met last year reference was made to increases in the cost of wages, materials and services. This upward trend persisted during the year under review and it seems more likely than not to become a staple problem in industrial enterprise.

In view of the importance of maintaining an ever increasing export trade in the interests of our National economy, it was distressing to see how our difficulties in selling in the highly competitive world markets were aggravated during the past year by the shipping troubles and endless delays at the docks.

We are pleased to report good progress in the new factory at Trenton, Canada, and we hope that before long it will be in full production. Our organisations in Africa, the Philippines, Peru and the United States of America all report an increase in the volume of business. Your Belgian Company has taken possession of its new factory in Leopoldville in the Belgian Congo and already reports considerably increased activity.

Our Wallspan system of Curtain Walling continues to arouse increasing interest. It is now being used in many parts of the world and during the year we have been engaged on large contracts in Canada, New Zealand, Australia, United States of America, Peru, Belgium and in the United Kingdom, and we also have a great many contracts on hand for completion during the current year.

We feel that in all the circumstances, there is good reason to regard the future with a sensible degree of optimism.

The net profit of the Group after providing for all expenditure other than taxation amounted to £360,578 and after providing £131,315 for taxation and adding the sum of £325,739 brought forward from previous years, a balance remains of £555,002 which your Directors recommend be dealt with in the manner set forth in their report.

The report was adopted and the dividend of 12½ per cent, less tax, for the year was approved.

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The Banker for September provides in addition full coverage of the reaction abroad to growing inflationary pressures—in *The World's Dearer Money*. Further important articles include *Pakistan Devalues at Last*, *Canada's Floating Dollar*, *Spending £2,500 million on Electricity*—an appraisal of the 10-year programme in the light of the planned contribution from nuclear energy—and *Life Assurance in the 20th Century*. *The Banker* is obtainable from bookstalls or 72 Coleman Street, E.C.2, price 2s. 6d. or 30s. a year post free.

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ING. C. OLIVETTI & C. S.p.A. of IVREA, ITALY, have vacancies at their research and development laboratories in Italy for qualified engineers with full experience in digital computers. Candidates, aged up to 40, must have a solid scientific and technical background and be keenly interested in all matters relating to electronic calculators. They should be capable of taking an active and creative part in the design of control units for data processing computers. In arriving at the starting salary, consideration will be given to experience in this specialised field and to previous career. Renewable two-year contracts are offered.—Write, giving full details of education and previous experience, to the Personnel Manager, Ing. C. Olivetti & C. S.p.A., Ivrea, Italy. Replies should reach the advertiser not later than September 30th and will be dealt with by October 15th.

PERSONAL ASSISTANT TO SALES DIRECTOR required, preferably honours graduate, under 30. Must be able to produce evidence of exceptional accomplishments. Will be called upon to make investigations and present clear and logical reports. *An aptitude and liking for figures essential.* Pension and Profit-Sharing schemes in operation.—Apply Personnel Manager, Beecham Foods Limited. Beecham House, Great West Road, Brentford, Middlesex.

ASSISTANT DISTRIBUTION ACCOUNTANT required. Age not over 28. Duties *include ascertaining and distributing warehousing* and transport costs, compiling budgets and supervising accounting records.—Apply Personnel Manager, Beecham Foods Limited, Beecham House, Great West Road, Brentford, Middlesex.

ASSISTANT BRAND MANAGER for Ribena and allied products. Not over 33. *Must have had experience of Sales promotion and/or forecasting.* Pension and Profit-Sharing schemes, in operation.—Apply Personnel Manager, Beecham Foods Limited, Beecham House, Great West Road, Brentford, Middlesex.

SENIOR EXECUTIVE required by leading company in motor vehicle manufacture to take over responsibility for buying and supply function. Wide experience (preferably but not necessarily in motor industry), with ability in negotiating contracts, scheduling materials, material *control and management* of staff, essential. The appointment, which will carry a salary of not less than £2,000 p.a. (with superannuation fund), calls for a first-class man capable of acting on own initiative and there are excellent prospects for advancement. Applications will be treated in the strictest confidence.—Write with full particulars to Box 193.

THE PHILIPS GROUP OF COMPANIES have vacancies for Training Officers. Two training officers are required to start small training departments at a head office establishment and at one of the larger factories. They will be responsible for advising management directly and through training committees on all aspects of training policy *including management development, supervisory training,* apprenticeship, office and operator training and for seeing that training policy is carried out. Although these are new posts, there is an established pattern of training policies and organisation in the Group and the successful applicants will be expected to work in with these. The Training Officers will report to the Personnel Managers of their establishments. Candidates should have a degree. Industrial experience and/or teaching experience and engineering knowledge would be an advantage, but broad education and wide interests are even more important qualifications. These will be senior posts carrying an appropriate starting salary.—Applications should be sent, in writing, to the Chief Personnel Officer, Philips Electrical Industries Ltd., Century House, Shaftesbury Avenue, London, W.C.2, marked T.O./2.

BRITISH NYLON SPINNERS LIMITED.—Applications are invited from men aged 30 to 38 for an appointment on the commercial side of the company. The appointment calls for sound commercial experience, gained preferably in a manufacturing organisation; as the successful candidate will be required to absorb some technical knowledge a degree in Science or Engineering would be an advantage. A period of specialised training will be given. The work will concern the commercial development of end-uses for the company's products and offers considerable scope for initiative and original thought.—Applications will be treated in strict confidence and should be addressed to the Personnel Manager, British Nylon Spinners Limited, Pontypool, Mon.

A PROGRESSIVE WEST END ADVERTISING AGENCY requires an assistant to its Market Research and Marketing Manager. Applicants should have practical experience in the organisation of field surveys, a broad knowledge of statistical methods, and the ability to write detailed marketing reports. The salary will be commensurate with age and experience.—Applications, which will be dealt with in the strictest confidence, should be sent to the Market Research and Marketing Manager, Graham & Gillies Limited, 37 Golden Square, W.1.

ACTUARIAL STUDENT FOR SOUTH AFRICAN COMPANY rapidly expanding life and general business. Part II or Part III of Institute or Faculty examinations. Young, single man preferred. Passage paid all facilities for Completing Qualifications. Pension and Medical Aid Schemes, long leave to Europe granted.—Write Box AG/128, to 95 Bishopsgate, E.C.2.

TEMPORARY RESEARCH ASSISTANT (Technical Assistant Grade) required for a period of not less than fifteen months. The successful applicant will be employed in analysing statistics of the transport industry. Salary £400—£450 per annum.—Applications, giving particulars of age, education and experience, to Clerk to the Faculty of Commerce and Social Science, University, Birmingham, 15.

RESEARCH ASSISTANT required for well-known firm of Industrial Consultants *to do general statistical and interviewing work* connected with economic intelligence and market surveys. Age 22 to 28. An honours degree in economics would be an advantage. Salary commensurate with qualifications and experience.—Write *to Box 196.*

U.S. Foreign Exchange House with several branches in U.S., Canada and South America, requires ambitious young men, to be trained as Currency Specialists for executive positions. Banking background preferred. Applicants interviewed in London. —Send full details, Box 177.

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Applications are invited from post-graduate students with research experience for scholarships in Anthropology and Sociology, Demography, Economics including Economic History and Economic Statistics, Geography, Australian History, Far Eastern History (China and Japan)*, Pacific History, International Relations, Law, Political Science including Public Administration, Philosophy including Social and Political Philosophy and Statistics including Mathematical Statistics.

The scholarship tenure is for a period of two to three years. Scholars are expected to enrol for a Ph.D. degree, and will normally commence their studies in March, 1956.

The present value of a scholarship is £A705 per annum. Married scholars with dependent children may be granted additional allowances, and the University will make a contribution not exceeding £stg.115 towards a scholar's fares to Canberra from the United Kingdom and the same amount towards his return journey.

Application forms and further information may be obtained from the undersigned** or The Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1. *Applications should be lodged with the* undersigned** by October 15, 1955.

**D. K. R. HODGKIN,
Acting Registrar, Box 4, G.P.O., Canberra, A.C.T., Australia.

* A substantial knowledge of the relevant language is a pre-requisite.

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Qualified Accountant, with some industrial experience, required for the development of improved accounting and operating systems in the Midlands area of a large industrial organisation. Candidates should have a first-class knowledge of modern office equipment, including *some knowledge of punched cards and electronic computers.* They should be capable of organising staff and directing their efforts where most needed to obtain greater efficiency or economy. The posi*tion is a permanent and pensionable one, with excellent prospects for* a capable man, who should be prepared to travel in the U.K. Age preferred 30-35. All applications will be treated strictly confidentially. —Box 192.

ABBOTT LABORATORIES LIMITED, manufacturers of fine pharmaceuticals, have a position vacant in their Production Department at their factory in the North-East of England. Candidates should possess a first or second class honours *degree in Chemistry or Chemical Engineering*, age about 30, and should have some years' practical experience in production at least at junior management level. The position will initially be that of Assistant to Production Manager, but a candidate will be sought who has the capabilities of rapidly acquiring greater responsibility. —Applications, in own handwriting, giving full details of career to date, should be made to Production Manager, c/o Abbott Laboratories Limited, 3 Wadworth Road, Perivale, Greenford, Middlesex.

INFORMATION AND PUBLICITY OFFICER required by the International Union for the Protection of Nature in Brussels. Salary $3,000 or 150,000 Belgian Francs. Duties to include publicity of aims of I.U.P.N.; assimilation of documents; production of material for bulletins; writing press handouts; attending meetings in, *correspondence and contacts* with, other countries on nature conservation. Candidates (men over 25 and native language English) must speak fluent French, have good journalistic technique, some knowledge of biological subjects, and be prepared to live in Brussels. Interviews in London end October.—Applications, giving full name, address, date of birth, and nationality, with details of education, experience, previous and present posts, *specimen of written work, any other relevant information* and names and addresses of two referees, to Establishment Officer, The Nature Conservancy, 19 Belgrave Square, London, S.W.1, before September 24, 1955.

THE SECRETARY of a large group of Engineering Companies requires as Assistant an Accountant, aged not more than 35.

This post offers exceptional opportunity to one who has made the legal aspects *of the work of the Company Secretary one of his interests.* The location will be in the London area.

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COMMERCIAL OFFICER required by the Government of the Northern Region of Nigeria for the Department of Trade and Industry for one tour 18/24 months either (a) with prospect of permanency and salary scale (including expatriation pay) *£750 rising to £1,480 a year, or (b) on contract with salary scale (including expatria*tion pay) £807 rising to £1,631 *a year and gratuity at rate of £100/£150 a year.* Commencing salary according to age, qualifications and experience. Outfit allowance up to £60. Free passages for officer and wife. Assistance towards cost of children's passages or grant up to £150 annually for their maintenance in United Kingdom. Liberal leave on full salary. Candidates should preferably have a B.Sc(Com.) or B.Com. degree, or be Chartered Secretaries. A number of years *commercial experience (preferably in Nigeria) is essential.* Experience of industry and management together with a knowledge of commercial accountancy and secretarial work would be an added advantage.—Write to the Crown Agents, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience, and quote M1B/42748/EN.

TREASURY: The Civil Service Commissioners invite applications for (a) at least one post of SENIOR ECONOMIC ADVISER, (b) one post of ECONOMIC ADVISER, and (c) one post of ECONOMIC ASSISTANT. The appointments are initially for five years (or less by arrangement).

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F.S.S.U. *applies.*

Particulars and application form from Secretary, Civil Service Commission, 6 Burlington Gardens, London, W.1, quoting No. 4500/55. Completed application forms must be returned by September 27, 1955.

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INFORMATION OFFICER (TEMPORARY) with Central Office of Information. Duties consist of preparation of reference papers on Commonwealth and Colonial affairs and of giving advice in this connection. Related experience in this field of *Information work* and appropriate university degree essential qualifications. Salary: Men £860—£1,030; Women £757—£909—Write, giving date of birth, education, full details of qualifications and experience of posts held (including dates) to AB/AC517, London Appointments Officer, Ministry of Labour and National Service, 1-6 Tavistock Square, W.C.1, by September 17, 1955. No original testimonials should be sent. Only candidates selected for interview will be advised.

R. & A. MAIN, LTD., invite applications for the position of Assistant General Manager at their Edmonton Works. Applicants should have an engineering *background* with a University Degree or Corporate Membership of one of the recognised Institutions. Age between 30 and 45. Administration ability is important. Excellent future prospects are offered with an attractive salary and contributory pension scheme.—Please address applications, in confidence, to the General Manager, R. & A. Main, Ltd., Angel Road, Edmonton, London, N.18.

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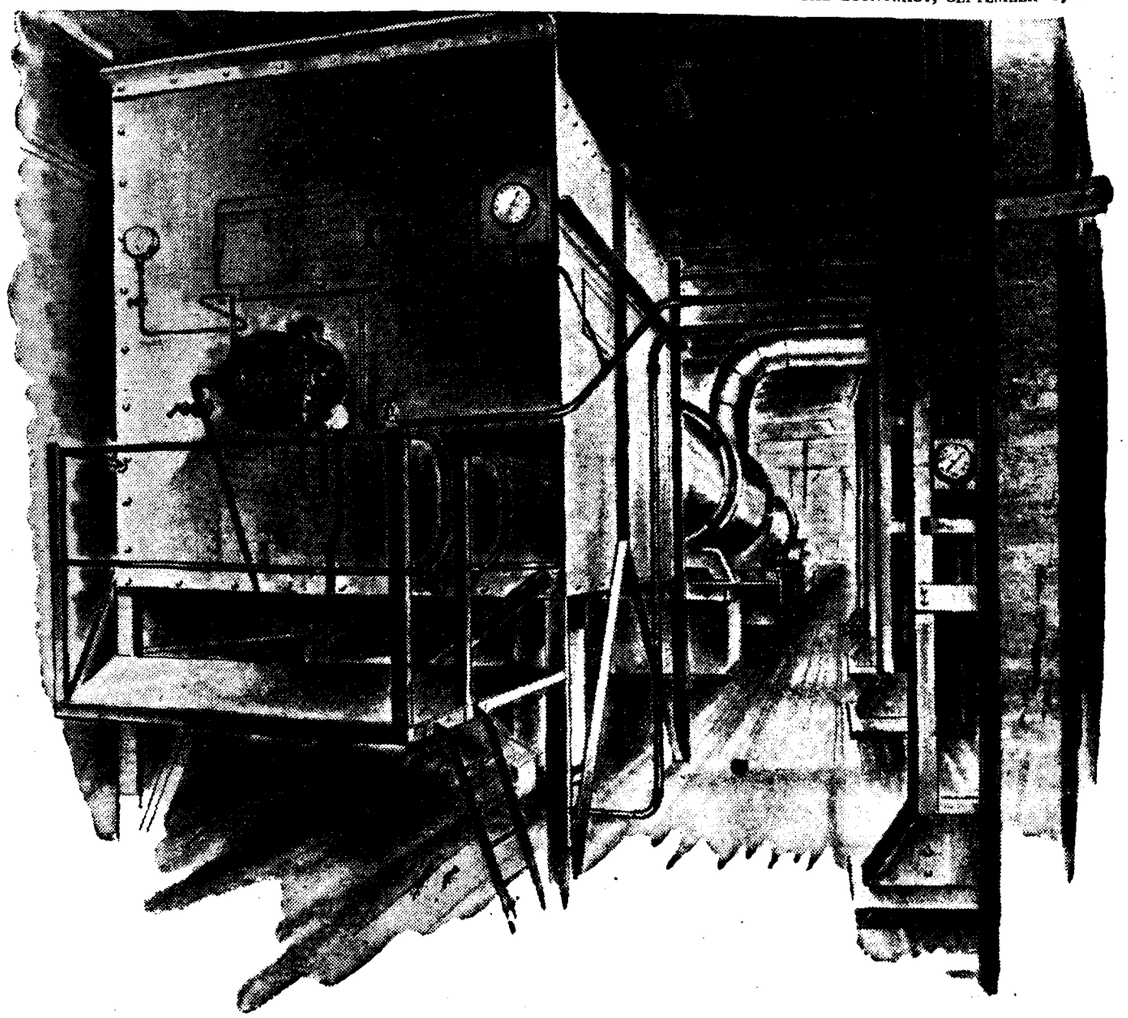

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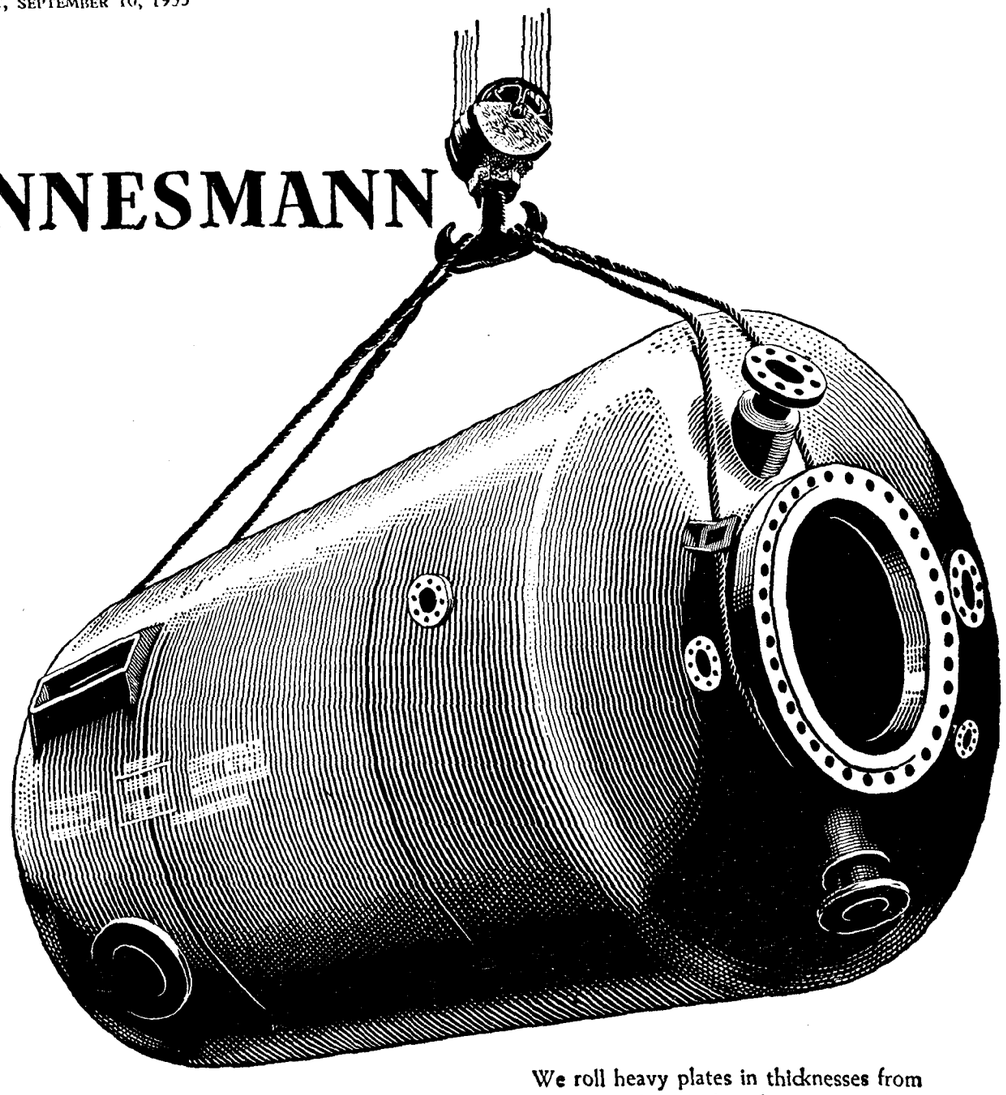

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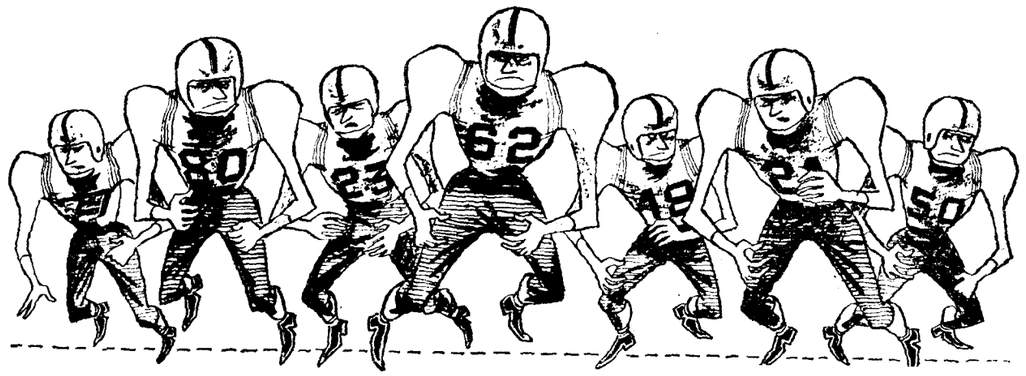

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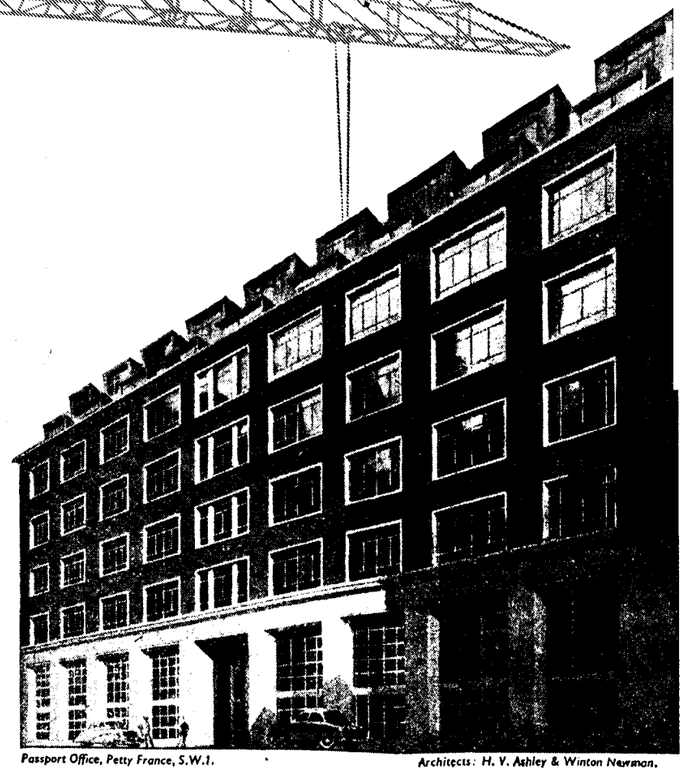

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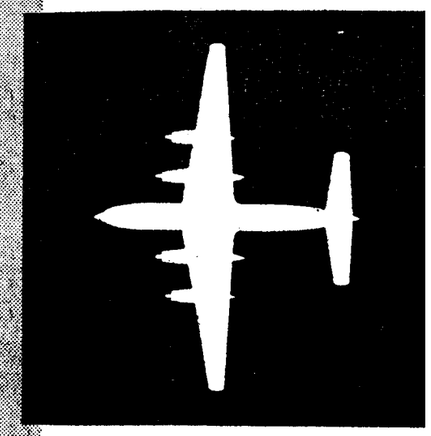

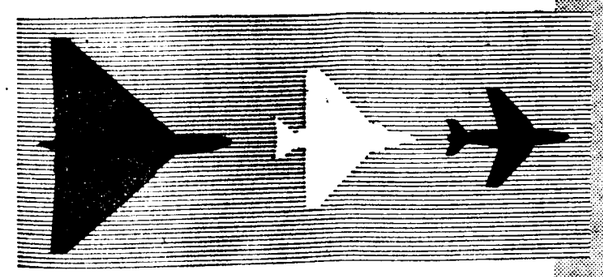

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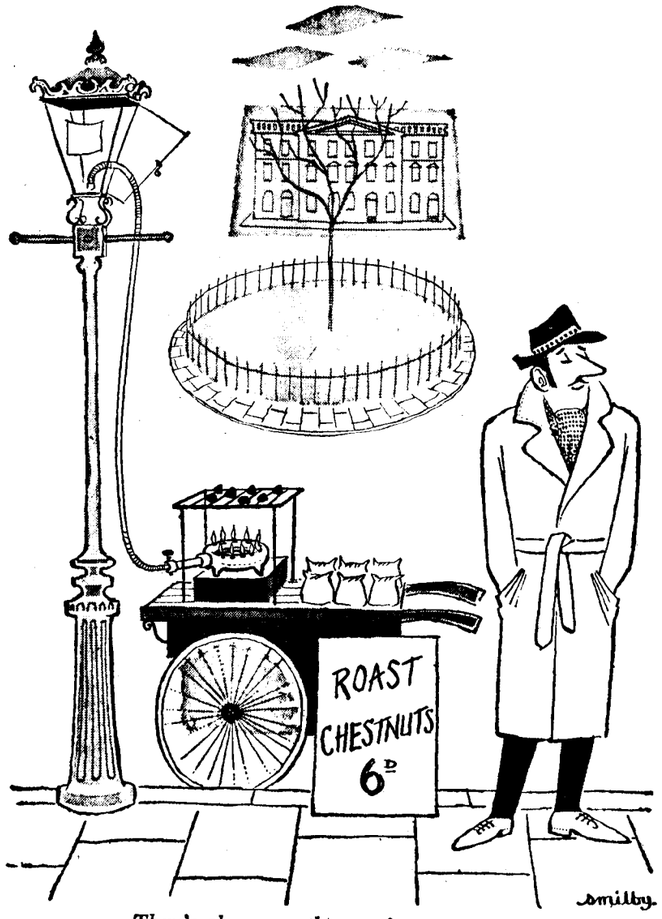

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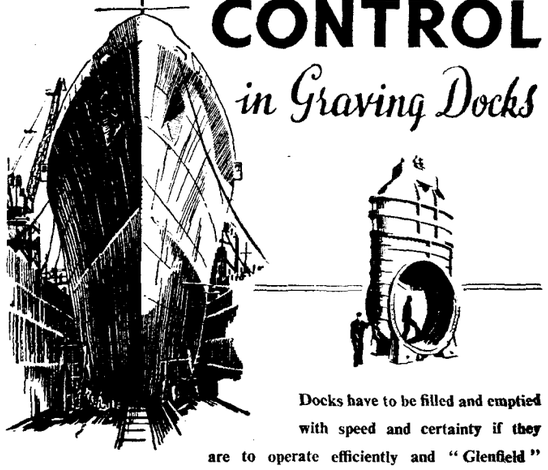

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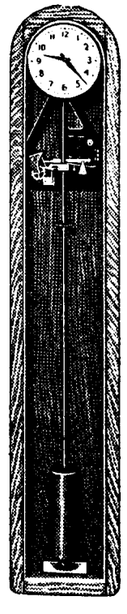

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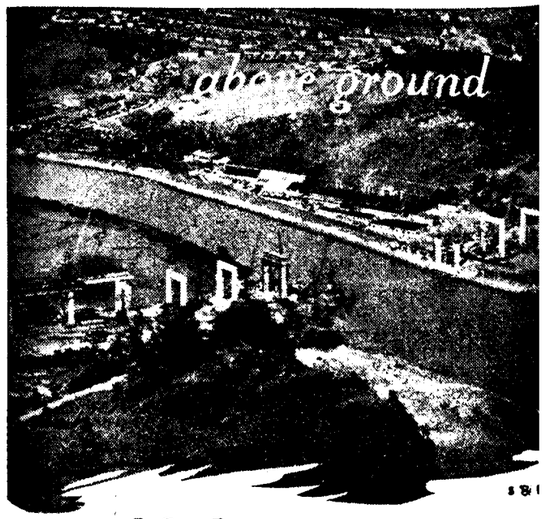

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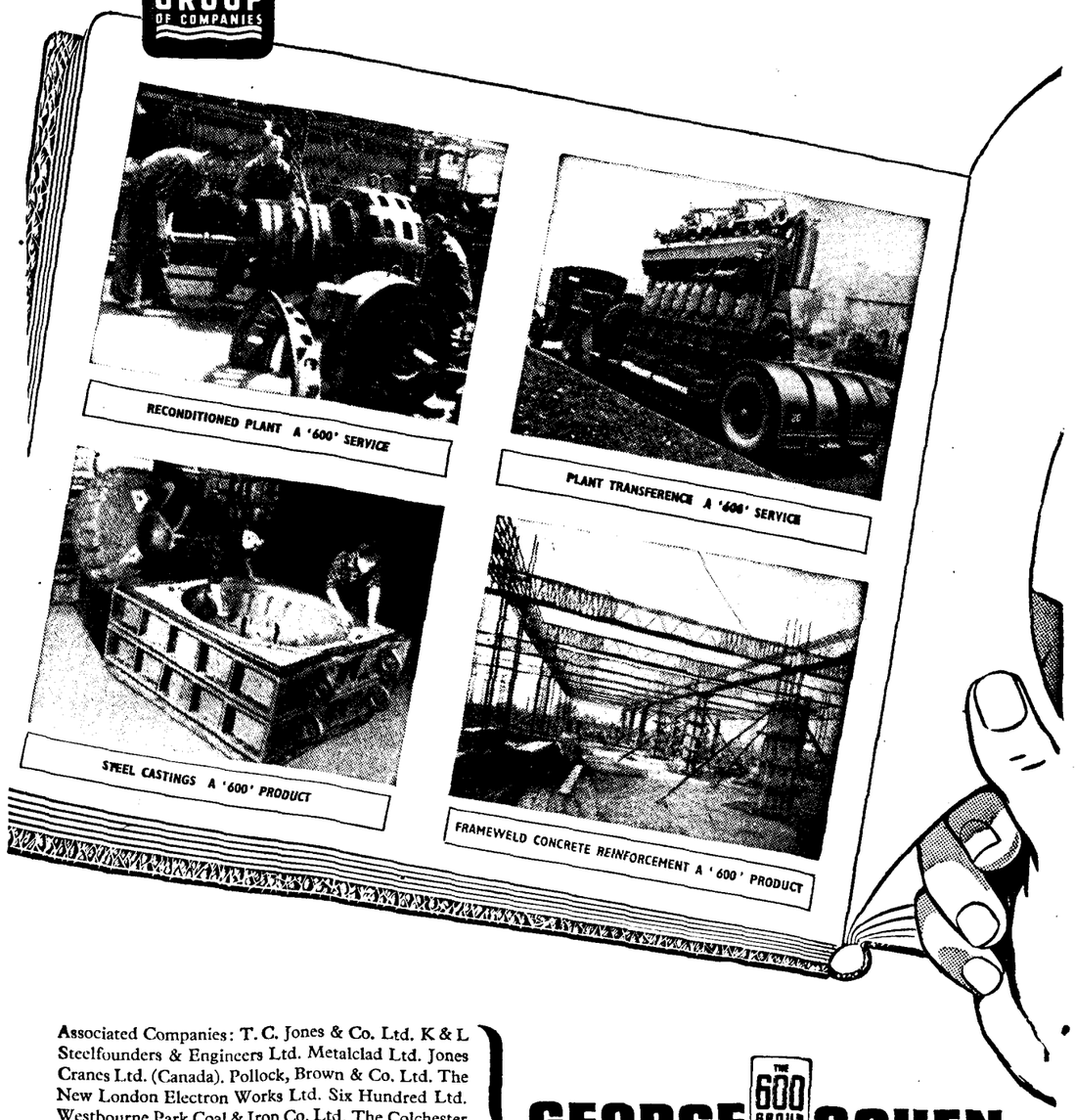

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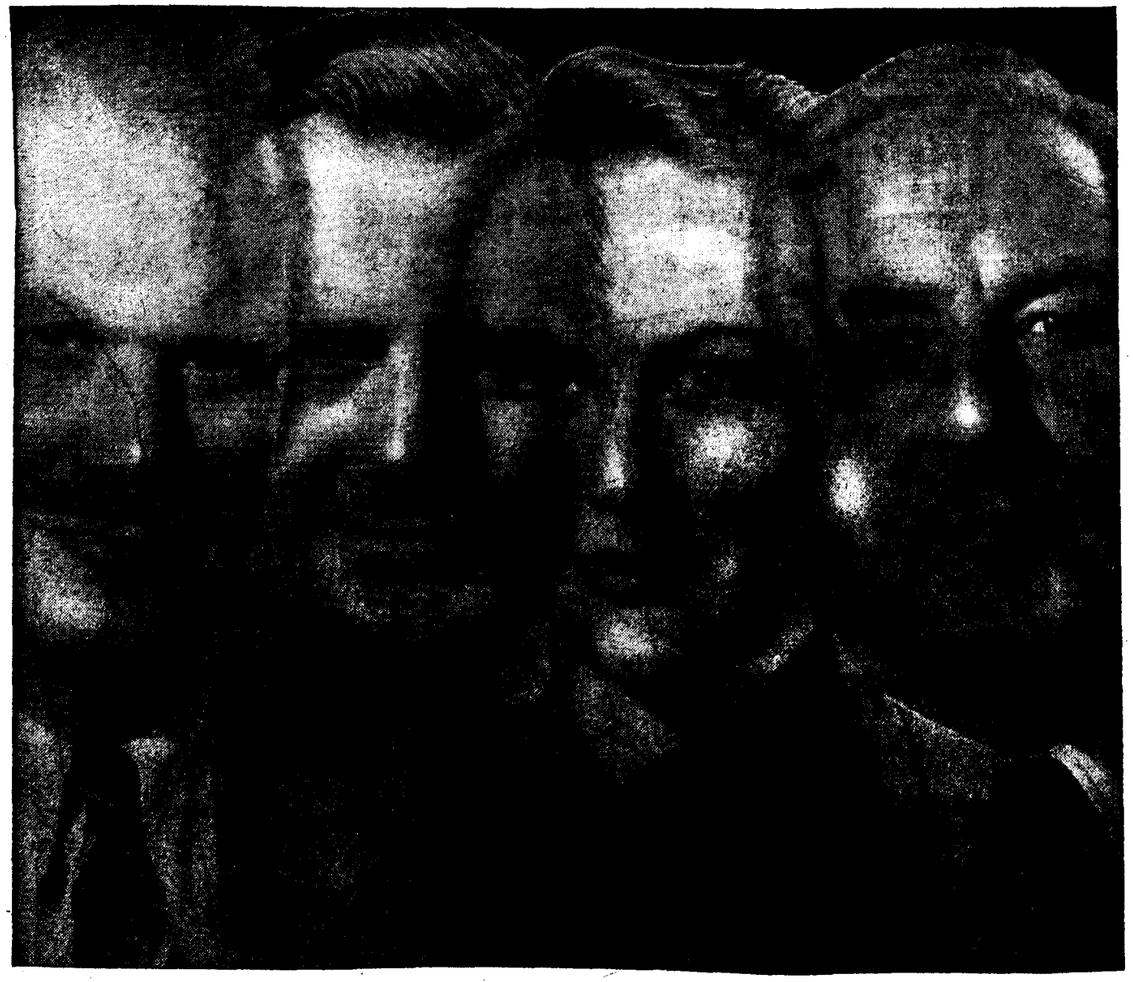

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Great Powers and Small

IN ten days' time the annual Assembly of the United Nations will begin. Contrary to the belief still nourished by some idealists, the division between the Communist and the non-Communist blocs will not be the only barrier dividing the members when they arrive at the great glasshouse in New York. There is also the division between the small and the great powers. This has not, it is true, such disastrously explosive possibilities as the ideological division, but it can, and does, generate a good deal of unpleasantness and ill-will. The great powers, burdened with the responsibility of acting as well as of preaching, tend to maintain that they have the right—and even the duty—to consult together on all major issues and decide between themselves what should be done for the best. The small states, on the other hand, insist, with all the fervour of slighted dignity, that equal respect is due to the mouse as to the elephant, and that all should be allowed to air their views publicly and on an equal footing in a sort of town meeting of the world.

The calendar of international gatherings in 1955 vividly illustrates both these concepts. On the one hand the aspirations of the small nations were symbolised in the Bandoeng conference, at which thirty-odd Asian and African countries—most of them "young" nations, and some of them, like the Gold Coast, very young—gathered to make what was essentially an assertion of their own individual importance and a protest against what they considered to be the uncalled for dominance of the great powers; even Mr Chou En-lai and Mr Nehru soon found that the conference had no intention of dancing to either a Chinese or an Indian tune. And, on the other hand, the special position of the great powers took visible shape in the "summit" meeting of the Big Four in July, which is to be followed towards the end of next month by a further Big Four meeting, this time just below the "summit."

The United Nations is the organisation in which the pretensions and aspirations of the powers, great and small, have been most forcefully displayed. The veto rule in the Security Council provides an emphatic demonstration of the great powers' refusal to be jockeyed by other countries' votes into a course of which they disapprove; while the resolutions passed by the General Assembly have given what has sometimes been a startling demonstration of the consequences of conferring equal status on each member country, whether it be one of the foremost military and industrial powers or can boast of little beyond a few square miles of swamp, desert or jungle. It can be taken for granted that at the forthcoming Assembly this vexing problem of the small versus the great powers will be exhaustively ventilated, with copious references to the lessons to be drawn from both Bandoeng and Geneva. Moreover, the question of whether or not to proceed with a conference on the revision of the Charter, which the Assembly will be called on to debate, will willy-nilly rub member states against the hard fact of the privileged

position of the great powers in the organisation.

It is hard not to feel that the problem is obscured in a fog of unreality. Even if one concedes the hypothesis that all states are born equal and free, it is patently obvious that some are more equal than others, if not that some are in chains. But those that are less equal have at least the consolation of not being burdened with the responsibilities that nowadays tend to fall, whether they like it or not, on those states born, as it were, with a plutonium spoon in their mouths. Thus, while resistance to Communist aggression in Korea was approved by over forty members of the United Nations, only sixteen of these sent their troops to stem the breach, and the United States and the British Commonwealth bore most of the brunt. But this is how it should be ; it is only fair that in any threatening situation those with the greatest resources and the most to lose should bear the burden and heat of the day.

★

There is, however, something unrealistic and impractical in the assumption that every state, however diminutive its resources and parochial its outlook, has a divine right to pronounce on any issue anywhere in the world with the same authority as those intimately concerned with the problem and responsible for handling it. The conception of a world super democracy, so attractive in theory, has in practice disquieteningly often turned out to be a mockery of its own best ideals. In the United Nations, it is the vote, not death, that is the great leveller. It puts those governments which can lay claim to no responsibilities and scanty experience (but show plenty of cloudy idealism) on a level with those that are burdened with both. And it puts a premium on the formation of claques, to which states—and not only those of the Communist bloc—tend to adhere for irrelevant reasons.

The United Nations has proved a happy hunting ground for well-intentioned but woolly "do-gooders," for those with a chip on their shoulder and a particular grudge against the "colonial powers," and for Communist states seeking to set the free world at sixes and sevens. Its proceedings have witnessed some remarkable triumphs for common sense, but they have too often been strewn not only with good intentions and impractical schemes, but also with traps set by the disgruntled and the mischief-makers to catch those who still have what some consider the bad taste to remain burdened with far-flung responsibilities. One may recall, for instance, the plan for the internationalisation of Jerusalem that was passed in December, 1949, by an unholy alliance of Catholic, Moslem and Communist states against the advice of the two adjoining states and of all those who would be concerned with implementing the arrangement. There have been similar occasions on which members—sometimes great ones, it is only fair to add, as well as small—have made a mockery of the United Nations.

Yet it would be wrong to conclude that the experiment in world democracy is a total failure and that the best course is to return to the age of secret covenants secretly arrived at by a handful of the greater powers. Although the older countries of Western Europe have been tentatively debating the idea of submerging their individual sovereignties in a supranational organisation, elsewhere most of the younger countries are bursting with aspiring and effervescent nationalism. Their demand for a voice and a place in the sun cannot, and should not, be denied. But in an age dominated by the rivalry of two great power blocs and preoccupied with curbing the expansion of Communist imperialism, the practical necessity for private great power consultations is equally irrefutable. Fifty years ago the tendency of the great powers to intervene over the heads of the small ones, to instal a monarch here and demarcate a frontier there, provoked the irritation and suspicion that led, after 1918, to the passionate advocacy of an equal voice for all. Today the boot is changing feet. The small powers assert their right to poke their fingers into every pie irrespective of whether they have any qualification to do so, and to lay down the law for everybody, irrespective of their ability to enforce it, while the great powers, when they meet privately, concern themselves with "global" problems, and are too diffident to impose a solution of the Arab-Israeli discord, or even to still the bickerings along the frontiers of Central America.

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There is obviously no slick and easy solution to the problem of reconciling the demands and aspirations of the young and small powers with the practical political necessity of resorting on occasion to more or less secret diplomacy by the few. But something can be done by a better and more intelligent use of the machinery that already exists in the United Nations. As the Secretary-General pointed out in his latest report, the possible variations in practice for the UN within the framework of the Charter are as yet largely unexplored, and the organisation can and should supplement "conference diplomacy" with private diplomacy in various forms. The UN does not always have to operate in a goldfish bowl ; nor is it necessary for all sixty members to be publicly—and privately—seized of every dispute or problem that crops up. The current meetings of the small UN Sub-Committee on Disarmament may or may not make much progress ; but they are an excellent example of the intelligent and flexible use of the United Nations machinery. Is it beyond the wit of the members to devise similar methods of supplementing the publicity and rhetoric of the Assembly's proceedings by more private discussions about a particular problem, confined to those who are both genuinely interested in finding a solution and really able to contribute something towards achieving one ? An intricate piece of machinery with interlocking parts and many wheels within wheels is all too apt to go wrong. But in a complicated situation nothing less intricate will do.

No Miracles at Southport

BY OUR SPECIAL CORRESPONDENT AT THE TRADES UNION CONGRESS

THINGS were uncomfortably hot for the General Council of the Trades Union Congress at Southport this week, but only in a literal sense. As they sat behind variegated foliage on the stage of the Gaumont Theatre the most august figures of the trades union movement were mercilessly grilled by television spotlights. (At this congress the evening headaches were worse than the early morning ones.) But apart from this discomfort the platform had an agreeable time. Most of the big union leaders said just enough to suggest that although they are willing to be carried along at the head of the tide of wage demands, they will not be whipping it forward or back. The general council managed to oppose a resolution which said that congress would support "all the efforts of all affiliated unions" to secure wage increases, in favour of a resolution which said merely that unions must always be free to negotiate in accordance with their own proper needs. The council got its way by a surprisingly large majority. The solid and stolid men on the platform are a useful weight that may slightly slow the forward rush of wage inflation, but they are not and will not be active fighters for restraint.

Perhaps it was all too cosy. Perhaps the leaders should have proclaimed more vehemently the dangers to the economy of strikes and extravagant wage claims. In justice, however, one must remember that, in the absence of faithful machine-gun squads, a leader ceases to lead if he becomes too remote from his rank and file ; and to attend a Trades Union Congress is to know that far more than a line of potted plants separates the platform from a large number of the delegates. The council's spokesmen have continually to be restraining sweet flights of fancy even on minor matters. One delegation, for example, seemed unable to grasp the meaning not only of what was written in the general council's report, but of what was implied in the composite resolution to which it had put its name. Another had the idea that music halls should be provided and run with taxpayers' money, through an Arts Council grant, in order to bring "culture to the workers" and work to unemployed variety artists. One resolution, while proclaiming congress's opposition to any interference (incidentally never contemplated) by the Government with the right to strike, wanted the Government to see that all workers were organised in trade unions. From the platform Mr Tom Williamson made short work of such proposals.

On the major questions of wages and strikes, however, the general council was bound to move warily. For one thing individual members of it are involved. Mr Baty of the Associated Society of Locomotive Engineers and Firemen led one of the two recent strikes that did such damage to the economy ; Mr Tiffin of the Transport and General Workers Union is making one of the largest wage claims on behalf of his busmen ; and several other members, too, are at the head of unions which have just formulated new wage claims. To stand out against such claims would be to earn bad marks with their members ; and in just the same way, if the general council now impressed wage restraint it might be thought to have gone over to the bosses' side. At the moment, to judge from this congress and despite recent troubles at the docks and in the mines, it is not suspected of having done so. The ordinary member is visibly proud of the power and prestige of his leaders. But to him their function is to continue the struggle for ever better wages and working conditions, without a lot of talk about the national interest or fancy notions about being statesmen. The duality of the union leader's role is thus made the more difficult for him because his own rank and file tend to recognise only one side of it.

★

This somewhat old-fashioned attitude on the part of the rank and file became vocal from time to time in the Gaumont Theatre. A delegate with handlebar moustaches from one of the technicians' unions shakes the rostrum with a passionate indictment of the whole tribe of employers, who are co-operative only "to suit their own ends" and who will fight as ferociously as ever if they get the chance. A roar of approval goes up for this good traditional stuff and congress feels at home with it. Moderation and restraint, on the other hand, have to be dressed up with a rather vinegary sauce if they are to be made palatable. Thus Mr Geddes in his presidential address prefaced his warning about "exploiting full employment" by saying that:

> The trade union movement must be on guard against possible political developments designed to save the economic fabric of the country by ways which will place the burden of sacrifice almost entirely on the shoulders of the workers.

He also forestalled any criticism that he had fallen for a lot of "boss talk" by saying that it is for the trades unions themselves to examine how much truth there is in current allegations that wage demands threaten the stability of the economy. He himself would like a new tribunal to be set up which could hear appeals against arbitration awards ; and he wanted the TUC's own experts to prepare

> an economic survey of the postwar years and their consequences for the future, and that this after consideration by the general council should be considered by a special conference of executives with a view to formulating a national trade union economic policy.

The first proposal would lead to more delay before a strike is called, and even sometimes before an award

takes effect; the second would almost certainly lead to another muffled advertisement of the case for some restraint. Each is therefore obviously welcome; but neither is likely to put into much, if any, effect.

A similar sauce was liberally applied by the general secretary, Sir Vincent Tewson, when he spoke on the proposal to enable the general council to intervene in a dispute at an earlier stage: no longer merely after a deadlock has occurred, but when a deadlock seems likely. Sir Vincent's homily took the form of a talk on the principles in dispute in the rail and dock strike, and a discussion of measures that might be taken to prevent strikes. Suggestions for legal reforms, Sir Vincent thought, acted merely as an irritant, and he resented the idea that amateur critics should poke their noses into matters that were no concern of theirs. The view that it is no concern of the public that it has to endure the hardship of disrupted transport, dislocated distribution and serious damage to exports is one that is typical of union thinking, but one might expect something different from Sir Vincent Tewson.

However, there is nothing like a grouse about a third party for bringing people together, and perhaps without these words the majority for the general council's proposals for earlier intervention in disputes would have been smaller. They ran into stern opposition as it was. In particular Mr Jim Campbell, general secretary of the National Union of Railwaymen, in a powerful speech, made the telling point that if the general council were known to have counselled a union to moderate its demands, that would weaken its case in the eyes of employers; and "unscrupulous employers" might deliberately create deadlock. Mr Frank Foulkes of the Electrical Trades Union warned congress that the general council had advised calling off the recent newspaper strike, whereas by holding out the strikers had won a wage increase of 12½ per cent. But with the rather double-edged support of the National Union of Public Employees—whose leader, Mr Bryn Roberts, said that the general council, which ought to be "the spearhead of the movement," was "as blunt as a bus"—and with the votes of the general unions, the miners, and the shop workers, the day was carried.

★

Two points stood out from this congress. First, even without Arthur Deakin there, the union leaders are still Faithful Dobbin's bunch. There was no single dominating figure at Southport; the conference was an object lesson in the way that collective leadership may emerge, sometimes with unexpected ingredients mixed into it. The shopworkers seem to have attained a new importance, at least temporarily at the general unions' side; Mr Douglass of the steelworkers forged himself a reputation on Wednesday for being even on the right of them; and Mr Geddes showed on Monday that the council's chairman for the past year is strategically placed to make what—on reflection and even if its direct consequences are not momentous—can be regarded as the congress's keynote speech. In general, however, the trade union movement showed at Southport that it still stands where it did in the Deakin era: the bulky right winger of the Labour Party's team.

Secondly, however, as far as the rest of the nation is concerned the results of this conference are not spectacular. The change in TUC rules should have some theoretical effect in preventing strikes, at least in the case of unions that are amenable to the council's influence. But many are not, as Tuesday's vote showed—and unfortunately they happen to be the unions that most frequently become involved in disputes. On the matter of wage demands, the unions have been made aware by their own leaders of the dangers that lie ahead; and an economic survey from their own experts, if Mr Geddes's proposal really is followed up, may add a useful secondary warning for next year. But the only red light they are likely to take any notice of is a rise in unemployment, the fear of which dominates their thinking. It is sad that Southport this week has not witnessed a sudden access of economic prescience. But next week, when the International Brotherhood of Magicians meets here, will be the time for miracles.

Bank Rate

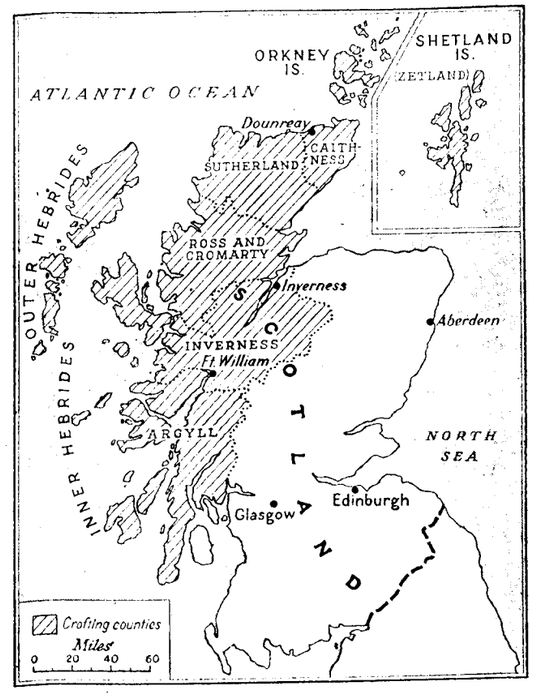
Steadily pursuing that sound policy which has of late years marked the conduct of the Bank of England, the Court of Directors have taken the clear warnings of the changes indicated by their published weekly accounts, and have raised the rate of interest from 3½ to 4 per cent. Laying aside all those antiquated and vague notions about regulating and conservating the currency, the exact meaning of which no one ever yet succeeded in defining, but by which the Directors of the Bank in former times professed to be governed, their successors in the present day have adopted, as their intelligible and clear rule of action, the principle of supply and demand, for determining the conditions on which they are willing to make advances. If on the one hand, they have found the amount of bullion increasing, and with it the amount of unemployed notes lying idle in their drawers, while at the same time the amount of securities in their possession upon which advances have been made have been weekly undergoing a diminution, they have accepted such a state of their affairs as a clear indication that the rate of interest was too high, and have submitted to a reduction. If, on the other hand, they have found the amount of bullion gradually but steadily diminishing, and with it the balance of unemployed notes, while the demand for advances has been shown by a steady weekly increase in the amount of securities, they have taken the only means of checking such a downward course in their affairs, by raising the rate of interest as soon as those evidences had sufficiently shown that they were not of a merely temporary character. And it must be admitted that the Directors of the Bank have succeeded by such early operations in preventing those great and extreme fluctuations which in former times proved so fatal, as the result of the neglect of timely precautions.

The Economist

September 8, 1855

New Broom in the Highlands

IT has been said that the British Empire was built by the Highland crofter who sailed over the seven seas—with the aid of the Lowlander in the engine-room below. It is therefore not surprising that the Highlands have emptied while the Empire has filled up. Migration from hill regions is a common feature of twentieth-century Europe; it has occurred, for instance, in the *massif central* of France and in parts of the Welsh hills. But depopulation in the Scottish Highlands has proceeded at a quite lethal pace. The crofting counties (Argyll, Caithness, Inverness, Orkney, Ross and Cromarty, Sutherland and Zetland) represent 47 per cent of the land surface of Scotland, and are inhabited now by less than six per cent of the Scottish population. The Western Highlands have suffered the worst decline. In 1800 they carried nearly one-tenth of Scotland's population; by 1950 they carried less than one-fortieth. At this rate of decay the Gaelic branch of Scottish culture is threatened with final dispersion.



There are several reasons—some, though not all, of them sentimental reasons—why this would be a bad thing. It would, at any rate, be too silly if a specialised and happy community which could be viable were to die out merely because custom and antiquated laws prevented it from using its land to best advantage. It was for this reason that a Commission of Enquiry under Principal Taylor, of Aberdeen University, was appointed in 1951 "to review crofting conditions . . . with special reference to the secure establishment of a small-holding population making full use of agricultural resources and deriving the maximum economic benefit therefrom." Most of the commission's recommendations have found their way into the Crofters (Scotland) Act, which was passed last May—the most important change in agricultural legislation that the Highlands have seen since the Crofters Holding Act of 1886.

The old Act had given the tenant complete security of tenure for himself and his family, a privilege that the British lowland tenant farmer did not get until 1947. Under the Act the parties concerned in a croft were the landlord, the Land Court and the crofter. The landlord made neither improvements nor repairs; he usually did nothing but collect a tiny rent and, when a tenant went out, assign the croft to a person of his own choosing. When a croft changed hands in this way, the Land Court decided (and will continue to decide) compensation for improvement made by the tenant. But both the landlord and the Land Court were really rather unimportant. In practice, the crofter stayed where he was, bequeathing his tenancy to his heir, independent of the landlord, paying no rates and deciding whether and how he should cultivate his croft. The post-war subsidies have stimulated the more energetic crofters to improve their land, and, where possible, to increase their holdings by leasing unworked crofts. But the general picture is still one of primitive farming. Some crofts belong to absentee tenants who treat them simply as holiday homes, letting the land lie fallow. Others are occupied by retired people who have neither the desire to work them nor the possibility of doing so.

The effect of the Act of 1955 is to substitute an authoritative Crofter's Commission for the landlord, who has been nothing but a helpless *roi fainéant*. This commission is a regional development authority under the general direction of the Secretary of State for Scotland. It has been told to "have regard to local circumstances and conditions," which is a bureaucrat's synonym for telling it not to be bureaucratic. Its headquarters will be in Inverness, far from Westminster and some distance from St. Andrew's House. Its chairman is Sir Robert Urquhart, a forceful Scot who has spent his career in the more businesslike sides of the Foreign Service; he will be assisted by two full-time members, both Gaelic-speaking. This commission is going to have some sweeping powers.

Some of them should be welcomed without reserve. The most important is that the commission will decide who gets a vacated croft, and whether it may be augmented or subdivided. To help it in this work, all crofts

are to be registered in a Crofters' Holding Book; qualifications for croftership are residence in a crofting county and tenancy of any holding with a rent not above £50 a year and an area of not more than fifty acres. A welcome and necessary provision of the Act is that the commission may reorganise a crofting township if a majority of the resident crofters are in favour of the scheme. In the past it has often been impossible to bring common grazing under cultivation, owing to obstruction by a minority of crofters living in a paradise of legal safeguards. The commission can add land to the township from neighbouring estates; it can admit new crofters, give them shares of the common grazing and enforce stringent rules in regard to such grazing. Another section of the Act allows the Secretary of State to give financial assistance to crofters. This power, of course, he already has. The difference will be that the commission will propose the grants and loans instead of the crofters, who often failed to avail themselves of assistance or even to know that it was available. The commission will also administer this aid instead of the Department of Agriculture.

But the tougher powers that Parliament has put into the commission's hands are eyebrow-raising. The commission will be allowed to terminate the tenancies of absentee and aged crofters (although the latter must be allowed to stay in their homes with the right to cut peat). It will also be able to turn out inefficient crofters after warning them; the powers of eviction practised by local agricultural committees elsewhere in Britain have proved to be a bureaucratic mistake, and the extension of the principle to the Highlands is revolutionary. It is not likely, of course, that the commission will do anything precipitate, for the crofter is above all a man to be treated ceremoniously; and the membership of the commission is a certain guarantee. But the coercive authority is there as never since 1886.

Will this measure succeed in turning back the tide of decay in the Highlands? The answer, of course, as the Taylor Report recognised, is that Highland rehabilitation cannot be ensured by crofting measures alone. The best husbandry will not give a living to all of the present depleted population, let alone to an increased one. The need for part-time auxiliary employment for the crofters and alternative employment for their families is urgent. Auxiliary employment will depend largely on the Forestry Commission; if it can plant in semi-derelict West Highland areas it will do more towards repopulation than any other agent, for forestry work combines seasonably with crofting better than any other occupation. Alternative full-time employment is becoming more available in some areas. The Atomic Energy Station at Dounreay will, indeed, be the greatest employer the Highlands have ever seen. Six hundred men are already engaged on its construction, and next year the figure will rise to 1,800 and stay there for at least twelve years.

It is against this background of the old and the very new that the Crofters Act must work itself out. There is no lack of bodies operating in the region: the North of Scotland Hydro-Electric Board, the Forestry Commission, the Tourist Board, the Highland Panel and recently a new non-governmental organisation, the Highland Fund, which has concentrated on granting loans to crofters who need capital for agricultural implements and to fishermen who want boats or engines for them. For years the missing element has been a powerful but sensitive co-ordinating authority. The Crofters Commission is clearly designed to fill this gap. But it will need some filling.

Truthful Co-existence

IF the quintessence of the "Geneva spirit" can be defined in one short sentence, it is surely this: Better talk than fight. Yet, curiously, among the points made in the directive to the foreign ministers issued after the "summit" talks, the one that bears most directly and positively on this problem has received the least attention. It is the recommendation that ways be sought to bring about the "elimination of barriers to free communications."

Just a decade ago, most of the nations of the world endorsed the doctrine that "wars begin in the minds of men." The events of that decade have made it possible to restate the proposition more precisely. Hydrogen-bomb wars can only begin in hermetically sealed minds. No people that fully understands the implications of fission-fusion and fall-out, and knows what retribution the next open aggression will invite, would consciously let itself be led by the nose into such a disastrous adventure. Even the pre-atomic aggressions of Hitler, Mussolini and Stalin were based on propaganda monopolies which enabled totalitarian regimes to persuade millions of simple souls that they were just wars or even efforts to make peace more secure. Today, any regime that wants its subjects to follow it tamely into a thermo-nuclear frenzy needs to keep their minds even more tightly sealed against the knowledge that would breed hesitation.

Thus freedom of communication, always a potent defence against bellicose hysteria, now offers the world greater security against war than ever before. Truth is no longer merely the first casualty in war; today it must be assassinated before war can be made. Conversely, while and where it lives, peace, too, can live in peace.

Yet, paradoxically, it takes no great skill in prophecy to forecast that when the foreign ministers of the four

powers meet at the end of October one of Mr Molotov's likely demands will be for a reduction in communication. Already Soviet spokesmen are arguing that the "Geneva spirit" necessitates the shutting down of a form of communication that has always angered them—western broadcasting to audiences behind the iron curtain. To *Pravda*, for instance, it seems logical that this activity should cease "if the cold war is to be ended." And although *Pravda's* particular line of reasoning is mistaken, let it be at once conceded that all this broadcasting is as abnormal as it is costly. Massive propaganda campaigns across frontiers, whether openly organised by governments or discreetly supported by them, are artificial excrescences, whether they come from east or west.

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But whether the "radio war" can be ended depends upon the Communist leaders. At a glance, it is clearly absurd to expect the West to abandon its wavelengths and give Moscow radio and its satellites a monopoly of the air. No responsible person would advocate that the western transmitters should be shut down while the stations of the Sino-Soviet sphere continue to pour out broadcasts addressed to every part of the free world. It is quite possible, however, that a more reasonable proposal may be put forward by the Russians, either at the October four-power meeting or in the United Nations Assembly. They may offer to stop or drastically curtail their own transmissions in foreign languages if other powers will do the same. At first sight, this may seem to many people a fair enough offer and a real step in the direction of relaxation. But before a considered answer is given, the facts of the case need to be more carefully examined.

The actual volume of broadcasting across the iron curtain is now of much the same order of magnitude in each direction. The Voice of America and the BBC are the main governmental radio systems involved on the western side, although France, Italy and other countries also address themselves to audiences in Eastern Europe. There are, too, the unofficial stations, manned by refugees and relying primarily on private American finance, which operate from Western Germany: Radio Liberation, which appeals to the Soviet peoples, and Radio Free Europe, which aims at the satellites. And the RIAS station, in the American sector of Berlin, finds listeners throughout Eastern Germany. Not surprisingly, there is some degree of difference in tone between these various stations, the unofficial broadcasts tending to take the toughest line and the BBC the most restrained, but they do not align themselves neatly along a political spectrum; RFE and RIAS are not, as is sometimes supposed, whipping up the peoples of Eastern Europe to anticipate a war of liberation, and the BBC, for its part, addresses its listeners in satellite countries more crisply than those in Russia, judging the latter to be mostly members of the privileged Soviet classes with, therefore, less hostile attitudes to their own rulers than may be found among Czechs or Germans who have known freedom only to lose it again.

On the Communist side, the state radio systems whose short-wave beams stretch out to Latin America and the Pacific islands are also supplemented by "unofficial" broadcasts, but of a different kind. "Free Japan" and "Free Greece" transmitters, to name only two, appeal to specific non-Communist countries, and the threadbare fiction is maintained that they operate from those countries' soil. Nor do the Russians admit the existence of their costly system of jamming stations. The comprehensive nature of the Communist jamming operation has been recently and somewhat comically illustrated; words spoken into the microphone at Geneva by Mr Khrushchev and Marshal Bulganin were jammed when the BBC broadcast a recording of them in its Russian service. Nevertheless, even with upwards of a thousand jamming transmitters against them, the western radios are known to reach sizeable audiences behind the curtain; senior Soviet officials have acknowledged that they could and did hear them, and the scale of reception in satellite countries is grimly revealed by the number of savage sentences for "spying" or "rumour-mongering" inflicted on men and women unlucky enough to be caught listening to London or Munich.

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The greatest difference between the two sides, however, is not that the western broadcasts are jammed and heard only at peril, while the Communist stations are unjammed and indeed free to advertise their programmes in the western press. It is that radio is the only means by which western arguments and straightforward news can reach the peoples of the Communist world (apart from the imaginative but necessarily erratic ballooning of leaflets to some parts of Eastern Europe). In sharp contrast, radio is only a secondary means in the propagation of Moscow's gospel in free countries. In Britain or France or India or Indonesia, the Communist governments' arguments and claims, as well as being reported in the independent press, are circulated in local Communist organs and in publications in numerous languages distributed from Moscow and Peking and openly offered to the public. And a whole galaxy of international organisations, among which the World Federation of Trade Unions is outstanding both in visible and in clandestine activity, tirelessly serve Moscow's purposes in setting the free peoples against each other, against their own elected governments, and against any resistance to Soviet ambitions.

Thus it would evidently be ludicrous to present an agreement to stop or curtail broadcasting across the curtain from both sides as being either a fair exchange or an advance towards co-existence. It would be

neither. It would mean that the Communist propaganda apparatus would still have free access, by means of printed matter and public and private agitation, to the ear of western, Asian and other peoples, while the free nations would have given up their only present means of getting their point of view across to the masses of the Communist world. And it would amount to endorsing and encouraging the mental *apartheid* in which the peoples of that world are kept by their masters, and thereby increasing the risks of war. If peace is to be strengthened, it is not enough that free and totalitarian nations should dwell side by side in such *apartheid*, not even if specialist, sporting and artistic contacts between them are permitted. Until news and views can flow freely across the great barrier, until citizens of the Soviet world, like those of other countries, have access to more than one point of view, co-existence will remain a mockery, and a dangerous one for all parties.

If the Soviet rulers really want to silence the western transmitters, they should consider what it was that brought them into action. They were installed and manned solely because more normal means of carrying on a free exchange of information and ideas had been blocked from the Communist side. When it is again possible to buy non-Communist newspapers and books freely and openly in Moscow, Leipzig or Riga, when Czechs, Poles or Chinese can again correspond uninhibitedly with individuals in the outside world, then the need for these broadcasts will disappear.

It is now not altogether unreasonable to urge the Russian leaders to consider the question in this light. The Polish press has just been remarking, with surprise, on the objectivity shown by western newspapermen who were recently permitted to tour and report on the country's principal centres. Russians should reflect on the undeniable fact that the western press, hitherto banned from their sight on the ground that it is devoted solely to war-mongering falsehoods, turns out to have been right where *Pravda* was wrong in regard to Marshal Tito, just as it proved, two years ago, equally right in the matter of the Kremlin doctors. And the Soviet government and party would do well to realise that genuinely to co-exist with free societies means accepting them as they are. The free nations could not in any circumstances bind themselves to suppress all criticism of the Soviet or any other system. The degree of that criticism has been heightened, not reduced, by the Communist regimes' policy of smothering and universal secrecy. The real end of the "cold war" will come only when the barriers come down; and co-existence, if it is to become a reality instead of a deceptive slogan, will have to be truthful co-existence.

Notes of the Week

No Progress on Cyprus

THE London Conference on Cyprus is officially said to stand "suspended"; but it is hard to avoid the conclusion that it has in fact failed. The British Government put forward constitutional proposals that were a great advance on anything offered to the island before, and would give the Cypriots full self-government in all spheres except foreign affairs, security and defence. But Mr Macmillan effectively damned even these liberal proposals in Cypriot eyes by coupling them with a categorical statement that he could see no prospect of self-determination for Cyprus "in the foreseeable future." And he failed to offset this by making any constructive suggestion calculated to appeal to the Greek Government and induce it to co-operate in making a go of Cypriot self-government. The proposal for a tripartite committee "to examine" the British Government's detailed proposals seems a very milk and water affair. If the Government was not prepared to make a bid for the support of the Greek Government in some more striking and imaginative way, it is difficult to see how it could ever have hoped that the conference would succeed.

One most unfortunate by-product of the London meeting is the sad deterioration of Greco-Turkish relations. The Greek press, understandably incensed by the uncompromising attitude of the Turkish Government as well as by the burning and looting of Greek property in Istanbul and Izmir, insists on branding Britain as the nigger in the woodpile. There is not the slightest shred of justification for this. Turkey's firm opposition to Cypriot self-determination may at first sight seem diplomatically convenient for Britain. But the aggressive way in which the Turkish case has been pressed in London has evoked new Greco-Turkish tension, added to the difficulties of finding a solution for Cyprus, threatened Nato's security arrangements in the eastern Mediterranean and undermined the Balkan alliance. It is possible to sympathise with the Turkish Government's point of view about Cyprus and particularly with its anxiety about its southern defences, but hardly with the methods of advocacy that it has chosen.

Russian Aid for Belgrade

THE Jugoslavs have reason to feel pleased with the results of their economic delegation's mission to Moscow. Mr Vukmanovic-Tempo came home with his briefcase positively bulging with good things. (As, however, they were all on credit he may have had some private qualms about Jugoslavia's ability to pay for them on time.) There were three lines of Russian credit: a three-year commercial credit for $54 million for Soviet raw materials; a ten-year loan of $30 million payable in gold or foreign currency and carrying interest at 2 per cent—the same low interest rate that Russia allows its satellites; and a further unspecified credit for the construction and equipment of some industrial enterprises. The level of trade exchanges is to be stepped up over the next three years to $70 million each way, double its present value—although there is no guarantee that this level will in practice be reached. Finally there was agreement on the exchange of technical experience and Soviet offers, on credit, of atomic equipment and materials.

The agreement shows that the Russians are ready to disgorge some of their jealously guarded gold reserves in order to woo the neutrals; the Finns were the first to be offered some golden bait, and now it is the turn of the Jugoslavs. When compared, however, with the massive aid that Jugoslavia has received from the West—about $500 million in economic grants from the United States alone—the Russian contribution seems small beer. But it has the advantage of arriving very opportunely when Jugoslavia's balance-of-payments difficulties show little sign of improvement and its prospects of further substantial American aid are diminishing. It also gives Marshal Tito an opportunity to demonstrate his intention of treating both blocs alike; and further demonstrations in the shape of increased trade exchanges with the satellites, who are this week displaying their wares at the Zagreb fair, will no doubt soon be made. There seem to be no strategic materials on the list of goods that the Jugoslavs have just undertaken to supply to the Soviet Union, so that they may not fall foul of the Battle Act. But they are beginning to join in the minatory chorus against the "artificial barriers" to trade thrown up during the cold war; and it remains to be seen how long they can go on making the best of both camps.

Mr Gaitskell in the Ascendant

BOTH in front of and behind the scenes circumstances seem to be combining to move the future centre of gravity of the Labour party further to the right. Mr Gaitskell went to Southport this week to ask the trade unions to increase their subscriptions to the party, in a way which would be bound to tend to increase their influence in it; and he got a very good response. The party can now go ahead and spend its reserves on a project which should be very much to the unions' liking: namely, to the "professionalisation" of the party at a local level. Hitherto Labour, much more than the Tories, has relied on voluntary workers in the constituencies; but in this age of television only a residue—and usually a left-wing residue—of voluntary workers bothers to turn up. On the justified plea that this residual band is now too small to run a party efficiently, there is going to be an injection of more full-time paid workers into their midst. The effect of this influx of professionals on the way in which local party business is handled, and in which resolutions for and delegations to party conferences are arranged, can only be gradual, but in the long term it is not likely to be small.

This long-term strengthening of the right wing's position has been so much the most important development in the Labour party this summer that nobody should be misled by any apparent fission within that wing during the two struggles that lie immediately ahead. One of these struggles will take place in the party organisation. Mr Harold Wilson's coming report on the lessons of the general election will have some horrific tales to tell of the muddles, and the personal backbiting, of last May. It is being suggested that one spur to better organisation would be for Labour to have a Lord Woolton in Parliament but also with a managerial role in Transport House; and who, it is being whispered, would be a better Lord Woolton than Mr Harold Wilson himself? If this did happen, strange as this may seem, it would increase the power of the Gaitskellites. "Nye's little dog" of a few years ago is now Hugh's most important retriever.

The other coming struggle, which may be more dramatic than real, will centre upon the party leadership itself. Most Labour members now believe, although without any real evidence, that Mr Attlee will retire within the next year. There is a debate in progress whether he might retire immediately Parliament re-assembles, and let the Parliamentary party elect a new leader then; or whether he might go in mid-session, and whether the party might then accept the idea that the deputy-leader, Mr Morrison, should succeed more or less automatically. The leadership of the party during this period of Opposition is a grape that strong men can call sour. The real issue is who is to lead the party at the time of the next election; with every twist and turn of the party struggle so far this summer, Mr Gaitskell seems to have thrust that hypothetical office more firmly into his pocket.

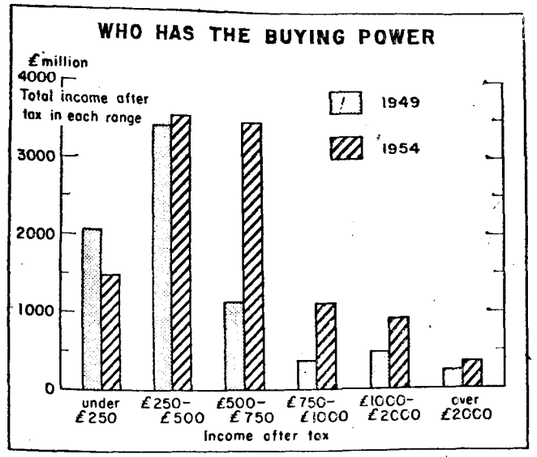
The New Middle Classes

IT is never easy to reduce the mountain of statistics that is now provided in the annual blue book on the national income to manageable and understandable proportions; the best advice that can be given to those who want to make use of its detailed figures—either for the tiresome sport of political propaganda with selected statistics or for more useful purposes—is to buy the book and read it.* But this year the broad picture of national spending power which it presents is fairly easy to describe and even memorise. The gross national product last year was just over £15.7 thousand million, and of this just over £14.5 thousand million found its way into the hands of private individuals. Three of the four main categories of personal income happened to be broadly equal—rent, dividends and interest (£1.5 thousand million), professional incomes, farmers' incomes and other incomes from self-

* HMSO. 67 pages. 6s.

employment (£1.6 thousand million), and public and private pensions and other social security incomes (£1.5 thousand million). The other main category, apart from such items of "imputed income" as income in kind, was £9.4 thousand million of wages, salaries and service pay.

From this total of £14.5 thousand million, just over £1.8 thousand million was drained away in personal income tax and national insurance contributions. Judgments upon the "fairness" of the changes in different categories of personal incomes must be left to those who specialise in the choice of invidious base dates; but by any objective standard the most interesting social phenomenon of recent years has been the growth in what must now be called the middle income ranges—between £500 and £1,000 a year after



payment of tax. In 1949 there were only 1.9 million people with incomes between £500 and £750 net; in 1954 there were 5.8 million, and the marked rise in the spending power they command is shown in the accompanying chart. It is into this category that the averagely successful British working man can now expect to graduate during and immediately after his years of heaviest family responsibility. In part, the upsurge in this income group is a reflection of the fact that £500 in 1954 was worth almost exactly the same as £400 in 1949; but there is no doubt that it is also a reflection of which groups have been gaining most from recent prosperity. This gradual and welcome "Americanisation" of the adult factory worker into what used to be considered a middle class standard of living has been the most important social development, market phenomenon and political influence of the past five years.

Rapallo Reviewed

MEMORIES of Rapallo are being revived by the Russians to greet Dr Adenauer. In its issue preceding the German Chancellor's visit, *Mezhdunarodnaya Zhizn* (International Life), a monthly controlled by the Soviet Ministry of Foreign Affairs, publishes a long historical essay on that famous pact between the "two outcasts of Versailles." The Russians obviously do not expect to strike such a bargain with Dr Adenauer behind the West's back, yet it is interesting that they have chosen to plug the line of a separate deal just before his arrival. Earlier this year, the premier of the Russian Republic, Mr Puzanov, referred briefly to the benefits derived by Germany from its treaties with Moscow after the first world war, but it is only now, after the determined Soviet stand on Germany at Geneva, that the thesis is expanded at length.

The essay, written by a Mrs Orlova on the pretext of answering a reader's question, reviews the origins and life of this German-Soviet agreement with numerous quotations from both Russian and foreign sources. Its avowed purpose is to prove historically that "normal and peaceful relations are perfectly possible between the Soviet and German nations." The significant feature of the article is its emphasis that not only the "broad masses," but also "a large part of the German bourgeoisie" were in favour of good relations with Russia. It is argued that, in spite of western scheming, the ruling circles of Germany realised their country's deep-rooted interest in an expanding trade with the Soviet Union. Much space is, in fact, devoted to a description of Germany's contribution to Russia's industrialisation and of growing Soviet food exports to Germany, though not to arms shipment and military collaboration.

Clearly, circumstances have changed. Germany is no longer an outcast. The Soviet Union has carried out its industrial revolution and has no food surpluses for export. Besides, German factories do not stand idle now; their books are filled with orders. Still, the Germans would like to get a stable, even if small, share of the Soviet market, with one eye to the future, while the Russians are apparently counting on a crisis which would revive the attraction of the eastern markets. With the bait of reunification up their sleeve, they feel they can afford to wait. The legend of Rapallo is resurrected not for the benefit of Dr Adenauer, but to be broadcast behind his back in the hope of tempting once again a "large part of the German bourgeoisie."

Dr Erhard's Campaign

DR ERHARD has embarked upon a crusade to rescue his liberal economic policy from employers and trade unions alike. The system has hitherto been operated one-sidedly, in spite of Dr Erhard's earlier pleas. Western Germany abandoned state controls in 1948, and imports have been generously liberalised since then, with the result that industry has been able to rationalise and lower the proportion of labour costs. But the manufacturers have not played their part in reducing prices, not so much because they want to pay excessive dividends but because they are bent on expansion. They dislike free competition among themselves almost as much as they do interference by the state, and Germany has once again become a land of price rings. They have successfully opposed Dr Erhard's efforts to pass a strong anti-cartel law, and are still fighting the mild version which will finally come up in the forthcoming session of parliament. The German standard of living has indeed risen—in 1954 private households spent £300 million more on food than in 1950 without reckoning

the increase due to higher prices—but this is due to the fact that wages have risen more than prices and large numbers of new wage-earners contribute to the family budgets. Dr Erhard has not succeeded in establishing an un-vicious circle in which high demand and high investment lead to mass production, lower costs, reduced prices and higher real wages. Now that wage demands tend to outstrip productivity he must start his struggle afresh.

Opening his campaign at the end of last week, the German minister of economics announced that a freeze of wages and prices would not be considered—yet. There can be no doubt that the government will do everything possible to avoid reinstituting controls, which would probably be unworkable. Dr Erhard said, however, that it was time to give people a glimpse of the dagger in his pocket, and hinted that the law against excessive prices might be applied until the cartel law is passed. He repeated his proposals for stimulating competition. They include so-called "everyman imports," a scheme whereby private individuals can freely buy from foreign store catalogues; but this is only a minor idea, which he does not overrate. A more important proposal, which has already been turned down once by parliament, is that the minister should have the right to lower specific duties at will without the prior approval of the *Bundestag*.

On the wages front, Dr Erhard criticised some employers for giving wage increases in excess of agreed tariffs because they thought the booming market could "take it." He pleaded again with the unions to adjust their claims to productivity, and denied that the rate of investment was too high. Here he was on weaker ground. There is good reason to think that more profits should go, not necessarily on wages, but on paying back bank credits and building up reserves. Investment in 1954 was still 24.5 per cent of the gross national product, or 15.1 per cent without building. But German industrialists will be hard to restrain, and will demand that, in the first instance, the state should restrict its investments.

Mr Lennox-Boyd Returns

THE Colonial Secretary can look back with some satisfaction on the results of his tour of South-East Asian territories—the Federation of Malaya, Singapore, Sarawak, Brunei, North Borneo and Hongkong; territories which, with the exception perhaps of the last-named, might one day constitute a new federal dominion in the Commonwealth. Mr Lennox-Boyd will be lucky if his intervention in the Cyprus discussions has as calming an effect as his intervention in Malaya. In Singapore, he successfully mediated between the Governor and the Chief Minister, Mr Marshall. It was agreed that the Governor was right in interpreting the constitution as requiring him to approve and exercise his discretion over the appointment of junior ministers, but it was also agreed that the constitution should be amended at this point to permit the Governor to act on the Chief Minister's advice. On the other hand, Mr Marshall was persuaded that some of his demands—such as that the Governor should be deprived of his discretionary power to prorogue or dissolve the Legislative Assembly—were unrealistic; and now that the relations of Governor and Chief Minister have been adjusted, Mr Marshall has stood firmly by his undertakings.

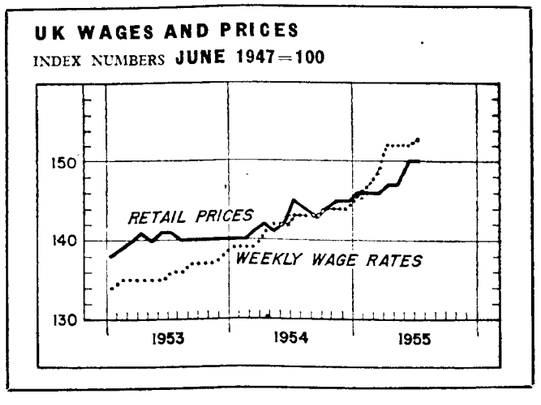
In the Federation, the Colonial Secretary persuaded the new ministry that before their demand for an independent commission to re-examine the present constitution with a view to bringing about self-government quickly could be met, they must have some experience of office and face the facts concerning external defence, security and the future of the public service. He emphasised that Britain's position in the Federation rests on treaties with the rulers, who must sanction fresh departures; and it now rests with the rulers to approve the plan to send a delegation to London next year to discuss constitutional changes. In Singapore, too, a breathing-space has been gained by the Colonial Secretary's promise to receive a similar delegation next year—this will give Mr Marshall time to realise the danger which is growing from the rapid organisation of the People's Action Party and the unions controlled by it.

In Hongkong, on the other hand, the Colonial Secretary minded the adage that what's best administered is best—and the colony, whose industrial and housing progress he so admired, will be left in the hands of the Governor and the officials. Ironically, Hongkong, which is surrounded and infiltrated by Chinese Communism, is distinguished by industrial peace and constitutional stagnation, while its sister city-colony, Singapore, which is out of China's reach, faces rough going both in industry and politics.

An Air Force over the Counter?

THE record of the Ministry of Supply in equipping the RAF, and indeed the Navy, with aircraft has come under criticism from many quarters in the past year; the latest critic, whose strictures have been given some publicity in the past week, is Air Chief Marshal Sir Philip Joubert. In an epilogue to his survey of the development of "The Third Service"* Sir Philip demands a return to the "happy days" in which the Air Ministry designed and ordered its own aircraft. His complaint against the Ministry of

* The Third Service. By Air Chief Marshal Sir Philip Joubert de la Ferté. Thames and Hudson. 21s.



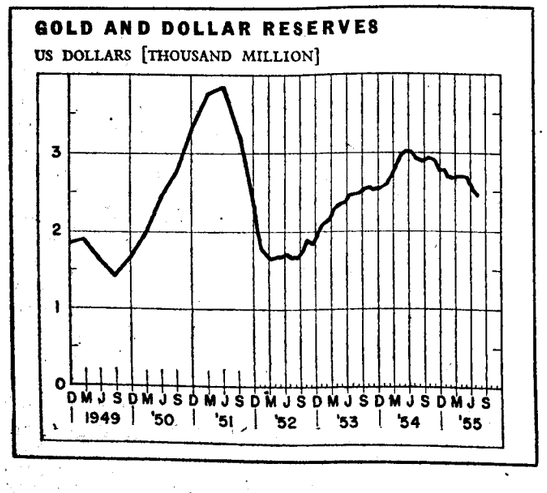
Supply is that it is controlled by scientists and that the practical airmen in the department are overwhelmed.

There are two points to be made about this campaign. First, the case for a Supply Ministry to pass on the needs of the services to industry, which is now the Ministry of Supply's main function, rests on the peculiarly difficult and delicate relationship that arises when a government department, as sole purchaser of military aircraft, has virtual powers of life and death over an industry for which it is also providing most of the working capital. The service departments have not proved particularly adept at establishing such a relationship.

The other point is that the Air Ministry itself drafts specifications for the aircraft it needs, and some of the delays are attributable to Air Ministry mistakes—the Ministry of Supply ought perhaps to be more critical of specifications, but it is not responsible for drafting them. It is, of course, true that the Navy orders its principal weapons—ships—direct, as Sir Philip wryly observes. But it does not follow that the Navy ("ever mindful of its own interests") has made no mistakes in ship design. In fact, plenty have been made—but it often takes a sea fight to find them out. Aircraft become obsolescent far more rapidly, and their performance is far easier to criticise at every stage. The Ministry of Supply, like most sprawling government departments, needs continuous scrutiny; but no convincing case has been made against its purpose and existence.

The Coloured Tide

It was constructive of Jamaica's Chief Minister, Mr Norman Manley, to commission a report on Jamaican emigration to Britain from Dr Clarence Senior, who is an expert on migration from Puerto Rico to the United States. Dr Senior has not unearthed much that is new about race relations in Britain; his principal recommendation, that Jamaica should set up organisations both there and in Britain to inform and aid its citizens bent on emigrating, is sensible though not startling. But his figures are of considerable interest.



He accepts estimates that there are about 35,000 West Indians living—almost all in full employment—in Britain; and he says that 10,000 of them arrived in 1954. Some 15,000 will come this year, and in continued brimfull employment Dr Senior apparently considers that an annual influx of that order must be expected indefinitely. This steady reinforcement of the coloured population, moreover, takes no account of the annual influx from West Africa. This is still fairly small, for the West Africans lack the skill, command of English and indoctrination in things British which aid the West Indians. (Indeed, the West Indians are liable to suffer socially from being confused with them.) But the West Africans have a population of 35 million behind them, compared with the West Indians' 3 million. Dr Senior is no doubt right in thinking that the next two or three years will be critical for race relations in Britain. The coloured worker is conspicuous already, but the coloured group is not yet large enough to produce strong fears. In the next few years, however, the British people will have to decide whether they can rise above prejudice and accept a growing coloured labour force as an economic asset. Fair-minded attitudes must be cultivated and propagated now.

No Shape for Things to Come

The period covered by the latest report of the Ministry of Housing and Local Government (Cmd 9559) is 1950-51 to 1953-54, which virtually coincides with the fulfilment of the Conservative promise to build 300,000 houses a year. It presents the bill for that political success. The report records that local government borrowing rose from £398 million to an estimated £505 million, and central government contributions to new housing from £23 million to £35 million in this period; the latter increase represents, of course, a permanent annual commitment. The contribution of the Conservative housing programme to inflation would no doubt have been greater but for a welcome rise of 10 per cent in building productivity between 1951 and 1954, while the proportion of one- and two-bedroomed houses was increased and the average area of a house of a given size was cut down. Nevertheless building costs per square foot rose by 25 per cent in this period.

When will it be possible to abate the flood of subsidised housing? The report makes no attempt to give any detailed analysis of future housing needs. But the Ministry evidently expects the pace of housing to keep up, forecasting that between now and 1971 housing will require an additional 10 acres for every 1,000 persons in the urban population. This would mean that the residential area of the average county borough, for example, would take up 25 per cent more space than it does now—though some local authorities have made their plans on the assumption that half of this will be required for private enterprise in house-building. Thus the peripheries of large towns will grow, and the overspill will be poured into the expanded towns and new towns; the report briefly notes that local authorities' development plans do provide for an increase of road traffic, which is just as well. But in all this there is no sign of any basic policy; there is no discussion of the probable trend of rents, the limits of subsidy policy, the

improvement of existing property. The fact that caravans and shacks are still inhabited seems to suggest to the Ministry that houses must be run up at breakneck pace for years to come. The report, in fact, though it provides much useful information, throws little light on the problems of developing urban areas, and none at all on the contribution that a reappraisal of housing needs and finance might make to Mr Butler's problems. There are no housing policies, only housing targets, now.

North Africa and Nato

Commitments outside Europe have always been an awkward problem for Nato planners and commanders—an old point which is being driven home yet again by the tragic events in North Africa. Fifteen French battalions, about 15,000 men, have been sent there. Excluding the troops still left in Indo-China, almost half the French land forces are now bogged down in North Africa; there are about 110,000 soldiers and *gendarmes* in Algeria alone and some 60,000 in Morocco. The effects of this drain are already visible: only two full French divisions are now in Germany, instead of the five which were stationed there before.

National servicemen have been kept under arms and reservists recalled to fill these yawning gaps. The French troops leaving for Africa have left their heavy equipment behind and, though this is not apparently enough to mollify Shape, General Gruenther's real concern is not with the immediate situation; the threat of war does not hang over Europe for the moment. What perturbs the western military planners is the prospect of a North African burden replacing the scarcely discarded burden of Indo-China. Should this new commitment become both large and permanent, France cannot be expected to carry out its share of western defence adequately.

Thus, France's future role in Europe now hinges on a peaceful solution for North Africa. Algeria is likely to prove the most awkward obstacle on this road. The French right may yet seize its last chance and accept a "dialogue" in Morocco; but will it ever stand for anything more than a monologue backed by bullets in Algeria? Savage repression, prompted partly by fear, is proving a wonderful recruiting agent for the *fellaghas*. Unless the French, abandoning the myth of assimilation, manage to break the horrid rhythm of terror and reprisal, Algeria will follow the pattern set by Indo-China, and Nato as a whole may lose its balance in the blood-soaked sands of Africa.

Two Internationals

Last week, in Lucerne and Helsinki, parliamentarians from many countries attended two strikingly contrasted gatherings. The Liberal International met in neutral Switzerland and in a militant mood. Liberals are members of governing coalitions in six of the countries represented at Lucerne, and provide major opposition elements in six more; in the Council of Europe and in the Coal-Steel Community they carry much the same weight as the Socialist or Catholic parties; and their International embraces widely separated left and right wings. But neither their responsibilities nor their private differences prevented them from taking a firm stand last week. With surprisingly little dissent, they declared that "co-existence" must not involve the betrayal either of the great principles of liberty or of peoples and individuals who suffer for their faith in those principles under tyrannies of whatever colouring.

The proceedings of the Inter-Parliamentary Union at Helsinki were of a remarkably different kind. The union, which was originally conceived as a means of strengthening and extending parliamentary democracy in all parts of the world, now spreads its definition of "democracy" widely enough (and thinly enough) to admit members of the Supreme Soviet and of the Spanish Cortes alike to full participation in its meetings. The fact that the Helsinki session postponed decisions about the admission to membership of representatives from Peking and Eastern Germany was due to formal rather than to ideological reasons. The Russians played a prominent part at Helsinki; the Spaniards are buoyant with their successful entry—while the Spanish republicans in exile are correspondingly cast down; even the Albanian "parliamentarians" have won themselves a respectable niche. It is doubtless unfair to attribute the union's curiously catholic policy to mere expediency. Many of the delegates may, without consciously losing any of their personal faith in genuine parliamentary method, adopt the argument that to draw into their club members of *soi-disant* "parliaments," whether packed, purged, or monolithically one-party, will educate the new entries in regard to real parliamentary freedom and spirit. Yet should not the genuine parliamentarians of the world retain some meeting place which they would not have to share with the false ones? And does not the admission of the false on a basis of equality amount to tacitly conceding that their systems are as good as any? Co-existence surely need not imply such an unconsecrated and intimate co-habitation.

Not Too Much Freedom

The postponement of the BBC's proposed extension of viewing hours, which resulted in a ninety-minute cut in the programmes arranged for last Sunday, and half-hour cuts in weekday transmissions since, is officially explained by a desire for fair play. It would be unethical, apparently, for the Old Firm to steal a march on the new; Independent Television and the BBC are to start fair, with no jumping of the gun due to be fired on September 22nd. The circumstances that led up to this postponement are not quite clear; but it is obvious that the Postmaster General has played a part in them. His decision recognisably follows the best traditions of the equal-misery ethic that banned the use of wind generators during the fuel crisis of 1947. It also has a disturbing affinity with his even sillier recent ukase on the topics politicians may discuss on the air. Dr Hill's first interference with viewers' freedom in order to be

"fair" to Parliament is now followed by another in order to be "fair" as between two competitors. The viewers do not really matter so long as the proprieties are observed.

It is easy to sound too shrill about this, but the fact must be faced that Dr Hill could easily destroy the whole case for his own Television Act. If the advent of the new regime on the ether is to coincide with a sharp increase in the exercise of the Postmaster General's vaguely defined powers, with an authoritarian change in the conventions hitherto governing his role, there will be no gain in freedom, but a net loss; and added to this loss in freedom will be a loss in spontaneity, originality and variety in programme-building, as the "hierarchies" of both bodies look over their shoulders at the Government and as the producers get the impact of their caution. The risk now arises that the country may be exchanging one dangerously monopolistic, but genuinely autonomous and internally various, corporation for two uneasy puppets of a Postmaster General determined to "play fair."

Fencing at Gaza

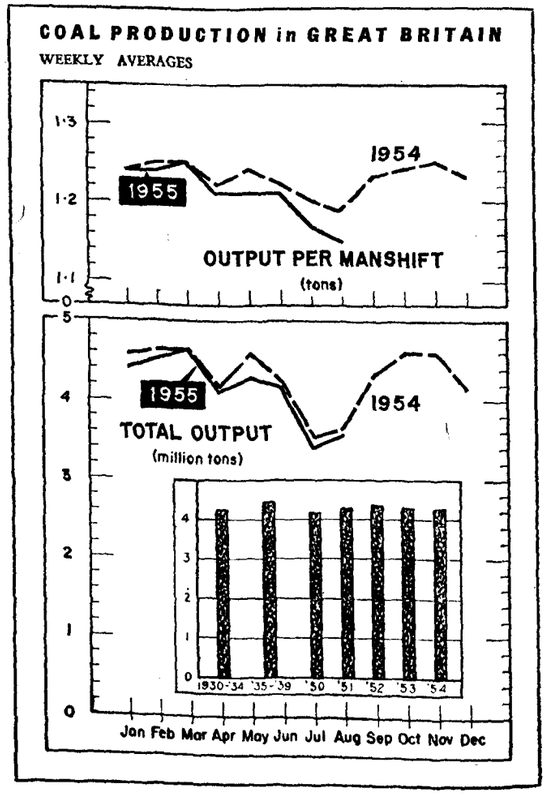
THROUGHOUT the fortnight from August 22nd until last Sunday the Gaza strip was the scene of bloody exchanges and broken undertakings to cease fire. Hurrying to and fro across the line, General Burns and his patient United Nations truce supervisory staff did their best to ward off *faits accomplis*, but could not help feeling ineffectual, while in London, Paris and Washington diplomats "used their influence" with both Israel and Egypt, and comforted one another with the thought that no physical action was called for under their mutual undertaking of 1950 so long as the affray kept to the rules of tip and run. The three guarantors take it to apply only in the event of full scale invasion or seizure of territory. This week, however, anxiety has somewhat abated. Both sides have accepted a cease fire; an Israel unit which broke it by mistake apologised—wonderful to relate—for its error, and General Burns has issued a report on the tireless efforts he has made since he got both sides talking at the end of June.

One matter for speculation is why the Egyptians broke off these talks on August 22nd, and (though nobody knows who fired the first shot in the affray that followed) why Cairo thereafter became so bellicose and provocative. Another is why the Israelis, who deliberately prevaricated to General Burns last week in order to carry out a big reprisal on an Egyptian headquarters, are this week complying with his rules. A possible cause of Egypt's erratic behaviour was a decision by the *junta* to tidy up the damage done to Egyptian foreign policy by Major Salah Salem's unduly violent propaganda against both the Sudanese and, earlier, the Iraqi governments. The diversion at Gaza deflected public attention from the domestic problem of his dismissal, and also rallied Iraqi support, thereby helping somewhat to restore Egypt's position as linchpin of the Arab League. The sobering cost of these successes, however, was the loss over Israel of a sizeable proportion of the Egyptian air force's small complement of Vampire jet fighters.

What is clear is that neither side wanted to keep up the pace, particularly on the eve of the UN Assembly. But the Security Council, which has been called into special session by the three great-power guarantors of the line, has no reason to be complacent about the reasons why the storm died down. Practical steps to prevent its recurrence are needed as much as ever. One such step would be to carry out General Burns's proposal for an "effective physical barrier" between the antagonists. An uncompleted fence is as uncomfortable to sit on as are the proverbial bayonets.

Calmer Kenya

THE Commander-in-Chief in East Africa, General Lathbury, has wisely insisted that the departure from the colony of 2,500 British and 1,000 African troops (the latter are needed in Uganda in view of developments in the Sudan) does not mean the end of the Emergency—yet. There remain 5,000 British and 7,000 African troops—a sizeable and costly garrison. But all the evidence suggests that Mau Mau as an offensive force is spent, and that it will increasingly be within the power of the police forces to contain it as their expansion and reorganisation are completed. The power of the Mau Mau oath has dramatically declined, which means that the roots of the conspiracy in the reserve are at last coming away. The Kikuyu tribe is



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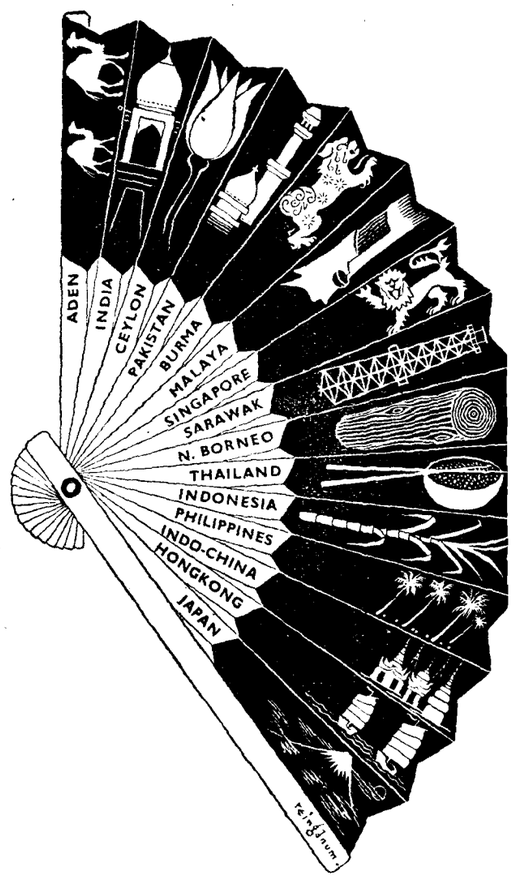

Spanning the East

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emerging from its fit of mania, though the job of hunting down the hard core terrorists will remain, and rigid precautions will have to be taken to prevent those returning from the detention camps from reorganising on some new basis. Nairobi must never again be allowed to become a centre of African organised crime and conspiracy.

As the direct cost of military operations falls off, the capital cost of rehabilitating and resettling detainees, and segregating irreconcilables, will grow. Britain is already largely financing the Swynnerton plan for developing African agriculture; but other employment and revenue-producing schemes will be needed as the rate of release of detainees rises. It may be doubted if Kenya's dependence on the British exchequer will decrease very rapidly, though some economies should be possible soon. The more hopeful prospect should not only enable the Government to get ahead with the colony's development plan, but should also encourage the foreign investor who has all along taken a remarkably optimistic view of the Mau Mau affair.

If the Emergency is not over, its end may well be in sight; and when it comes it will pose new political and psychological problems. Unfortunately, there is little sign that the European community is ready for them. It remains divided, and the initiative taken with the formation of the United Country Party seems to have died down. Yet there cannot be much doubt that the leaders of the three races will have to get together before long to discuss the further development of multi-racial government, and an opportunity may well arise when the Coutts commission reports on the future of African representation in the Legislature.

New Start in Jakarta

THE steps taken by the new Indonesian government to clean up the import situation are encouraging; they show a determination to get to grips with the twin problems of corruption and inflation which has hitherto been missing. The whole procedure of import licensing has been overhauled. A new office, under the central bank, replaces the many separate offices that formerly handled import licences. There has been a revision of the system of classifying imports according to whether they are essential, semi-essential, semi-luxury, or luxury goods and levying a graduated import tax. In addition, importers will in future have to deposit in advance the rupiah equivalent of the goods they wish to import.

Under the previous system corruption in the offices dealing with import licences was widespread. The late government was so intent on its policy of excluding foreign firms from the import trade that it allowed the position to get out of hand. Men of straw, providing they were Indonesians, were able to set up in the importing business; they made their profits by black-market sales of import licences or by acting as "front" men for foreign-owned firms. The former Minister of Economic Affairs disclosed some months ago that of 600 importers investigated by the government, only 10 per cent were found to be genuine. If the new measures succeed in rooting out this class of unnecessary middlemen it is probable that the price level of imported goods, which is in many instances exorbitantly high, will fall. This disinflationary effect should be reinforced by the new system of advance deposits of rupiah on application for import permits.

The Harahap government has made a good start on its economic programme. The tasks it has inherited from its predecessor are considerable—it has just been disclosed that the budget deficit will be 3,500 million, instead of 2,500 million rupiah as estimated by the previous government—and with the shadow of the elections hanging over it, the new cabinet is bound to move cautiously. Foreign businessmen, whose faith in the possibilities of future activity in Indonesia has been severely shaken, will be particularly keen to see if the new government is willing to act against the system under which remittances of money overseas were both severely restricted and heavily taxed. The improved outlook for rubber is timely indeed, as it has materially improved Indonesia's economic problem, thus giving the Harahap government a chance to rebuild confidence abroad. This is its main task for the present.

The Advancement of Science

EACH successive year gives the British Association more reason to wonder whether the present organisation of its annual conference is really the best for its supposed purposes. The conference serves, in theory, a double purpose. It is an occasion for reporting to the general public, in language capable of being understood at least on the Third Programme if not on the Home, on the "advancement of science" on all its far-flung frontiers; and it is an occasion for the cross-fertilisation of different types of scientific mind, for the surmounting of the barriers dividing one speciality or sub-speciality from another. Today, however, the proliferation of specialisms has reached a point where no participant in the annual conference can hope to make contact with more than a tiny fraction of his fellows; the best that can be hoped for is some mutual stimulus or illumination between those working in fields which, though formally separate, are closely related.

It should not be impossible, starting from the present division of the Association into sections, to do better than this. What is needed is a preliminary clearing of the papers offered, with an eye not only to intrinsic merit and interest, but to the special quality, in subject-matter and presentation, called for by the Association's objectives. It is the property of bridging a gap, of establishing parallels and frontier posts, of relating one discipline to another, of indicating possibilities of mutual assistance, which should be specifically looked for; not, by any means, to the exclusion of the matter now occupying specialists among the fellow-specialists of the sections, but for the purpose of reinstating the original idea of the Association as a general forum. Were this to be done, not only would the lay public get a view of the interrelations of scientific knowledge far more valuable than the snippets—however fascinating and representing however splendid an intellectual achievement—which it now absorbs every September; not only might certain specific lines of inquiry be fruitfully opened up; but something would be done towards abolishing that fatal distinction between the humanities, which unite and so magnify men, and the sciences, which divide and so diminish them. And that, surely, is a third important objective for the British Association to aim at.

Letters to the Editor

Cures for No Confidence

SIR—I disliked the second half of your article on this subject as heartily as I liked the first half. There is no doubt, as you so forcibly argued, that our external position at the moment is basically good, that our difficulties are due almost solely to undesirable domestic inflation, and that this can and should be removed by straightforward monetary and budgetary restraint.

If we do not have such a disinflationary policy, foreigners will not regard sterling as a sound currency to hold, even if the Chancellor were to take your advice and to protest that he had completely changed his mind and now believed in an immutably fixed rate of exchange for sterling. If we do have an effective domestic disinflationary policy, then the foreigner will soon trust sterling whatever the Chancellor may say about the exchange rate. Your advice to the Chancellor on this subject, therefore, misses the main point.

Indeed, Sir, if you will excuse my language, I consider this to be monstrous advice. You are suggesting that as a means of coping with the present *temporary* speculative position against sterling (which will certainly reverse itself as soon as we do bring our inflation under control and which our present reserves can meanwhile well finance), the Chancellor should commit us to maintaining *permanently* a fixed sterling exchange rate, regardless apparently of any virtues which such a system may have as a normal weapon when we have controlled our domestic inflation. Luckily no foreigner is likely to take any such commitment very seriously since the experience of 1949 (which has taught him that, whatever the Chancellor may say, an uncontrolled domestic situation will in fact lead to a depreciation) and of the EPU discussions in the last two years (from which he has learnt that a large section of influential opinion in this country—which may easily again express the predominant view in the future—favours a floating rate of exchange as a normal instrument of adjustment). These facts will, I am glad to say, inevitably lead us sooner or later to the correct solution—namely, first to bring the domestic situation under control by general monetary and budgetary policy and then to let the exchange rate float.—Yours faithfully,

London, N.W. 11 J. E. MEADE

[We find ourselves in virtually complete agreement with Professor Meade, and are at a loss to understand how he derived a different impression from last week's article. —EDITOR.]

Another New Town

SIR—In your note of August 13th it is suggested that the new town of East Kilbride has not fulfilled its purpose. You argue that advantage was taken of the fact that the town is in a development area to attract firms from England and abroad instead of from Glasgow, and that consequently the congestion of population in Glasgow was not reduced.

Under the Distribution of Industry Act 1945 Glasgow was scheduled as a development area. The purpose of this Act was not only to facilitate the dispersal of industry; the primary object was to diversify the industrial structure of the development areas. The transfer of firms from Glasgow to industrial estates in towns like East Kilbride would not help to achieve the latter objective. The English and foreign firms which have been attracted brought new industries to the Scottish Development area. This is shown by a study of the range of products manufactured on the Scottish Industrial Estates where most of these firms which came to the Scottish Development area are located. Furthermore, some of the English and foreign firms have drawn labour from Glasgow.

The transfer of industry from the city to the new satellite towns depends on the willingness of the Glasgow firms to move. Unpublished research recently carried out by the writer among firms in this area indicated reluctance on their part to change their location. Under these circumstances the new town of East Kilbride cannot be regarded as a failure.—Yours faithfully,

D. I. TROTMAN-DICKENSON

Europe's Century

SIR—As a student of international relations, I feel compelled to lodge a strong protest against certain misconceptions which have appeared in your review of Professor Renouvin's "Histoire des Relations Internationales," in your issue of August 27th. I do so knowing that in the past few years you have often given in your review columns a sympathetic reception to new writing in the field of international relations.

I strongly object to your obiter dictum that no advance in knowledge about international relations can emerge within the framework of "International Relations" as a separate academic discipline, or from the use of abstract theoretical models. Considerable advances in knowledge have already been achieved along these lines in this country, and in particular in the United States, and more will be achieved. Moreover, it is mistaken to describe efforts at improving the quality of theories about international relations as "attempts to apply the inappropriate methods of the natural sciences." All thinking, be it about the physical world, social behaviour or anything else, takes place on the basis of abstract ideas and theories. It is not a question of having or not having theories, but of having better or worse theories.

The historian's is only one of the several points of view from which international action can be studied, and only boundless conceit could make an historian claim that history is the only method by which human society can be studied. Professor Renouvin is a good historian of international relations, but let him not claim that what he is doing is all that can be done under the heading of international relations. Take for instance Marshall Aid. An historian would be satisfied with producing a narrative of how the programme was initiated, executed, and concluded. But for a student of international relations these would only be incidentals: he would be interested in Marshall Aid as a genus of the more general species of "foreign aid" and would wish to find out, e.g., how the interests that prompted it, its cost or institutional arrangements compare with other aid programmes, and what new light his knowledge sheds on the usefulness of foreign aid programmes as instruments of foreign policy.

Convinced that they have on their hands a field of study important enough in its own right, and knowing that even historians have something to learn from them, students of international relations will never agree to being called ancilliaries of the historians.—Yours faithfully, INTERNATIONAL RELATIONIST

An Egg Monopoly

SIR—An interesting light on the National Farmers' Union view of the likely popularity of the proposed Egg scheme among producers themselves is shed by the provision for inspectors to have power to enter farmers' homes "for the purpose of securing compliance with the scheme." Any obstruction of or interference with an inspector may be visited with a fine of £200.—Yours faithfully,

JAMES WALTERS

The Cheap Food League, E.C.2

A Concrete Objection

SIR—I have always admired the concise style of your articles and I was therefore surprised that your special correspondent at Geneva should write in the issue of July 30th that "a breakdown . . . had become a concrete possibility." Perhaps to a journalist there is a shade of difference between a concrete possibility and a probability which escapes the lay reader. He concludes by referring to the apparent avoidance by Stalin's heirs of "concrete proposals."—Yours faithfully, G. J. FLETCHER

Antwerp

Books & Publications

General Theory of Wages

CROSS PURPOSES IN WAGE POLICY. By R. G. Hawtrey.
Longmans. 158 pages. 7s. 6d.

THIS deceptively compact study deals with the theory and policy of wages from a new angle; that of their relation on the one hand to profit margins and the policy adopted towards them, on the other to monetary policy. Its aim is "to show the imperative need for co-ordination of wage policy" (as pursued not only by governments but by trade union officials) "with the decisions made in other branches of economic policy." The link between movements in wages on the one hand and profit margins and monetary magnitudes on the other is indeed demonstrated here with rare clarity and—for the most part—rare realism. (The treatment of overtime is anything but realistic; this failing, however, does not hurt the main argument.) True, Professor Hawtrey leaves entirely to one side that ethical and political element in wage determination which, for Professor Barbara Wootton, constitutes the heart of the matter; but he could justly claim that this element is implicit in what he says about differentials and their relation to the basic wage. Here is the economic framework of the wage edifice, redrawn to take account—as the classical marginal productivity theory does not—of the facts of imperfect competition, collective bargaining, and full-employment objectives. The politics of change, its ostensible or concealed motives, the terminology in which it is supported or opposed, are a legitimate study for sociologists; the economic factor still sets the limits.

The limits in question are not only those, most often invoked, beyond which a rise in money wages turns to inflationary fool's gold. There are also those particular limits that affect divergences, or assimilations, between particular rates of pay in different industries, expanding or declining, or for different types of skill; and there are the general downward limits, especially emphasised here, set by current monetary conditions and especially by the current relation of international exchange rates to comparative international costs, below which any standstill or "restraint" on money wages is either frustrated or a means of wastefully turning the terms of trade against the country practising it. Here is the major "cross purpose" of Mr Hawtrey's title. His wage analysis reinforces his indictment of the 1949 devaluation; his analysis of the 1949 situation reinforces his argument against the ensuing policy of wage restraint. The pound was, he says, rather undervalued than overvalued in September, 1949; it was grossly undervalued at 2.80 1949 dollars; here is the real reason for subsequent wage and price increases, which have left it, on his estimate, still undervalued today.

Overvaluation and undervaluation are, indeed, slippery terms in modern conditions. "Undervalued" in relation to what? To prices of British goods as compared with those of other countries, perhaps. But price lists may be, certainly were in 1949, and in many fields are today, largely nominal, a Barmecide bill of fare merely showing what would be charged for X, Y and Z if X, Y and Z were available or could be made so within a reasonable time. Even if "undervalued" on a calculation that ignores delivery dates, a currency constituting only a deferred, conditional and uncertain right to buy may be overvalued in relation to its genuine usefulness to holders. Mr Hawtrey makes the point clearly enough, none more so, when he prescribes a wage and price increase, coupled with stricter monetary and credit policy, sufficient to remove the pressure of brimfull employment; he fogs it with his alternative prescription of revaluation. Nevertheless his whole account of the relation between foreign exchange policy and wage policy is fruitful and illuminating to a degree. "Cross Purposes in Wage Policy" is a milestone in the development of theory.

American Symbol

ANDREW JACKSON: *Symbol for an Age.*
By John William Ward.
Oxford University Press. 286 pages. 28s. $4.75.

HOW has the cult of the self-made man attained such a vogue in America? How has it come to be combined with a belief in an overruling Providence and the assumption (illustrated in such a phrase as "nature's nobleman") that the products of nature (or of "the frontier," or of "the West") are always to be preferred to the products of art (or of "college professors," or of "the East")?

Mr Ward's book has not attempted a complete answer to this "ultimate" American question. What he has done, however, is to take an American figure who personified these attitudes in a remarkable degree and to examine the circumstances under which the man and the myths came to be combined. Andrew Jackson's age was the occasion for a national super-charging, so to speak, of all these elements in the American tradition. It gathered up the westward-looking and Providence-guided attitudes of Colonial times, the egalitarianism and independence of the Revolution, the aggressive imperialism of the war of 1812, and fused them all together with a new energy and drive, of which the hero of New Orleans and the war against the Bank was at once the prophet and the symbol.

Mr Ward has taken Andrew Jackson as he appeared to his contemporaries, or perhaps one should say as he was fashioned (often unconsciously) by his contemporaries, and shown how the image of the man embodied the values that the age cherished. With a historian's callousness he demonstrates how often the symbol diverged from reality—how, for example, the victory at New Orleans was not due to the untutored prowess of the frontier farmer, how "Old Hickory," so far from being a frontier Cincinnatus, was a *rentier* with a taste for French hand-printed wallpaper and cut glass. Debunking, however, is not Mr Ward's goal. More valuably and penetratingly, he goes on to demonstate how the utility of these symbols led to their adoption even by Jackson's political opponents, the Whigs; how indeed they served the nation as a whole by releasing Americans from the trammels of history and tradition while yet giving them the invaluable reassurance derived from belief in an overruling Providence or Manifest Destiny. He has written a highly suggestive and illuminating book.

Austrian Steward

BETWEEN LIBERATION AND LIBERTY.
By Karl Gruber. Translated by Lionel Kochan.
Deutsch. 240 pages. 18s.

BY a happy coincidence, the English translation of Dr Gruber's book reached the public on almost the very day on which Austrian liberty was at last achieved. Dr Gruber himself was Austrian Foreign Minister for eight of the previous ten years, and his own personal account of his stewardship is therefore both timely and welcome.

Dr Gruber writes with authority and, for a diplomat, refreshing candour. Nor does he hesitate to criticise. Indeed, when the German edition of the book was published in Vienna in 1953, some of his remarks were regarded as derogatory to the former Federal Chancellor, Dr Figl. In his foreword Dr Gruber emphasises that he had no intention of hurting anybody, "least of all a man such as Chancellor Figl." Nevertheless, he was obliged to resign.

His book was originally written as an answer to critics at home, who were insisting that Dr Gruber's foreign policy had failed in almost every direction, especially with regard to the Four-Power Occupation, Trieste and South Tyrol. This was palpably unfair, and Dr Gruber has demolished his opponents' case quite conclusively, though he is perhaps too

prone to claim as personal successes what were really developments of power politics that resulted from other influences than those he was able to mobilise and direct from Vienna.

The English reader of Dr Gruber's book will find it not only full of information, but also of delightful anecdotes and glimpses behind the diplomatic scenes. The translation, too, is on the whole excellent, though there are one or two pardonable liberties, such as the inclusion in the text of references to events which occurred after the German edition was published, and one or two obvious mistakes. One of these last, on page 124, is particularly unfortunate in that it will cause the unwary to conclude that "an effective, even if small, Austrian army" had already come into existence some years before the Four-Power Occupation ended.

But the merits of the book far outweigh such minor blemishes. Not least of them is the light thrown on Dr Gruber's own character. We see him as he undoubtedly is: outspoken, able, courageous and vigorous; a very good companion and a very unruly colleague. He acts and speaks and interviews the press as the occasion seems to him to demand, often without consulting his colleagues or even the head of the government of which he is a member.

What he said, and did, on such occasions was far more often right than wrong. But it presented his colleagues with *faits accomplis* which they had no alternative but to accept—unless they were prepared to sack the villain of the piece, Dr Gruber. It says much for his usefulness, not to say indispensibility, that he kept the post of Foreign Minister for eight highly inflammable years before being "exiled" to Washington as Ambassador. He is still a young man and it is highly improbable that he will stay in "exile" for ever; now that the liberty he fought for has actually been achieved, his countrymen may again find his dynamism useful.

From Madhouse to Hospital

LUNACY, LAW, AND CONSCIENCE, 1744-1845.
By Kathleen Jones.
Routledge and Kegan Paul. 250 pages. 21s.

MRS JONES has achieved something of a triumph. She has tackled a subject that is hardly intrinsically attractive—a hundred years of change in the laws about lunacy and in the public attitude to it—and has written a vivid and readable book.

At the beginning of her century there was little recognition of the insane as a separate class. Their behaviour might lead them to prison for a criminal offence, to a workhouse under the poor laws, or to a Bridewell under the vagrancy laws. If the lunatic had some means, or if his relations would pay for him, he might find himself in Bethlem, then the only public hospital in England for the care of the insane, or in a private madhouse where he was little better cared for than in gaol. Or, if he remained at home, he might be still worse off:

> The portion of the domestic accommodation usually assigned to these unfortunates is that commonly devoted to the reception of coals . . namely, that triangular space formed between the stairs and the ground floor. In this confined, dark and damp corner may be found at this very time no small number of our fellow-beings, huddled, crouching and gibbering, with less apparent intelligence and under worse treatment than the lower domestic animals.

By the end of her century and with the passage of Lord Shaftesbury's Lunatics Act in 1845, the basic structure of the law and its administration had taken on a shape familiar to us today. County asylums had been built; minimum standards of care established · the Lunacy Commissioners had been appointed and given powers of inspection of all types of institution; and regulations about certification had been made. Although in the last hundred years many names and titles have been altered and the skeleton has been clothed, its bones are still there. So, too, are some of the problems that the reformers battled with then—overcrowding, shortage of money, lack of suitable and sufficient staff.

Reform came through the efforts of a handful of enlightened pioneers, the Townshends, Godfrey Higgins and the Tukes in York, Robert Gordon, Seymour and Shaftesbury himself. But the zeal of these men only succeeded because social reform was in the air and because of the public disquiet caused from time to time by revelations of appalling conditions in private madhouses, by notorious cases of wrongful detention and by the treatment of King George III. Mrs Jones breathes life into her account by free quotation from contemporary sources, newspapers, Hansard, reports of Select Committees, reports of the Lunacy Commissioners, and from the case-books, visitors' books and household accounts of the institutions of the time.

Reform is in the air again. The author has no explicit message; but if this book has an implicit one it is to counsel caution in dismantling the framework of inspection, certification and control so painfully built up. We should beware lest an excess of liberating enthusiasm have an effect contrary to what is aimed at and reopen the door to the ill-usage of the mentally sick.

The Pangs of Freedom

INDONESIA: *LAND OF CHALLENGE.*
By Margueritte Harmon Bro.
Gollancz. 274 pages. 15s.

INDONESIA badly needed a book like this one. It treats its problems with sympathy but on a firm factual basis, avoiding the equally harmful extremes of the sentimental, starry-eyed approach, and of the patronising treatment favoured by westerners who lament the passing of the old order. It is only too easy to make fun of newly independent nations, like Burma or Indonesia, as they take their first bites at the bitter fruit of reality. It is equally easy to blind oneself to shortcomings of policy and of execution by donning glasses focused on a vision that exists only in the wearer's imagination. But neither of these subjective approaches is helpful.

Margueritte Harmon Bro is the wife of a former American cultural attaché in Djakarta. She spent a year and a half wandering over the scattered islands of the old Dutch empire, and she returned to the United States with an awareness of their diversity which she would have lacked if she had concentrated her attentions, as so many observers are forced to do, upon the rich but overcrowded island of Java. She writes with more enthusiasm than skill and with a sense of perspective rather than with profundity. But the scope of her book is wide: the visual impression is not allowed to swamp the exposition of Indonesian problems, such as the building of a democratic structure on uncertain foundations; the transformation of the nation's dietary habits in the interests of public health; and the development of industry by a people whose investment potential, as elsewhere in Asia, is negligible. Mrs Bro's presentation of the historical background is, on the whole, both fair and accurate, though her account of the Westerling episode leaves much to be desired. She achieves the considerable feat of being pro-Indonesian without being anti-Dutch.

The value of her book is primarily as a layman's introduction to a complex problem but even the specialist, though he will see little in it that he had not already learned from scattered sources, will find it useful as a handy compendium of the essential facts and arguments.

Coiners' Art

ART IN COINAGE.
By C. H. V. Sutherland.
Batsford. 223 pages. 25s.

THE deputy keeper of coins at the Ashmolean Museum, Oxford, and former President of the Royal Numismatic Society calls his book "the aesthetics of money from Greece to the present day"; and of money as coins alone, so indeed it is. Author and publisher deserve credit for their display (147 first-class plates of coins) and catholicity of choice. Here are the idealistic symbolism of early Greek coins, the advancing naturalism of those coming after, the rudimentary Celtic and Roman essays, the faces of Vercingetorix and Caesar and (looking like young George IV) Augustus, then Galba (like Wellington) and the Illyrian toughness of a beetle-browed Diocletian; then the Christianised idealism of the last Western emperors, the formalism of Byzantium, and "the shock of recognition" in the first uncouth Saxon coins; and finally, the beauty of medieval coinages, leading to the enlightened gentility of the seventeenth and eighteenth centuries, with Thomas Simon's "petition" crown for Charles II as frontispiece. Dr Sutherland and his publishers had them specially photographed and magnified.

The author's text shows a wide awareness of what coinage did in the ancient world—indeed, until quite recently in an illiterate West—as well as of aesthetic and socio-economic history. This beautiful book should stand alongside Professor Michael Grant's recent "Roman Imperial Money" on the shelves of those who enjoy handling the long-enduring records, publicity and likenesses of dead rulers. As befits one who wrote on coinage in Roman imperial policy, Dr Sutherland relates the beautiful work of the coiners to high policy in other ages: the coins of Edward III (struck both in England and France) and of the first Elizabeth are outstanding in this respect. And it is nice to note the author's concern that in every possible case the artist's name should be given. British artists show up well, down to the Wyons of Birmingham who gave us such beautiful coins under George IV, "silly Billy" and Victoria. The author thinks a medallic renaissance is on the way. He has done much in his book to stimulate interest and delight in an oft-forgotten but very old art.

Achievement on Everest

HIGH ADVENTURE.
By Edmund Hillary.
Hodder and Stoughton. 224 pages. 16s.

EVEREST was a challenge to this generation in much the same way as the North and South Poles were to the generation of Peary, Scott and Amundsen. Nothing could have been more dramatic than the announcement of the news that the summit of Everest had been reached, on the morning of the Queen's Coronation. But although Everest has been scaled, there remain for the mountaineer many climbing problems in the Himalayas that may prove as difficult to solve.

Sir John Hunt, the leader of the expedition, Tensing—the Sherpa—and Noyce have all given their stories to the world; now comes Sir Edmund Hillary's account. Almost exactly half of "High Adventure" is concerned with the successful ascent of Everest. Sir Edmund's is a first-person singular narration of what is by now a fairly familiar tale, but unhappily very little of the personality of the narrator emerges from the account. Hillary is most generous in his references to Sir John Hunt, to Tensing, and to the other members of the expedition, and his colleagues come to life as personalities far more vividly than the self-effacing author. The account of the climb itself, though it dots some i's and crosses some t's, does not add materially to the facts that are already known.

The first half of the book is concerned with Hillary's climbs before the final Everest expedition; this part of the book is a disappointment. One would like to know more of the training and experience in New Zealand that made Hillary one of the world's great masters of ice- and snow-craft, but only four pages are devoted to this period of his climbing career. Sir Edmund is too modest: he does not realise that people are interested in him as a man, and in the details of how he finally achieved such a complete mastery of climbing techniques. The remainder of the first half of the book is concerned with Hillary's Himalayan climbs, with Shipton and others, before the final successful attack on Everest.

The Collector's Primer

THE CONCISE ENCYCLOPAEDIA OF ANTIQUES: *Vol. II.* Edited by L. G. G. Ramsey.
The Connoisseur. 279 pages and 192 monochrome plates. 42s.

THE aim of this work, as stated by the editor in a foreword to the first volume, which appeared last year, "is to give essential primary knowledge, supplied by expert writers, for further study. . . ." It is interesting to note that the scope of both volumes is almost embraced by the varied immensity of the Victoria and Albert Museum's collections. Two conspicuous exceptions occur among the thirty articles in this second volume, postage stamps and ship models, neither of which are "V & A" subjects. Bibliographies are appended to the articles; glossaries help to illuminate the beginner's path.

There is here abundant material for an amateur quiz. Maundy money, as a special issue, dates from the reign of George II. Ormolu, a roughly and readily English term for the gilt bronze mounts typical of French eighteenth-century furniture, derives from *bronze dorée d'or moulu.* Pianos were first made in England around 1760. The finest silhouette portraits were painted, not cut out with scissors. Until about 1755 all our heraldic porcelain services

> were made in China, at Ching-te-chen, and were ordered through the agent of the East India Company or the resident merchants at Canton, and there painted with a coat of arms, of which a sketch or bookplate had been sent out from England.

The collector has inevitably given birth to the faker. Postage stamps attracted two classes of forger, one seeking to defraud the postal revenue, the other to ensnare collectors. Mr Robson Lowe of *The Philatelist* contributes an article on stamp faking that will fascinate the least philatelically inclined reader. A certain Alfred Benjamin and his colleagues did so well out of imitations of two early New South Wales stamps, the so-called "Sydney Views," that "when Benjamin acquired a new home in Kennington he called it 'Sydney View Villa.'"

The Connoisseur enjoys a special advantage in furnishing half-tone blocks for such a work on a lavish scale. The price of two guineas per volume seems to offer extremely good value.

The Politics of the Prussian Army 1640-1945
by GORDON A. CRAIG

A political history of the Prussian army, and the German army which inherited its traditions, from the beginning of the Hohenzollern state until the death of Hitler. The chapters on the Weimar Republic are rich in new material. 50*s. net*

Vichy—Political Dilemma
by PAUL FARMER

Dr. Farmer writes of the Vichy period with sympathetic understanding, with a minimum of moral judgement, and with the realization that he is too close to the events described to reach final conclusions. (*Columbia University Press*) 30*s. net*

SURVEY OF INTERNATIONAL AFFAIRS 1939-1946
The Realignment of Europe
Edited by
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This volume deals with the political and territorial reshaping of Europe after the retreat of the German armies, with the emergence of new régimes from the political vacuum left by the war. (*Published under the auspices of the Royal Institute of International Affairs*) 60*s. net*

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Shorter Notices

THE PUBLICATIONS OF THE CHAMPLAIN SOCIETY XXXIII; *Dufferin-Carnarvon Correspondence* 1874-1878.
Edited by C. W. de Kiewiet and F. H. Underhill.
The Champlain Society, Toronto. 498 pages.

"RISE CANADIAN!"
By Margaret Bellasis.
Hollis and Carter. 286 pages. 21s.

The lively private correspondence between a Governor General in Canada and the Colonial Secretary in London is the raw material of a crucial four years in Canadian history. The new nation, only seven years old, was in the throes of depression and frustration. The first attempt to build a railroad across the empty western plains to the Pacific province as the physical basis of the national dream had ended in a resounding scandal that had brought down the first Conservative government. The new Liberal government was left to struggle with the problem of building a nation on a shoe string. Besides problems of internal cohesion, both physical and political, there were acute problems of external relations, notably reciprocity in trade with the United States, to be dealt with against a background of gradual and insistent evolution of Canada from colonial dependence to independence. This is a book for the specialist, perhaps, but it gives an exciting inside view of what these changes looked like to some of the chief actors in the drama.

The second book gives an intimate view of another critical period in Canadian development, not in the form of original documents, but in a narrative account of the events and an evocative description of the places and people involved in the brief rebellion of 1837 in Upper Canada. The writing is effective and the author has most realistically conjured up the colonial community in which the opening skirmish for a new British Commonwealth was being fought.

★

THE OLD TURKEY AND THE NEW.
By Harry Luke. *Bles.* 254 pages. 16s.

This book provides an invaluable background to any study of modern Turkey. It is a revised and up-to-date edition of a book first published by Sir Harry Luke in 1936 under the title, "The Making of Modern Turkey." It is not, and is not meant to be, a detailed and comprehensive history, but is rather a description of the nature of the Ottoman Empire and of the causes and manner of its development into the modern Turkish state that we know today. As the author points out, in the Ottoman Empire's long years of decline, when the great Powers were so "benevolently articulate" over the misfortunes of the Sultan's subject peoples, few fared worse than the Turk himself, who was ceaselessly called upon to expend his own blood and money so that the Sultan might maintain his sway over his heterogeneous empire. The Turks were, in fact, "the last of the subject races of the Ottoman Empire to achieve their national emancipation," and the description of the steps by which they achieved this provides one of the most interesting sections of the book. A new chapter briefly covering the last thirty years has been added to this new edition; but unfortunately it is not of the same high quality as the rest of the book.

THE AMERICAN LEGAL SYSTEM.
By Lewis Mayers. New York: *Harper.* London: *Hamish Hamilton.* 598 pages. 52s.

This massive work gives a systematic account of American legal institutions, including city, state and federal courts, administrative tribunals, voluntary arbitral bodies and certain kinds of military courts. The work is intended both as a manual for students and as a work of general reference and well fulfils both purposes.

★

AMERICAN AGRICULTURE: *Its structure and place in the economy.*
By Ronald L. Mighell. New York: *John Wiley and Sons.* London: *Chapman and Hall.* 187 pages. 40s.

Mr Mighell's book is part of a series of monographs that seek to present in a readable and informative manner some of the findings of the Bureau of the Census. The present volume—which is rich in graphic material—will give both the general reader and the researcher a valuable picture of American agriculture.

★

LABOR DISPUTES AND THEIR SETTLEMENT.
By Kurt Braun. *John Hopkins Press.* (London: *Geoffrey Cumberlege.*) 342 pages. 48s. $6.00.

This book explores the various forms of settlement devised for industrial disputes. Mr Braun examines direct negotiations, conciliation, arbitration and court procedure, principally in the United States, but also with reference to certain instances abroad. The book is particularly useful in its review of the history of labour legislation and quasi-judicial practices.

Books Received

WILLING'S PRESS GUIDE: *Eighty-first Annual Issue,* 1955. *Willing's Press Service.* 658 pages. 21s.

PAPER: *Its Making, Merchanting and Usage.*
Edited by S. Carter Gilmour. *The National Association of Paper Merchants,* London, in conjunction with *Longmans.* 335 pages. 30s.

A MANUAL OF FOREIGN EXCHANGE: *Fourth Edition.* By H. E. Evitt. *Pitman.* 269 *pages.* 16s.

FISHERIES YEAR-BOOK AND DIRECTORY, 1955: *International Reference Book and Directory of the Fishing and Fish Processing Industries.* Edited by Harry F. Tysser. *British-Continental Trade Press.* 444 pages. 20s.

BRITAIN: *An official handbook,* 1955 *edition. Her Majesty's Stationery Office.* 447 pages. 10s.

THE FORM OF PUBLISHED ACCOUNTS OF LOCAL AUTHORITIES.
The Institute of Municipal Treasurers and Accountants (Incorporated). 185 pages. 42s.

THE STRUCTURE OF ENGLISH EDUCATION.
By Roger Armfelt. *Cohen and West.* 207 pages. 12s. 6d.

LEU AND CO 1755-1955: *Two Centuries of History in the Life of a Swiss Bank.*
By George Soloveytchik. Zurich. 53 pages.

EXPERIENCE IN URBAN REAL ESTATE INVESTMENT: *An Interim Report based on New York City Properties.*
By Leo Grebler. *Columbia University Press* (London: Geoffrey Cumberlege). 295 pages. 72s.

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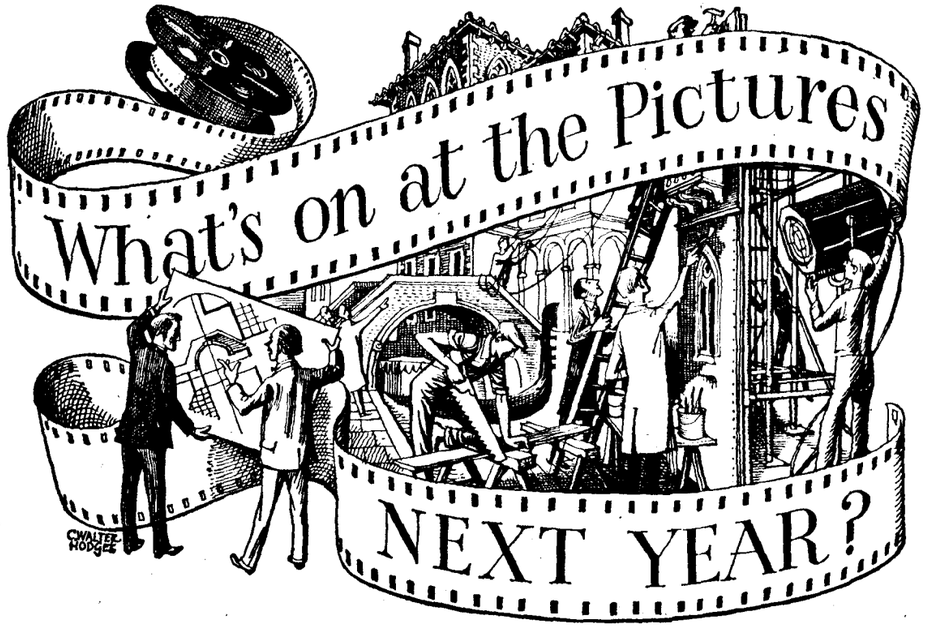

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American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Too Many Businessmen ?

Washington, D.C.

WITH the Republicans bringing their top professionals to Washington for a refresher course in campaignmanship, and with Mr Harry Truman re-entering active politics with a new series of speeches in his own hell-giving style, the world has been put on notice that yet another American election is only fourteen months away. The ex-President's formula is a simple, some might say crude, one: a personal swipe at Mr Eisenhower to bring him down to political earth, followed by heavy emphasis on the excessive number of businessmen in his Administration and personal entourage.

There is certainly nothing new about having businessmen in the government. There were plenty of them there under the New Deal. But the difference then was that Mr Roosevelt liked to have conflict within his official family. While the businessmen pushed their way of looking at things, radicals like the late Mr Ickes counter-attacked all along the front, and Mr Roosevelt picked and chose the advice to be acted on as he felt inclined. In Mr Eisenhower's Administration there is greater homogeneity of outlook: the President has much the same awestruck respect for successful businessmen that Mr Truman had for successful generals such as Mr Eisenhower.

The true complaint is not so much that the bankers, company presidents and corporation lawyers are there, as that there are no countervailing influences in the Administration. Moreover, there is a further refinement. The Democrats, especially the liberals among them, have a guilty conscience over the peculation which brought the Truman Administration so low in public esteem. Those, particularly in the party's National Committee, who believe that attack is the best form of defence, are therefore pushing the theme that, while under the Democrats there may have been some petty pilfering of the pocket, under the Republicans there is a grand corruption of the soul.

This is based on the argument that the ethical standards forged in the battles of business make most men insensitive to the proprieties of public office. Even when they are not, as in the case of Mr Talbott, the late Secretary of the Air Force, actually promoting their private affairs on official notepaper, they are still so instinctively in tune with the industry from which they came that they cannot attain the detachment required to assess the national interest. Moreover, it is maintained, although some of the local politicians promoted by the Democrats to office showed little weaknesses, the Republican businessmen have one great disabling weakness, their inability to show humanity towards the ordinary citizen.

Mr Truman's brimstone was not entirely unrelated to his party's activities in Congress. In fact, the relatively few committees which are headed by Democratic liberals have been hard at work "compiling a record" to support charges that businessmen dominate this Administration. One of the main battles of the coming session is likely to rage around an accusation which Mr Truman specifically echoed—that the so-called independent regulatory agencies have been captured by the businesses they are supposed to police and have been assimilated into the ordinary structure of the Administration.

★

These agencies, of which the Interstate Commerce Commission, set up as early as 1887, is the prototype, are established by statutes that breathe distrust of the methods of business. The Federal Trade Commission, for example, is supposed to conduct long-range economic studies into the prospective wickedness of businessmen who seem to be moving toward the cornering or division of a market. As opposed to the Justice Department's Anti-Trust Division, with whose work it does in fact frequently overlap, the FTC's medicine is supposed to be preventive, its "cease and desist" orders anticipatory. The Securities and Exchange Commission, to take another example, was erected in 1935 on the ruins of big business's disgrace, to restore some respectability to Wall Street, and to keep a special eye on the suspect structure of private utility companies.

The case against the Eisenhower Administration is that, to put it at its politest, the principle of "set a thief to catch a thief" has been much overdone. For instance, with the much disputed appointment of Mr Patterson to fill the last vacancy, every position on the Securities and Exchange Commission is now occupied by a man who has been either a member of, or lawyer for, a large financial corporation. Already two congressional sub-committees, the Evins sub-committee of the House and the Kilgore-Kefauver sub-committee of the Senate, have started investigating the regulatory agencies; there are ten of them altogether.

So far attention has mainly been concentrated on their constitutional position. They are curious hybrids which fit awkwardly into the conception of a separation of powers. Congress habitually claims they are partly legislative, since it delegates rule-making powers to them, and partly judicial,

since they issue orders enforceable in the courts; but it denies that they are in any way part of the executive, except in so far as the President, with the Senate's approval, appoints their members. This peculiar position arises to some extent from the legislature's reluctance to delegate any of its powers to its rival, the executive. Hence, when powers have to be delegated, a function of government is hived off into a limbo of its own, where it is supposed to have a special relationship with Congress which it does not have with the President. So that these regulatory agencies shall look as little like administrative departments as possible, they are made multiheaded; so that there shall be a built-in conflict of wills, and no subservience to the President, they are made bi-partisan. But the agencies' position is also based on the illusion that important issues of principle can be decided, according to the facts, by an expert body outside the ordinary political process.

So pleased has Congress been with the device that, when a new function of government appears, such as the development of atomic energy, it is liable to be put under a multi-headed commission, whether or not there is any real judicial, or even legislative, function involved. This has resulted, naturally enough, in many crossed wires and much looseness of structure. In order to tidy things up, a Democratic Congress in 1950 accepted Mr Truman's order giving the President the right to appoint the chairmen of the commissions and to invest them exclusively with "executive and administrative" powers over the staff and agenda. The liberal Democrats proclaim that this change has been grossly abused until the chairman of the Securities and Exchange Commission, a man in a quasi-judicial position, the head of an "independent arm of Congress," has, according to Senator Kefauver, been caught meekly accepting instruction over the telephone from the White House.

No one has yet been able to demonstrate very conclusively that the regulatory agencies have in fact allowed businessmen to compete less, or less scrupulously, since the Republican Administration took office. But during the next fourteen months Democrats in Congress, spurred on by Mr Truman, will spare no effort to prove that this has actually been the case. This will be part of their broader effort to convince the voters that under the Republicans the relationship between businessmen in government and businessmen outside has been altogether too close.

Gentleman of Japan

TEN years after Japan's surrender on board the United States battleship *Missouri*, Japanese toy automobiles and electric trains are pouring into the American Christmas market, and Mr Mamoru Shigemitsu has been received in Washington and New York as an honoured guest. That Mr Shigemitsu was Japan's foreign minister when he signed the articles of surrender and is so again to-day illustrates the dramatic improvement in relations between conqueror and conquered, but that this relation still obtains is shown by the results of his talks last week with Mr Dulles.

Mr Shigemitsu came to Washington with three main purposes: he wished to re-examine the time schedule for Japanese rearmament and the withdrawal of American troops; he desired an amnesty for the 210 war criminals over whom the United States still retains jurisdiction; and he hoped that the territorial and administrative status of the Bonin and Ryukyu islands might be discussed with a view to their return to Japanese sovereignty. At the same time, Mr Shigemitsu included New York in his trip in order to press Japan's claims for admission to the United Nations. Although he declared himself "pleased" at the end of his mission, and although his attractive daughter charmed the American press, it seems clear, nevertheless, that he obtained significant concessions on none of his main points.

Mr Shigemitsu proposed a defence plan which would put 180,000 men in the Japanese ground forces by 1958; in exchange, American troops would be evacuated by that date. Mr Dulles and his advisers, on the other hand, feel that it would be unwise at present to fix a date for evacuation, and suggested that 350,000 soldiers is the minimum needed for Japanese security. On the question of war criminals who are still imprisoned, Mr Shigemitsu was assured that the matter "will be kept under continuous and urgent examination," but it was emphasised that it touched on the parallel problem of German war criminals and could not be rapidly resolved. As to territorial questions, the American government maintained that, in the present state of tension in the Pacific, it would be unwise to restore to an unarmed Japan islands vital for western defence. The only points, in fact, on which Mr Shigemitsu obtained any real gains were on the settlement of accounts for American economic assistance and on a gradual reduction in Japan's contribution to the costs of the American occupation; these have already been reduced from an initial $150 million a year to $105 million.

Paradoxically, Mr Shigemitsu's most encouraging hour in the United States was the one he spent with his former foe, General Douglas MacArthur. The latter stated that all war criminals should now be freed, that American troops should be withdrawn from Japan as soon as possible, and that Japan should stick to a purely defensive foreign policy. With rare modesty, however, the General added that advice was worth what it costs—nothing; with this piece of Oriental sagacity Mr Shigemitsu now returns to face his impatient colleagues in Tokyo.

Cars by the Million

AFTER a strike of only six hours, the Chrysler Corporation last week accepted the principle of a "guaranteed annual wage" and signed a three-year contract with the United Automobile Workers. This means that the "big three" of the American automobile industry, General Motors, Ford and Chrysler—who between them produce 95 per cent of all American cars—have secured three years of industrial peace. Of the three small producers, American Motors, which manufactures the Nash and the Hudson, followed Chrysler's example a few days later—although the UAW adjusted its demands to fit a less prosperous company—and the Studebaker-Packard Corporation is still negotiating. It is expected that this company will follow suit in order to avoid industrial trouble during the crucial last months of the year when 1955 models must be disposed of and 1956 models introduced.

The Chrysler settlement will, it is estimated, cost an extra 23½ cents an hour per worker. A year ago it would have seemed highly improbable that Chrysler could absorb such a rise but its recovery in 1955 has been spectacular. So far this year, it has sold more than twice as many cars as during a comparable period in 1954: output of its Plymouth has increased from 260,000 to 519,000; it has produced 120,000 more Dodges than in the first three quarters of 1954 84,000 more DeSotos, and nearly 60,000 more Chryslers. This is to some extent the result of the general increase in automobile output which is expected, this year, to attain the all-time record figure of 7 million cars. But Chrysler has also captured a large share of the market, mainly because of its re-styling, which produced the 1955 "Forward Look," and also because it has concentrated on the dealer's end of the industry.

Early last year, Chrysler launched its "Dealers Enterprise Plan" under which dealers are required to put up 25 per cent of the cost of their new agencies. At latest count, the corporation has invested $3,800,000 to help finance 40 new outlets. Last week, moreover, Chrysler decided to market the Plymouth, its cheaper car, separately from its other three makes. This "divisional-line system" of distribution is intended to make the dealer concentrate on one kind of car and to enable him to stock it in all colours.

★

All automobile manufacturers realise that, in the present state of fierce competition, increasing production and rapid change-over between models, the dealer's role is an essential one. Dealers, however, feel that they are being asked to do the impossible: already they have more than 700,000 new cars on hand and automobile makers are, on the whole, not reducing production nearly as much as is usual during the slack season of the year. Early 1956 models are already coming in with the 470,000 cars to be produced this month and nearly all the new lines will be out before mid-November; most of their novelty is found in safety devices and styling. In their attempt to keep pace with production, some dealers have instituted fantastic "give-away" programmes, bonuses and ever more liberal credit terms; but most dealers find that the only solution is to accept a very small profit margin and hope that the American habit of having several cars to a family will become widespread. An abortive attempt to sell Chevrolets to Bulgaria and the announcement by General Motors that it was ready to resume trade with the Soviet Union suggests that harassed dealers and distribution managers are looking far afield.

Tension in Mississippi

IT was coincidence that the murder of a Negro boy, after he had allegedly been rude to a white woman, in Mississippi was followed immediately by a federal investigation of whether the civil rights of Negroes had been violated in the recent election in the same state. But both spring from the bitterness that has been growing there, and in some other parts of the South, since the Supreme Court's insistence on racial integration in the schools struck at the heart of the doctrine of "white supremacy." It is a doctrine that probably has more psychological importance in Mississippi than anywhere else, for this is the poorest state in the union, with the pride that goes with poverty, and it has a higher proportion of Negroes, nearly half the population, than any other state.

State officials deplore the boy's murder but they can hardly be surprised if their inflammatory words of defiance of the Supreme Court are translated into violent deeds by more simple-minded members of the community. The voting practices of which the federal government is suspicious are the direct outcome of the attempt to evade the Supreme Court's decision. They followed the adoption by the State Legislature at its last session, of a special constitutional amendment specifically designed to keep Negroes from the polls. This amendment was the companion of another, providing for the abolition of the state school system, if need be, to maintain racial segregation.

Those who wanted to vote for a new Governor last month were required to be able to read, write and interpret the constitution to the satisfaction of the local registrar—who was not easy to satisfy when a Negro presented himself. It is also alleged that many Negroes were kept from the polls by threats and economic pressure and that, when they did vote, their ballots were not counted. Whether in fact the federal government has constitutional power to interfere with an election in which only state offices were contested is not certain. But the publicity given to its attempt to interfere, and to the abuses for which the Democrats are responsible in one-party Mississippi, will help the Republicans when they woo Negro voters in the North.

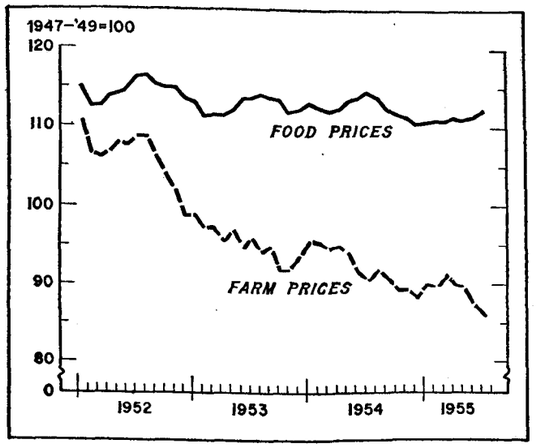
Battle Lines on the Farm

WITH farmers' incomes falling steadily and with many of the marginal political areas in agricultural states, the Democrats are mobilising for a concentrated attack on the farm front between now and November, 1956. The Republicans are equally conscious of their vulnerability as a result of the blatant contrast between the depressing agricultural statistics and the boom throughout the rest of the economy. The trouble is not that farmers are poverty-stricken, but that they are less prosperous than everyone else; they are still doing far better than they were before the war.

Republicans point out that the average for farm incomes a head is pulled down, because no differentiation is made in the calculations between the 2 million commercial farms which produce 90 per cent of the country's agricultural marketings and the 3½ million which are so small and unproductive that they cannot provide a satisfactory livelihood at any time. But this argument may rebound, for it points up the Democratic claim that the present Administration has favoured the wealthy large farmers, at the expense of the struggling small ones, by its price policies and by its curtailment of the Department of Agriculture's advisory and development services.

Another statistical divergence which will help the Demo-

crats to argue that this Administration has done more for big business than for farmers is the steadiness, and the recent rise, in the retail food price index in spite of the decline in the farm price index. But this is a question which has attracted much expert attention, and there are well-documented answers to the contention that the high



profits made by food processors and salesmen have kept the benefits of falling farm prices from reaching the housewife. It is, in fact, she herself who is mainly to blame for this; her growing insistence on packaged, frozen, pre-mixed and pre-cooked foods means that she is paying for convenience, for "maid and cook service" as well as for food service. As a result labour costs are an ever more important factor in food costs—and wages have gone up in this industry as in every other. So have the costs of packaging materials and of transport.

Vaccine's First Campaign

ALTHOUGH the poliomyelitis season in the United States extends to the end of September, Mr Marion Folsom, the recently appointed Secretary of Health, Education and Welfare, feels justified in saying that, according to all available indications, the Salk vaccine has proved effective. The most substantial figures so far have come from Massachusetts, which has suffered one of the worst polio epidemics in its history, and from New York. In Massachusetts there were fifteen cases of polio among every 10,000 people who had not been vaccinated, but there was less than one case for every 10,000 among those who had received two or more injections. In New York City and State, the ratio of paralytic illness was 6.8 to 100,000 among the unvaccinated and only 2.5 to 100,000 among the 519,000 children vaccinated, even though most of these had only been given one injection, instead of the prescribed three. Tentative figures showing similar ratios have been recorded in twenty-three states.

These results, however, are exceedingly difficult to evaluate because no one knows as yet how the 1955 polio season will compare with previous years; so far, the number of cases appears to be running below the 1949 and 1952 totals. Moreover, it will take several more years before really extensive comparisons can be made between the incidence of polio among vaccinated and unvaccinated children in various age groups and between different localities; in some places periods of epidemics are followed by a nearly total absence of the disease. Finally, no one knows how much immunity is conferred by one injection and the tragic accidents that attended the first use of the vaccine have kept most parents from letting their children receive the booster injections which Dr Salk himself judges essential.

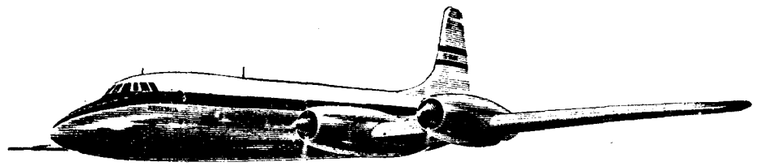
These accidents were mainly associated with vaccine manufactured by the Cutter Laboratories of California. In a report released after four months of intensive investigation, the Surgeon General has announced that "a combination of inadequate inactivation and failure of the safety tests" permitted the presence of live virus in some batches of Cutter vaccine. No explanation whatever was given of why this should have happened to only one manufacturer and the government emphasised that its own safety tests had been at fault in not detecting the virus. New standards of manufacture and inspection have been instituted and Mr Folsom asserted that in consequence there had been "no case of living virus getting through."

The $64,000 Question

New York.

EVERY Tuesday evening at 10 o'clock nearly a third of the population of the United States tunes in to America's most popular television programme—the Columbia Broadcasting System's "$64,000 Question." Breaking records in what is normally regarded as the "off-season" for television, this show, with nearly twice as many regular viewers as its nearest competitor, has become a national phenomenon and front page news.

To win the grand prize, the contestant over a period of four weeks must answer correctly eleven progressively more difficult questions on his chosen subject, ranging from jazz to the Bible. On his first appearance he may advance, if he is lucky, by a form of "double or quits" from $64 to $8,000, and is then given a week to decide whether he wishes to risk his all (except for a $5,250 Cadillac convertible "consolation prize") for $16,000; the following week for $32,000; and finally, with the help of any expert he chooses, for the so far unplumbed gold mine, $64,000, of which the government would take $31,150 in taxes. To reassure viewers that the show is not "fixed," a genuine bank official sits, cheque in hand, flanked by two imposing bank guards; an electronic machine impressively sorts out the appropriate sealed question; and a glass-fronted isolation booth is provided where the contestant may reflect during his purgatory. In this fashion a policeman with a remarkable knowledge of Shakespeare, a grandmother questioned on the Bible, a shoemaker of Italian descent with an expert knowledge of opera, a little twelve-year-old Negro girl who is a spelling champion, and a Marine Corps captain with a memory for



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The Bristol Britannia is a long range airliner powered by four Bristol Proteus free turbine turboprop engines. With its maximum payload of 28,000 lb the still air range of the Britannia 300LR is 4,940 statute miles, and with 16,000 lb it is 6,220 miles. Its cruising speed is in the 350-415 mph range. This aircraft is developed from the Britannia 100, now being produced for British Overseas Airways Corporation, but is fitted with the more powerful Proteus 755 engines giving 4,120 equivalent brake horsepower. The Britannia 250LR general purpose cargo/passenger version can carry more than 80 passengers and several tons of freight over ranges similar to the Britannia 300LR.

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A total of 36 Britannias is on order for airline use; three more are being supplied to the British Government for trooping duties and a maritime reconnaissance version of the aircraft is being built by Canadair Limited of Montreal.

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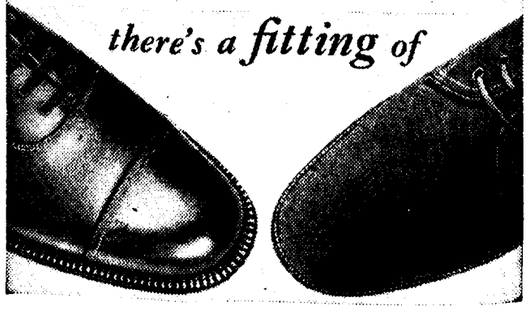

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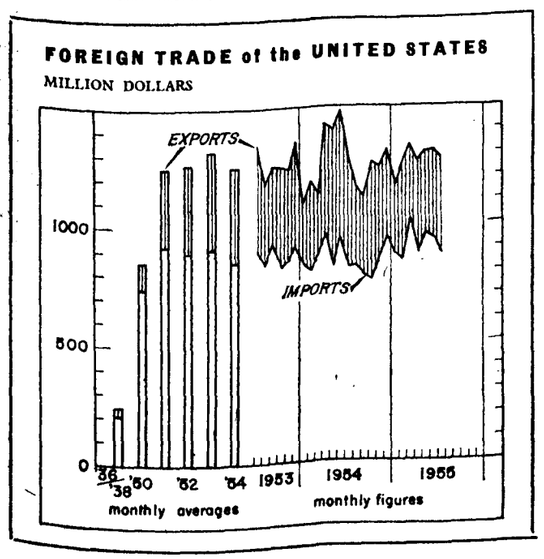
cooking recipes, have all become national heroes surpassing even the legendary Davy Crockett.

The programme has no sex and no violence; it has no famous Hollywood film stars and no politicians or comedians. But it does have "empathy"—the vicarious identification of the viewer with the anguished and dramatic decisions of the participants. The actors are warm and intriguing ordinary people with unexpected gifts. They are carefully chosen for their varied backgrounds—and in no country can backgrounds be as varied as in America. Then there is the double suspense—whether the contestant will have the courage to risk his all for a greater fortune or have the equivalent courage to stop and draw his winnings; and whether, if he risks another question, he will succeed or fail. Permeating the performance, moreover, is the simple thought of all that "Big Money."

The happy sponsor of the show, Revlon Incorporated, the maker of "Living Lipstick," is reported to have doubled the sales of some of its products as a result of the programme's advertising appeal. This publicity has been achieved, paradoxically, at what are felt to be bargain rates. For the average weekly cost of the show so far, estimated at only $25,000 (only three contestants have gone as far as $32,000 and none has tried for $64,000), is considerably less than that of several other programmes with much smaller audiences. There is now a spate of feverish attempts on the other television and radio networks to emulate this success by grander variations on the same theme. The National Broadcasting Company will introduce a $100,000 riddle in October, and the Mutual Broadcasting System is planning a $250,000 radio quiz with King Midas as master of ceremonies.

The impact of this brilliant television idea on many aspects of American life should not be under-estimated. Bible salesmen have had their best season in years. And now the main topic of conversation in America is whether or not a gastronomically inclined Marine Corps captain will uphold the traditions of his service next Tuesday night and try for the hardest goal of all—the $64,000 on the studio table.



Labour and the Vote

As the time approaches for the merger of the two big trade union movements, the Congress of Industrial Organisations and the American Federation of Labour, those who stand to lose by the increased political power of labour are trying to head off the danger. After its arm had been vigorously jogged by the Republican leaders in Michigan, where organised labour played a decisive role in upsetting the Republican apple-cart in 1954, the Justice Department recently launched a test case against Mr Walter Reuther's United Automobile Workers for that union's part in those elections. Meanwhile, in Michigan, Indiana, Ohio and Wisconsin attempts have been made in the state legislatures to curb the increasing political activity of trade union leaders.

The crucial issue revolves around the right of unions to put their full financial resources behind their ventures into politics. Two federal laws apply: the first is the general ban on individuals and corporations contributing more than $5,000 to any one candidate; the other is the provision of the Taft Hartley labour law which, for the first time, put trade unions under the same disability as businesses in that they are not allowed to support political campaigns out of their general funds. They are confined to raising a voluntary subscription for this purpose, a form of the "contracting in" principle.

This law does not apply to "political education," which is not directly tied to an election. Under this heading the unions, with those in the CIO setting the pace, sponsor regular radio and television shows, publish newspapers and pamphlets, run study groups, and use every modern means of disseminating "the facts" about the issues in which organised labour has a political interest. The limitation does not apply to elections for state or local office, except in a handful of states, and it emphatically does not cover congressional lobbying, which, to quote one whimsical union spokesman, "is not considered to be political activity." This is because lobbying, which the CIO and the AFL indulged in to the tune of $131,000 during the first half of this year, derives from the constitutional right of every American to petition Congress.

The government's case against the United Automobile Workers' Union is that it financed, out of ordinary dues, four television programmes in support of Democratic candidates. The UAW's defence is that these programmes were part of a year-round educational series, that Republican candidates were invited to appear but declined, and that, if it is found that the law forbids this type of political action, then the law is itself an unconstitutional violation of free speech, and therefore void. The union claims that, in endorsing Democratic candidates on its television programme, it is doing the same thing as the newspapers in Michigan, which invariably endorse Republicans. As Mr Truman pointed out in a rousing political speech last week, this test case will have important bearings on the entire role of labour in politics.

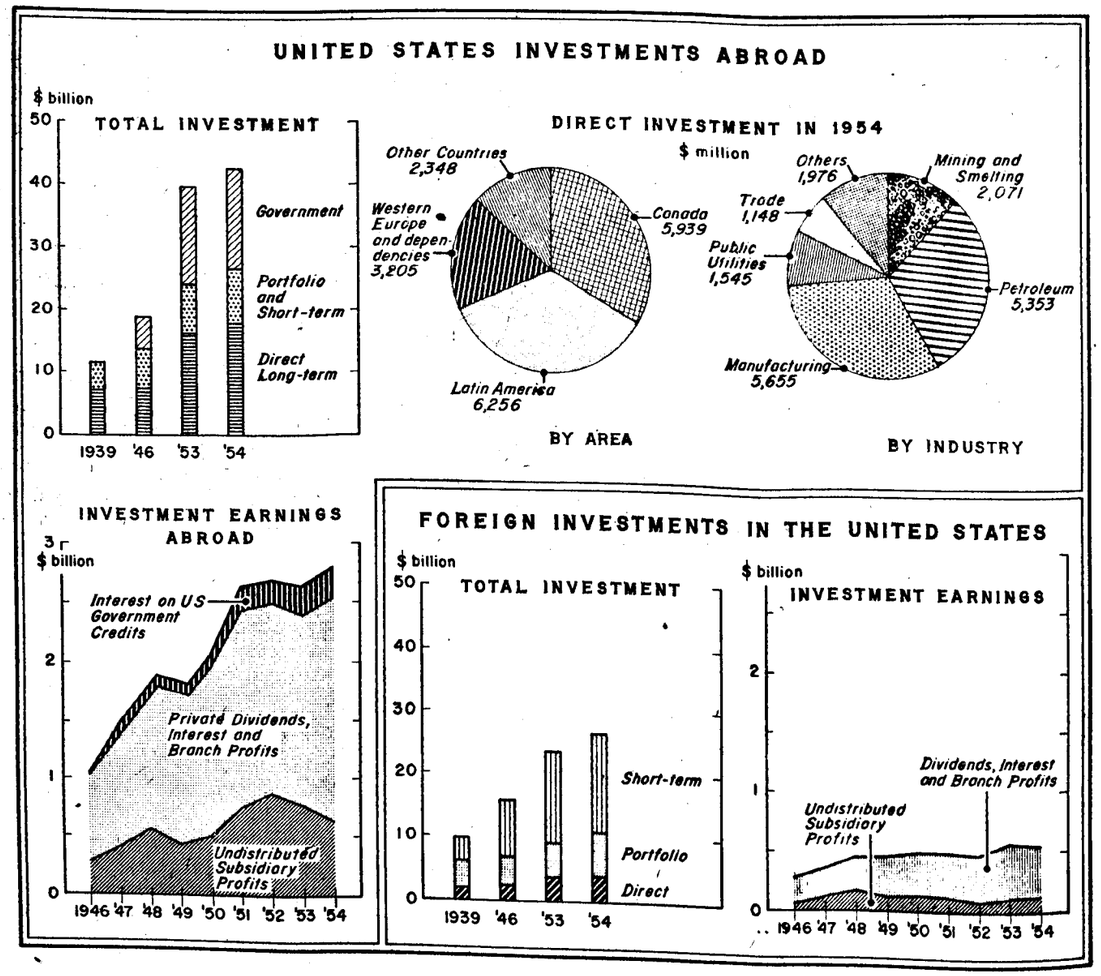
Correction:—The reference in the article "Strawhat Trial" in the issue of August 27th to the play which was made into the musical comedy *Oklahoma*, should have been to *Green Grow the Lilacs*, by Mr Lynn Riggs, not to the famous Negro production, *Green Pastures*.

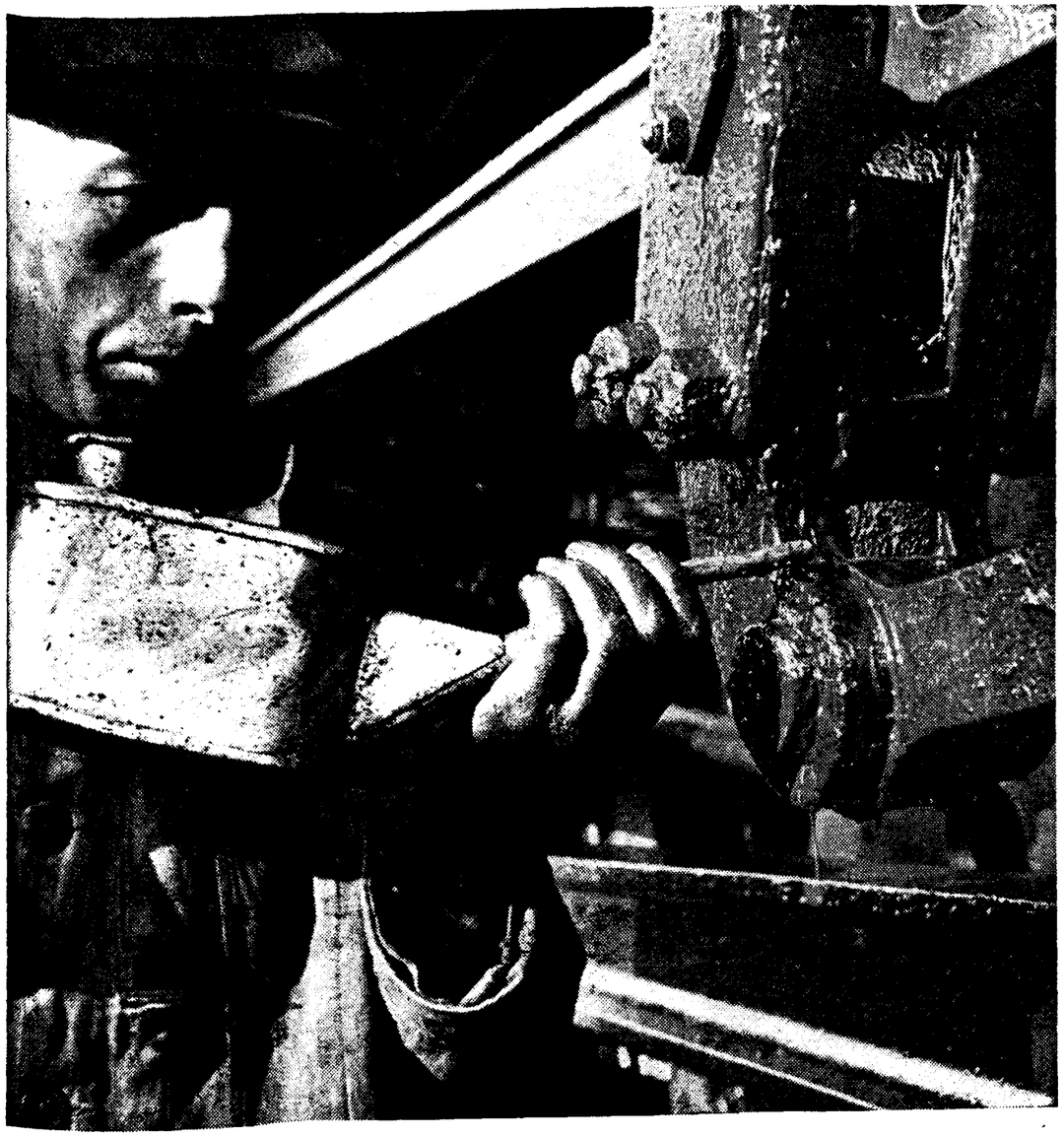
International Investment in 1954

THE growing economic confidence and stability in the world, particularly in Europe, and the greater freedom of capital movements are reflected in the Department of Commerce's annual review of international investment, published in the August issue of the *Survey of Current Business*. While 1954's increases, both in American investment abroad and in foreign investment in the United States, are due, to a great extent, to the effect of price rises on market values, yet, the most striking feature of the report is the growing interest private investors are showing in purchases of stocks and bonds of countries other than their own. Not only did Americans buy foreign securities to a net value of over $100 million, including both dollar bonds and foreign currency issues in 1954, but for the first time since the war foreigners, mainly from Western Europe, were making significant investments in American corporate issues.

The increase in foreign direct investment in the United States in 1954 came, as usual, mainly from undistributed earnings; these investments are in insurance and finance companies, oil undertakings, food and beverage concerns and a number of manufacturing enterprises. Their earnings, although not large, are often an important source of dollars for the country involved. The earnings of American concerns on their direct investments abroad were, however, disappointing when compared with the rapid increase in these investments since the war. This is explained in part by the taxes which foreign countries levy on these earnings and, in the case of certain Latin American countries, by currency depreciation. More important factors have been the heavy expenses of finding and developing new sources of raw materials, and the fact that much of the investment of this type has not yet come into full production.

In 1954 net additions by Americans to investments abroad in both oil and mining fell substantially for a variety of reasons; one of them was that a number of major projects had been completed and spending on their successors had not yet begun. The increase in investment in manufacturing was, however, substantial, particularly in Europe. Investment of this type in Canada suffered from the economic recession in that country during the year. Nevertheless, American direct investment in Canada rose more than did that in any other area in 1954.





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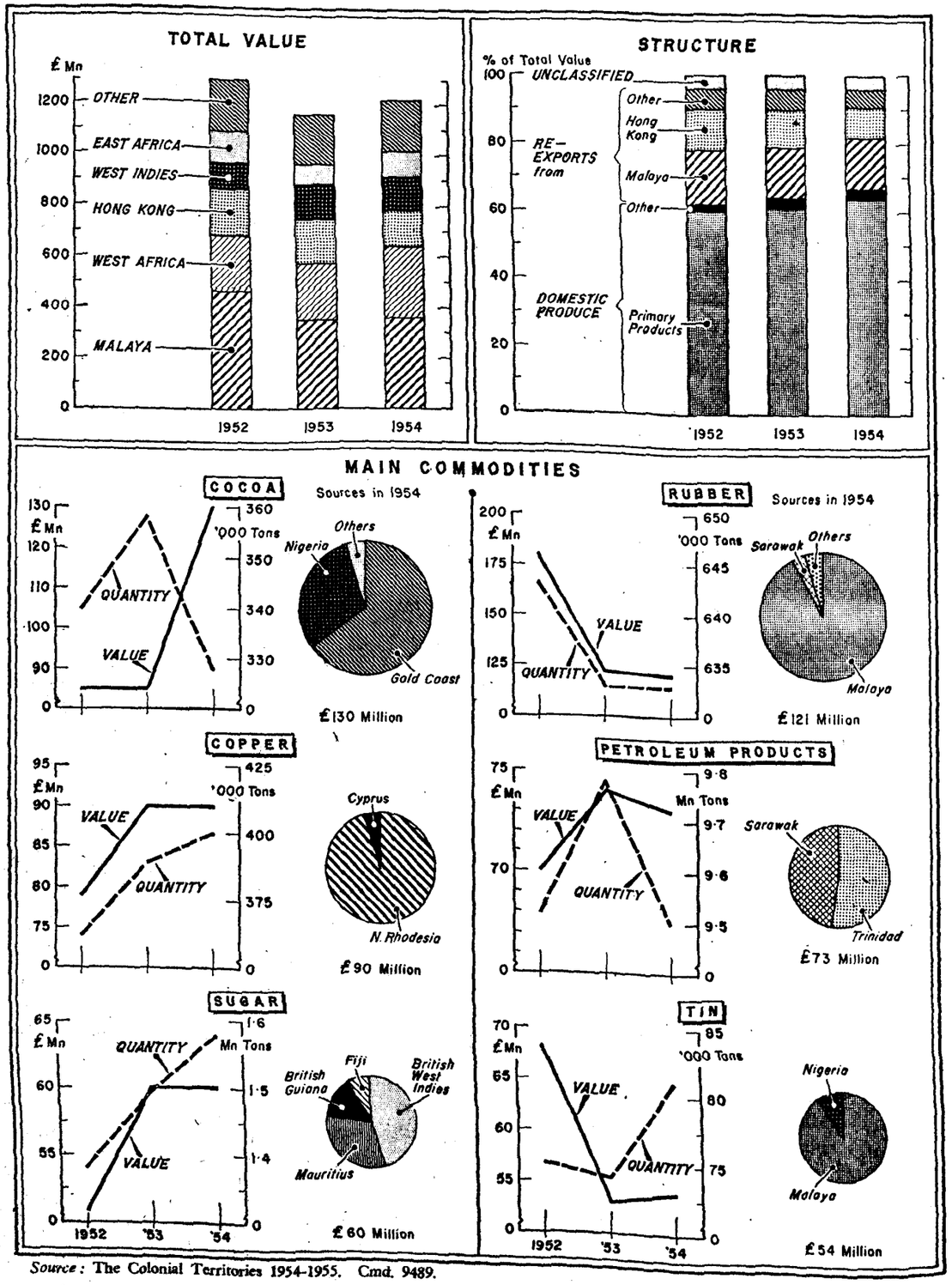

Source: The Colonial Territories 1954-1955. Cmd. 9489.

The World Overseas

Perón Regains His Pedestal

ON June 16th General Perón and his regime were saved by a sudden belt of fog over Buenos Aires which prevented accurate bombardment of Government House and stopped the insurgent air force from carrying out its plans. But on August 31st General Perón regained the full measure of his autocracy not because of some quirk of the weather—although it was a day of cold winds—but because of the disorganisation of his opponents, the vociferous enthusiasm of his supporters and the plain fact that there is a total lack in Argentine affairs of anyone bold enough and capable enough to take his place.

It is known today that the June revolt badly shook the Peronista regime and that the dictator himself owed his political survival to the loyalty of those army units concentrated near the capital. On July 5th an obviously frightened General Perón offered reconciliation to his opponents and ten days later promised a return to constitutional government. The virulent campaign against the Catholic Church abated and a leader of the Radicals—the only opposition party represented in the Argentine parliament—was allowed to broadcast. The ensuing four weeks proved decisive, for in that period it became clear that a divided army was not prepared to govern the country, that the opponents of Peronismo had neither a programme nor a leader, and that—at the expense of dropping some of his extremist collaborators—General Perón would be allowed to stay at the helm. Given that fact, it was naïve to expect that he would keep promises inspired by fright.

The blow fell in mid-August with the discovery of an alleged plot against the state hatched by an incongruous combination of "Communists, anarchists, nationalists, Catholics and Radicals." Massive arrests followed and investigations into the methods of the Argentine police—which has been responsible for the demise, during "interrogations" of many a political prisoner—were blandly continued. Still no one moved, and this fact set the stage for General Perón's brilliant re-assertion of personal power on Wednesday of last week.

The "day of dupes" followed the classical pattern of supposed resignation by the dictator, followed by clamorous requests that he reconsider his noble decision, culminating at nightfall in his appearance on the traditional balcony. General Perón had organised the show with great skill; he offered to resign as chief of state and to become a simple adherent of Peronismo, thus dissociating his person from his cause. He had warned the General Confederation of Labour and the closely controlled press of his impending performance and thereby ensured an immediate and vociferous response from the chorus. He should have submitted his resignation to parliament, but instead he re-asserted the supremacy of the mob and at one stroke dissociated his triumph from those army officers and deputies who had supported him in the difficult days of June and July.

General Perón's speech on the night of his victory and his subsequent pronouncements to the loyal delegations that have flocked to his side from all over Argentina have the ring of naked brutality and arrogance of similar statements by Hitler. From now on, he has promised, five men shall die for every Peronista killed "defending the cause." Henceforth, the palm of reconciliation will be replaced by the mailed fist of "justice." Any man who kills "an enemy of the state" will be presumed innocent. To make certain that Peronismo can operate at will, a state of siege has been imposed on the country and the scant protection of law usually accorded in Argentina has been brushed aside. Repression, imprisonment, complete censorship and a triumphant re-assertion of General Perón's personal rule are the order of the day.

The future, therefore, looks ominous and it is difficult to see whence opposition to the regime could develop with sufficient strength to threaten it or to compel it to alter its course. The Catholics will probably accept some form of reconciliation with Peronismo at the price of being left in peace. The Radicals have, over these past weeks, shown that they are too anti-clerical to form a common front with those Catholics who remain unforgiving, and that on their own they have neither a dynamic programme nor much leadership. The army no doubt dislikes much of what is going on, but is not prepared to run the country and is frankly afraid of rousing the pro-Peronista labour unions. It seems futile to point out that General Perón will not forgive the army for having rescued him in June and that many an army officer whom he flatters today will be purged tomorrow. General staffs never seem able to remember any political history.

Paradoxically, the subtlest but perhaps most dangerous threat to General Perón originates not from his opponents but from his more extreme followers, some of whom—like Sr Borlenghi—he has jettisoned during the recent crisis. These extremists believe in Peronismo more than they do in General Perón himself and some of them are not convinced that he has been faithful to their ultra-national and even pro-Marxist ideals. A small but clear hint of this was given by the opposition among Peronista deputies to General Perón's policy of encouraging American participation in

Argentina's oil fields. Pure Peronistas hold the absurd doctrine that Argentina's natural resources must be exploited solely by Argentine capital—of which there is indeed little. General Perón's more worldly approach has seemed to them the betrayal of a cause.

This threat from his own partisans, however, is one which General Perón can parry by opening for their benefit the gates of internal violence and spoliation. The next months will, most probably, see waves of arrests, expropriations and the traditional stream of political refugees arriving in Montevideo. A successful attempt on General Perón's life or a sudden move by some exasperated section of the army would, of course, entirely change the picture. For the Argentine people as a whole, the immediate future is indeed depressing ; it holds the promise either of repression or of a violent upheaval followed by a period of uncertainty.

Moroccan Form Book

WHO is to be Sultan of Morocco ? In contrast to the situation a month ago, when the right-wing members of the Faure cabinet (ill-named *les modérés*) were still adamant about maintaining the puppet Sultan on the throne, few Frenchmen now doubt that the dynastic question must be settled before there can be peace of mind in North Africa. Now that this point is at last established, Franco-Moroccan negotiations on the subject have passed from a realm of disclosure and leakage into one of unexampled secrecy. This is just as well in view of the inflammability of tempers in Morocco and Algeria. The deeper the probe into the ramifications of the last few weeks, the clearer grows the conclusion that M. Faure, every time he agilely sidestepped an obstacle, lost something of the initiative France once held on the Moroccan question. With each new manœuvre he revealed to the almost equally agile minds of the Moroccans that his cabinet, being at sixes and sevens, was not sure where it was going, and so enabled them to discount their own uncertainties. The trouble with initiative is that, once discarded, it does not vanish into thin air, but passes to the adversary. In this case it has in effect passed to the figurehead towards whom the great majority of Moroccans still look (though many do so with reservations)—that is, to ex-Sultan Sidi Mohammed Ben Youssef, at present in exile in Madagascar. Amongst the garrulous disclosures made during the cabinet quarrels of the last month have emerged documents that show how clearly this development was foreseen by M. Gilbert Grandval—the Resident General whom M. Faure jettisoned in the ignoble way described in *The Economist* last week.

When M. Grandval took up his post in Morocco in July, he was charged by M. Faure with two jobs—that of preparing the way to honourable withdrawal for the puppet Sultan—Sidi Mohammed Ben Arafa—and of preparing the minds of the nationalists for a Regency Council, as opposed to the return of ex-Sultan Ben Youssef. This second delicate task M. Grandval found less difficult than he expected because several groups among the nationalists retain bitter memories of wayward and arbitrary behaviour by Ben Youssef before 1953, and want him back only if harnessed with the curb of a constitutional monarchy.

By the beginning of August, therefore, M. Grandval was able to report that a mixed bag consisting of M. Faure, the moderate Moroccan notables and some important groups among the Moroccan nationalists all wanted the same thing —a Council of Regency. Provided France were to hurry, in effect argued M. Grandval, it could achieve this desirable end without losing the initiative. If, on the other hand, it waited until after the anniversary of the ex-Sultan's dethronement, which fell on August 20th, it ran the risk of provoking riots which would be conducted with Ben Youssef's name as rallying cry, and which would therefore strengthen his position beyond bounds.

All this, of course, is exactly what befell. As has been described in *The Economist*, M. Faure dallied beyond the 20th in efforts to prove to his right wing colleagues that in supporting Ben Arafa as Sultan they were supporting an old man with virtually no authority outside his own palace walls. Up to a point M. Faure succeeded too well ; by means of his challenge to Ben Arafa to perform the impossible and to produce an all-party cabinet, and by means of the Aix Conference at which successive Moroccan delegations produced overwhelming evidence that Ben Arafa's Sultanate is a mockery in most Moroccan eyes, he demolished a great part of the opposition in Paris to a change on the throne. But the price of success was high—bestial murder of Frenchmen on the 20th, an upsurge of Moroccan hate caused by the bitterness of French reprisals, and the strengthening of the ex-Sultan's bargaining power, for he and the Moroccan nationalists who work in his name have learnt how to create conditions that are likely to set Paris on the run. Before August 20th, it would have been possible to purchase his consent to a Council of Regency simply by offering him a more agreeable site for his exile—France instead of Madagascar. Today, it is doubtful whether his terms for consent will be thus low.

The Exile in Madagascar

At the moment of writing a confusing situation is worse confounded because there are still two Sultans to handle. When M. Grandval's successor as Resident-General, General Boyer de la Tour, arrived in Rabat and called at the palace, armed with M. Faure's instructions to go on paving the way for a Regency Council, Sidi Mohammed Ben Arafa issued a communiqué announcing that he intended to retain the throne and pursue his divine mission till Allah willed otherwise. The motive behind this declaration is unclear. Has the head that was said to lie so uneasy in fact come to enjoy wearing the crown ? Or was the communiqué a bargaining counter played by palace officials who are bidding for a seat on the Regency Council ? Or the handiwork of reactionary Frenchmen led by Marshal Juin, working with intent to tweak the leading strings in which they hold M. Faure ? Or was it that General Boyer de la Tour (who is now known to have been a vocal opponent, at all conferences, of the Grandval policy) did not try as hard as he might have done to prepare the old man for exodus ? All that is certain is that it would be extremely difficult for any French government to unseat a second Sultan of Morocco without that Sultan's consent. The odds on the survival of Sidi Mohammed Ben Arafa as Sultan are not so long as some people think.

But the key even to Ben Arafa's future lies in Madagascar. Supposing that Ben Youssef were to refuse consent to a Council of Regency, how could M. Faure unseat Ben Arafa?

Seldom has a premier played himself into a position of such dependence on the good sense of a hitherto undependable exile. September 12th—the day after tomorrow—is the date which M. Faure has set himself for reaching "an agreed solution to the throne question" and if he brings it off, it will have been a close-run thing. This week, at least two delegations have sped to Madagascar to acquaint the ex-Sultan with the form in Paris, and to bargain for his consent to the Regency Council. The first is a government delegation, and its composition spells retention by M. Faure of a sense of balance despite the extent to which he is harried by his right wing colleagues ; at its head is that liberally-minded and level-headed old diplomat, General Catroux, summoned from holiday in Switzerland to offset the weight of Marshal Juin, who is jumping on the other side of the scales. The second consists of a trio of Moroccan notables—balanced men who regard as Morocco's first requirement an interim solution that will save it from further bloodshed. Their leader is Si Bekkai—the ex-soldier, disabled in France's service in 1940, who resigned his post as Pasha of Sefrou when Paris tampered with the Moroccan throne in 1953. It is possible that a third delegation—one of more ardent Moroccan nationalists—will also fly to Madagascar ; its potential members have this week been closeted both with M. Faure and with their party leaders-in-exile. They seem to be ready to serve in a government that works with a Regency Council, provided Ben Youssef agrees to this, but they also seem likely to stipulate that such a Council shall not include the reactionary faction round el Glaoui and Sultan Ben Arafa. Could France swallow such a pill ? Meanwhile, leaflets calling a general strike for Monday are being circulated in Morocco, where feeling is mounting to dimensions that could lead to more disturbances. For the second time within a month, M. Faure has placed himself at the mercy of a date.

Canadian-American Meeting

FROM OUR OTTAWA CORRESPONDENT

NO less than four of the senior members of President Eisenhower's Cabinet are expected in Ottawa on September 26th to spend a day discussing trade and economic problems that concern both Canada and the United States. The occasion in formal terms is the second meeting of the United States-Canadian Committee on Trade and Economic Affairs, whose American members are the Secretary of State, the Secretary of the Treasury, and the Secretaries of Agriculture and Commerce. The Canadian members are the corresponding Cabinet ministers. This unusual piece of intergovernmental machinery is nearly two years old, but it has had only one meeting—in Washington in March, 1954. It was established in November, 1953, by an exchange of notes, which asserted that the Joint Committee should meet "once a year or more often, as may be considered necessary by the two Governments." Clearly it has not so far been one of the more active agencies of international co-operation.

Canadian officials have already visited Washington in order to prepare the ground, but no careful agenda is being prepared, since everyone recognises that eight ministers are more likely to choose their own favourite pastures than to go where the official guides may try to lead them. That, indeed, is partly the idea. The original conception of this Committee is veiled in some obscurity, although the occasion at least is known. It was the Washington visit of Mr St. Laurent, the Canadian Prime Minister, in May, 1953. During those talks, when the Republican Administration was still very new, the Canadian ministers had good reason to be alarmed at what they learned of the attitude of Mr Eisenhower's chief cabinet officers to economic affairs. They showed that they had no conception of what American tariff policy meant to this country and also a lack of concern about sterling area problems which shocked and worried the Canadians.

It was probably this new realisation of the Americans' unawareness of the world outside their own borders which prompted the suggestion for a permanent committee of the two governments. After the first meeting which was held nearly a year after Mr St Laurent's visit to Washington, a communiqué suggested that the discussion had been concerned as much with American relations with the rest of the free world as with Canada itself. There was more about the possibility of convertibility than about any purely Canadian-United States problems ; and it may be fair to assume that the Canadians were chiefly concerned to wean the Americans away from any idea that Canada-United States trade was a separate subject to be dealt with in a nice cosy North American framework.

Worries over Wheat

If, as seems likely from this background, the idea of the Committee is to provide an occasion for periodical meetings of ministers to review their problems in a very broad way, then the results will necessarily be quite intangible and usually questionable. But any problem which happens to be worrying Canadian ministers at the time will presumably get a very full airing. At the moment the chief question of this kind is the American policy on the disposal of agricultural surpluses. Wheat is the commodity that concerns Canada. Already the authorities here are inclined to blame the American surplus disposal programme for the disappointment of their hopes for selling more wheat during the last crop year which ended on July 31st. They believe that if the United States had not been boosting its exports by sales for local currencies and other "give-away" programmes, Canada could have sold a good deal more. Naturally, they are frightened about the effect of the American policies on sales in the coming year, especially since the Congress doubled the value of the surpluses which it expects the Administration to get rid of.

In pressing this point the Canadians may find themselves back where they were last January when three ministers went to Washington on the very day of Mr Eisenhower's message to Congress. They were then trying to persuade the Americans to drop their insistence on the waiver under Gatt which allowed them to continue to impose quotas on price-supported agricultural products. If there had ever been any hope of talking the Americans out of that one, it was certainly too late by then ; and the same thing may be true of the surplus disposal programmes. Congress has decreed the amount to be got rid of ; the Administration has accepted the legislation. Perhaps Mr Howe and his colleagues will make their American visitors feel bad about it, but it is unlikely that they will be able to change the broad programme.

This touches the weakness of the whole idea behind the Canada-United States Economic Committee, which is that the men whom an American President chooses to appoint to his Cabinet have not the same status or responsibility as the responsible ministers who speak for any of the Commonwealth countries. In matters of trade, even more than in foreign policy, this tends again and again to vitiate discussions with members of the United States Cabinet. It may still be a good thing to enlighten them with an *exposé* of the views of other countries ; but the danger is that people may be led to expect results from men who are in no position to effect them.

In this respect the Canada-United States Economic Committee is in clear contrast to the more durable Anglo-Canadian Continuing Committee on trade, which will be meeting in October. This consists of permanent officials in senior positions in the two governments who have clearly defined and closely parallel responsibilities. On both sides their only job is to collect facts, figures and opinions and prepare recommendations for their ministers. They meet with a fair regularity ; they know and understand each other remarkably well, and their meetings undoubtedly help to get British and Canadian trade policies framed on mutually helpful lines. It is fair to prophesy that this more modest official committee may prove more durable than the better-publicised, high-grade Canada-United States Committee. To try to change American policy by talking to Cabinet members is like trying to win a French election without converting the wives and mothers ; they may be in the background, but they wield the rolling-pin. However persuasive, seductive or frightening Canadian ministers may be, they can never impress the United States Administration as much as the leaders of Congress.

American Troops in Japan

FROM OUR TOKYO CORRESPONDENT

MR SHIGEMITSU's talks in Washington last week ended only with a vague agreement that the progressive withdrawal of American ground forces from Japan would be an object of negotiation. Among independent Western observers in Tokyo, however, there is complete unanimity that there should now be a complete and immediate withdrawal of the American ground troops—and their dependents—who are now maintained uselessly and wastefully in Japan under the United States-Japan security pact. The American ground strength probably amounts at the most to 30,000—one division, one regimental combat unit and sundry widely scattered headquarters bodies. The combined strength of the three services is around 200,000.

The conventional argument in the past has been that the United States is showing "token strength" by maintaining ground forces in Japan. That argument is now out-dated. If there is a real war, any American ground forces in Japan would be a hostage and an impediment rather than an advantage. Japan's only military value to the United States today and tomorrow resides, primarily, in its advance air bases, which are complementary to the atomic springboard and atomic bomb dumps on Okinawa, and, secondarily, in its two naval bases at Sasebo and Yokosuka.

The continued presence of American ground forces in Japan serves merely to give Japanese politicians the opportunity to bargain for more concessions in military aid in cash and kind which the Japanese themselves should already be supplying, and to give anti-American elements the opportunity of continuing their accusations of American colonialism and "continuing occupation in disguise." It seems that State Department and Pentagon policies are out of step in Japan today. The State Department line is a realistic one: it is to stop telling the Japanese what to do and to try to encourage those parliamentary elements which are most likely, for their own selfish reasons, to co-operate closely with Washington. The Pentagon line however still tends to run counter to this.

A classic example of this American policy conflict has been provided by the recent embarrassing arrival of the first "Honest John" rockets in Japan. Every earnest protestation by the Prime Minister, Mr Hatoyama, and the Foreign Minister, Mr Shigemitsu, that the atomic warheads for this new weapon for the American security ground forces will not be stored inside Japan has become only one more argument to support the neutralist, anti-American forces in their contention that Japan is being steadily converted into a potential advance American atomic base for the all-out war against the Asian mainland. In any case, no one quite knows the real or immediate purpose of the "Honest Johns." If they are to be used for serious training, there is no safe or suitable range for them in crowded Japan. Already the badgered residents of villages on the barren slopes of Mount Fuji, once used as a matter of course by the Imperial Army for firing exercises, are threatening to expose their bodies to the non-atomic exercises of the throttled-down "Honest Johns." Meanwhile, the harassed American military authorities are vainly insisting that the rocket batteries will be stored at Camp Drake, just outside Tokyo, where their practical use for firing exercises would be equivalent to the deliberate explosion of fireworks factories in the capital's outer suburbs. If "Honest Johns" are to be useful for Japan's defence, they are acceptable only if Japanese and not American soldiers use them. The arrival of the huge weapons, with or without atomic warheads, is not only a serious embarrassment to State Department policymakers, but also to those Japanese leaders who are trying to rally timorous and suspicious Japanese public support for an independent effort of self-defence.

There is a significant and instructive analogy to Japanese doubts and hesitation over self-defence in the vicious, nationalistic denunciation of the medical arrangements at

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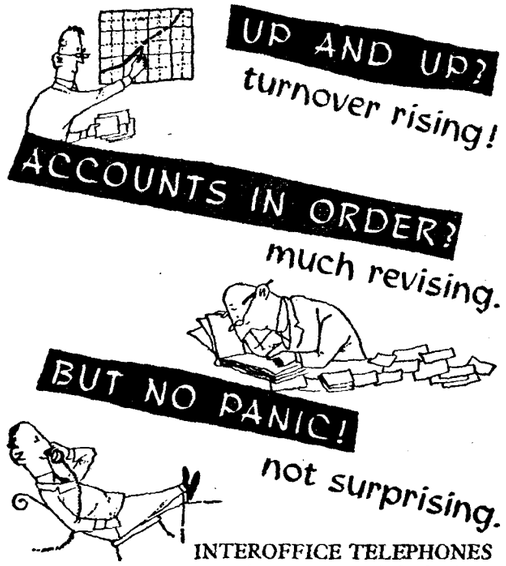

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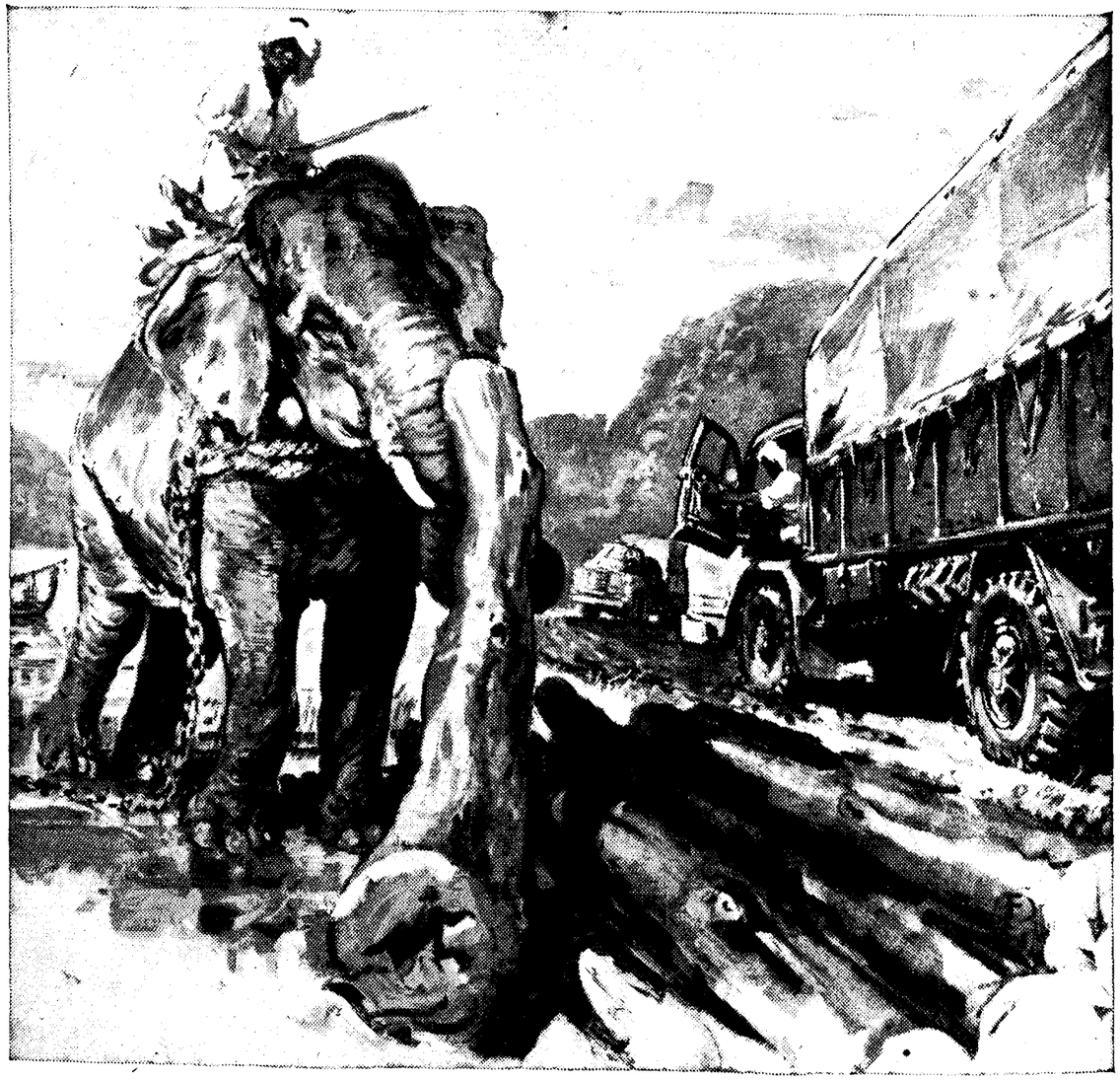

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Hiroshima. In this resurgent atom-blasted city the Americans maintain the Atomic Bomb Casualty Commission with generous funds and self-sacrificing scientists. By Japanese law, no American specialist can treat Japanese victims of the blast. A staff of over-worked, competent Japanese doctors is technically maintained by the Japanese government to treat approximately one-third—about 2,000—of the registered ailing survivors of the blast. For the last eight months, none of these Japanese doctors has been paid his promised fees by the government. Meanwhile, anti-American elements spread word that the cold-blooded American specialists are refusing to treat the atom victims while they experiment on them as "guinea-pigs." If the American scientists moved out of Hiroshima, Japanese officialdom would become more realistic about the treatment of atomic-diseases. Similarly, if the American ground forces moved out, the Japanese government and people would become more realistic about "independent self-defence."

Soviet Encyclopædists

MOODS change so fast in post-Stalinist Russia that the last volume of a three-volume encyclopædic dictionary, which has just reached this country, seems already out of date, though it was sent to the printers as recently as last March. It appears too "Stalinist," too influenced by the heritage of the cold war to fit into the Geneva mood. It also gives the impression that the authors of several entries thought it was safest to be noncommittal, while, in the general atmosphere of indecision, other contributors were each plugging a different line.

Though the idea of a brief encyclopædia for the masses arose in Stalin's lifetime, it has been carried out only since his death: the two first volumes were published during Malenkov's rule and the third now. Books, however, cannot reflect changes as rapidly as can newspapers and the description of British statesmen, for instance, has not altered greatly from volume to volume. Thus, while in the first Sir Anthony Eden was accused of "having carried out a policy encouraging fascist aggression," when foreign Secretary between 1935 and 1938, Sir Winston Churchill now fares no better, being depicted as "the initiator of aggressive groups and blocs of many kinds directed against the Soviet Union." Mr Attlee, though a recent visitor to Moscow, is "the representative of a government waging an offensive against the living standards of the working masses," while Lord Russell has evidently not yet had time to emerge from purgatory, since he is dubbed "an ideologist of the imperialist bourgeoisie." Mrs Monica Felton, the Stalin prize-winner, alone among British "personalities," finds grace among the Soviet encyclopædists.

The United States also comes under fire. It "contributed to the Nazi seizing of power in Germany," and President Truman "carried out a policy introducing fascism into the United States." Certain shades can, however, be distinguished: in the first volume Mr Dulles ". . . had played an important role in the revival of German military potential and the rearming of Nazi Germany"; but in the third, there is a sober biography of President Eisenhower without any warmongering epithets. There is also more objective information about the economic development of the United States, though this is marred by a passage about "the pauperisation of the workers and mass unemployment."

Printers Bedevilled

The "Titoist crime," which was probably the most awkward problem that had to be tackled, is dismissed briefly and euphemistically: "Between 1948 and 1953 normal relations were upset between Jugoslavia and the countries of the democratic camp" (the blame is not put on Beria). Marshal Tito has a separate entry, with a photograph and a mention that in 1943 he was decorated with the Soviet orders of Victory and of Suvorov, but with no reference to his quarrel with Moscow. On the other hand, the satellite leaders who were condemned for "Titoism" are far from being rehabilitated. In Czechoslovakia "a group of imperialist agents trying to seize power to restore capitalism was uncovered and condemned," while in Hungary, the internal situation improved, thanks to "the unmasking of counter-revolutionary conspiracies organised by Anglo-American imperialists (. . . Rajk)." The Polish opposition is described as "a Right-wing nationalist group trying to hinder the building of socialism." This passage shows how printers cannot keep pace with Soviet changes. Since it was printed the Russians have allowed a revision of Polish Communist history which, to the initiated, seems revolutionary. This week *Pravda* admits that the dissolution of the prewar Polish Communist party was a mistake; it was disbanded in 1938, after the Moscow purges, on the grounds that it was a hotbed of Trotskyism and foreign agents. How long will Moscow be able to keep rehabilitation for export only?

Stalin himself gets an impressive entry of six pages. He is, however, no longer shown as an omnipotent genius, but as a leader collaborating with the party: "On the outbreak of war the party acted as the initiator and organiser of the struggle against fascism." Incidentally, the name of Beria has been omitted from the original inner defence committee, but that of Khrushchev has not yet been added. Khrushchev himself, the party's first secretary, has an entry strangely reminiscent of Malenkov's in the second volume. He is described as "Lenin's faithful pupil and one of the closest collaborators of Stalin." This is indeed the formula for all the top leaders and no attempt is made, as yet, to build up any one of them.

Internal deviations are still denounced with the same violence and Trotskyism gets the biggest share of abuse: "The struggle against Trotskyist provocateurs is considered as one of the most important tasks by the Communist and other working class parties." "The Communist Party crushed the counter-revolutionary bloc which turned into a mercenary gang of murderers, saboteurs and spies in foreign pay." There is no sign here of any effort to write the true history of the revolution.

In the domain of culture and science there are some scarcely perceptible changes. The arch-enemy in Zhdanov's time, M. Sartre, has gained a place as "philosopher, writer and existentialist. . . ." Freudism is still dismissed as an unscientific trend, but the authority of Einstein is no longer questioned. In addition, many foreign scientists are now

included and the ridiculous references to their borrowing from Russian omniscience have been dropped.

This new dictionary has been published for the masses; the first printing is of 700,000 copies and more should follow. Yet, it is likely to share the fate of the more ambitious Soviet encyclopædias which could not keep pace with the re-writing of history. The first Great Encyclopædia was launched in 1926 with Trotsky among the contributors. Before its sixty-sixth volume was published in 1947, book after book had to be withdrawn from circulation; the portraits of Bukharin, Zinoviev or Rykov had to be cut out and most items altered. When a new, revised edition was started in 1950 the prospects seemed brighter, but soon readers were asked to cut out the entry on Beria from the second volume. The so-called "small"—ten volume—encyclopædias fared no better and post-Stalinist changes will require still more revisions. The task of a Soviet encyclopædist is not an enviable one and the authors of the popular dictionary just completed have approached it with caution. Their labours have an ephemeral air and already tend to be out of date, but they give an insight into the Russia of the transition period.

Odd Man Out on the Copperbelt

FROM A CORRESPONDENT IN RHODESIA

IF Mr Ronald Prain and the directors of the Rhodesian Selection Trust group are feeling a little isolated these days, they are not yet showing it. But there is little doubt that some effort is being made to represent their refusal to accede to the agreement on African advancement reached between the European Mineworkers Union and the Rhodesian Anglo American group of companies as unreasonable, if not something worse. The European mineworkers' Federal members last month put the whole question before the Federal Prime Minister, Lord Malvern, on the ground that while labour matters were properly territorial questions only, both the Federation and the territorial governments were in fact involved in race questions; and, elated by the success with Anglo American, the Federal TUC demanded at its conference in Bulawayo that both the Federal and territorial governments should undertake to ensure that no European jobs in any industry should be transferred to Africans except with European consent. Lord Malvern has largely adopted their point of view, for he said in the Federal Assembly on August 9th:

> The bone of contention over consultation in the future is purely academic because we who have lived out here all these years know that if there is any advancement against the goodwill of the European union, then it is bound to be a failure. The union has agreed to this advance and there can be no further advance, whether in the agreement or not, without the goodwill of the Europeans. So we do hope that they [the Selection Trust] will see the sense of the argument and they will agree to have an agreement because the advancement of Africans in that part of the Federation is going to help the whole of the rest of the Federation and all races.

It is now believed that the agreement reached between the union and Anglo American is in fact broadly acceptable to the Selection Trust: it is framed in liberal terms—which have been reproduced in the press and seem to the public all that anyone can ask. But the Selection Trust still will not accept the vital addendum to the agreement, which is less well understood by the public—certainly by the public abroad—namely, an exchange of letters setting out "Company policy" which contain the assurance that none of the Anglo American companies will seek to advance Africans in the European field of employment without prior agreement by the European union.

The Selection Trust might accept the agreement though it hardly represents the "ladder of advancement" they desire; they will not sign the letters. But though the secretary of the European Mineworkers has told the Trust plainly that the letters are essential, the Trust still evidently feels that there is still a chance that the mineworkers can be brought to accept the agreement only. This belief is based on the unwillingness of the European miners to strike when they are earning such tremendously high rates of pay, simply to safeguard jobs for their sons or grandsons—who may not want to be miners, or even Rhodesians.

Africans Watch and Wait

The Trust feels that some face-saving formula for waiving the veto may be found—perhaps after the European miners have tried to shake the Trust's resolution by go-slow tactics or spasmodic strikes. Meantime, the Trust's top management may have to endure the disapproval and social pressure of the majority of Europeans—and Rhodesian society is a small circle.

The leaders of the African mineworkers' union are at present watching the situation before they declare themselves. The president of the African union, Laurence Katilungu, takes the view that they should not declare themselves now, because to do so would hamper the Trust's present stand (as the African strike last January did) by enabling the Europeans to say that it was part of an openly negrophile policy—a bid for African support. But both Katilungu and the general secretary of the union, Matthew Nkoloma, have indicated that if the Europeans strike in the Trust's mines to break its resistance to the veto, they will counter by declaring that they do not accept the veto attached to the Anglo American agreement and strike in their mines. This carries explosive possibilities and might conceivably act as a deterrent to a European strike.

Meanwhile, it is little realised how small a difference the Anglo American agreement will actually make. The Europeans have given up 105 jobs in the Anglo American mines in return for a guarantee that there will be no further change for three years and a permanent veto thereafter. The Africans (of whom 16,000 are employed by Anglo American) have gained 600 jobs—240 Africans will advance into the European jobs, which will be "fragmented" and another 360 will be given a higher type of job which does not affect the European schedule. The veto apart, such a small concession hardly fits the Selection Trust's past statements of policy, though it may well be adequate for the present number of suitable African miners. But the argument that it does represent a start is a persuasive one, and the Trust will certainly be reproached for spoiling the whole effect of what is described as a great and statesmanlike gesture.

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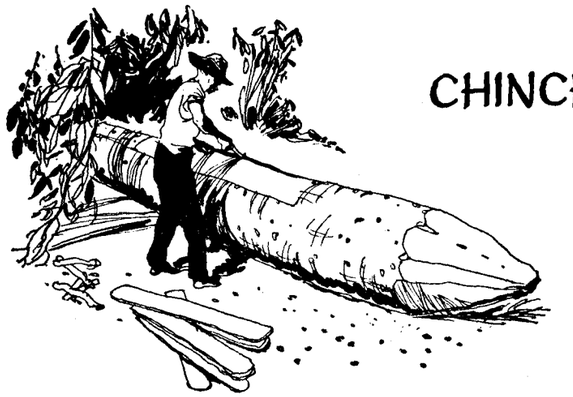

CHINCHONA

The Countess of Chinchón, wife of the Viceroy of Peru, was cured of a fever in 1639 by taking a potion prepared from the bark of a tree which, a century later, was named Chinchona by the botanist Linnaeus. The indigenous name of the bark in Peru is quina-quina; it has saved countless lives for it is the natural source of quinine, once man's only weapon against malaria.

The Chinchona is an evergreen tree which is native to the well-watered eastern slopes of the Andes near the equator. Although it has been successfully grown in other parts of the world, it is still exported from Peru and neighbouring Republics.

In almost all the important commercial centres of these countries and throughout South and Central America, branches of the Bank of London and South America serve the needs of traders. Reports on local produce markets, trading conditions, exchange regulations and economic affairs in general are sent by the branches to the Bank's Head Office; the contents of these reports are published in our Fortnightly Review, which is distributed to our customers and correspondents.

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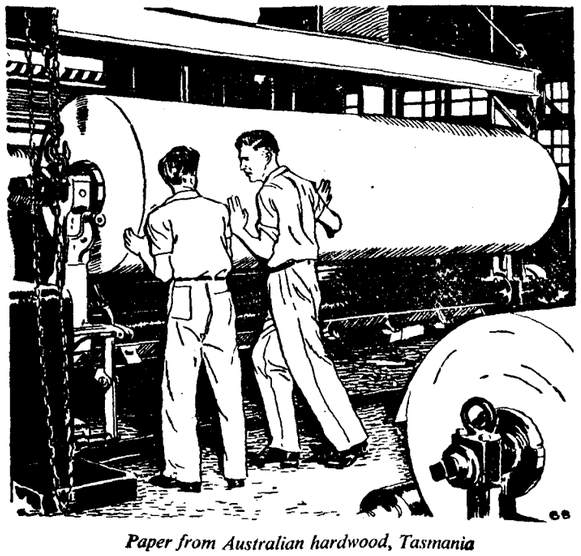

Paper from Australian hardwood, Tasmania

AUSTRALIA *to-day . . .*

The production of newsprint from hardwood was originally thought to be impracticable. But after twenty years of research satisfactory processes were developed, and a Tasmanian mill — the only one in the world using these processes — commenced production in 1941. It now supplies more than a quarter of Australia's requirements. Although there are over 500 species of gum trees in Australia, at present only one species can be used for making paper.

The Bank of New South Wales has always assisted in the growth of Australian industry and has recently published a booklet of factual information entitled "Establishing a business in Australia". A free copy of this may be obtained from —

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THE BUSINESS WORLD

Map of Manufacture

SEVEN censuses of production have been taken in Britain since the war, and it is fair to say that some information from every one has now been published, directly or indirectly: but the Board of Trade has not said quite its last word on any of them. All the reports about individual industries from the full census held in 1948 and the less detailed ones in 1949 and 1950 have now been published, and the Board of Trade has published one report summarising and comparing these three years' reports with the last full prewar census, held in 1935; it has promised, but not yet produced, a further summary. Most of the reports on particular industries from the full census held in 1951 are out, too, and last month a summary of certain data from this census and the sample census held in 1953 was published in the *Board of Trade Journal*. No data from the first sample census held in 1952 have been published as such, but data from it have been used in the last three years' Blue Books on National Income and Expenditure. And this year's blue book, which appeared this week, has as usual relied to some extent upon very tentative advance estimates from the full census taken this year in respect of 1954—although a fair number of firms in this country have still to send in the forms they were asked to fill in for last year.

This lengthy but continuous progress through the statistical assembly line, therefore, does not prevent the census of production from being used, fairly quickly and in cumulative detail, for its main practical purpose—to provide a basis and benchmarks for the Government's day-to-day (and year-to-year) statistical information about industry. It is the main source of information about industry's capital expenditure, its wage and salary bill (as to salaries, indeed, almost the only available source), and its stocks of materials and work in progress. When more frequent special inquiries begin to be made upon such matters, as for example the sample inquiries already made into stocks and about to be made into capital expenditure, the census provides both the "sampling frame" and the essential periodical check upon such data. In itself, moreover, the census is the only comprehensive collection of data about the structure of industry (and particularly of manufacturing industry) that bears comparison over fairly long periods and brings out in detail the course of development and change in British industry.

★

The British census, as has been said, is primarily a census of manufactures, and the primary effect of comparing the run of postwar figures with the census of 1935 is to delineate the substantial growth of manufacturing in the British economy since before the war, and the radical shift that has taken place within manufacturing between two major groups of industries—hard goods and soft. The table on page 874, comparing manpower and net output, sets 1935 against the latest year available, 1953; the growth in total manufacturing, and the expansion of metal and engineering industries in relation to the textile industries, was already clear from the first postwar census taken for 1948, though both processes have continued. It has been calculated, partly on the basis of the census, that the rise in the value of manufacturing output shown in that table—from £1,226 million in 1935 to £5,397 in 1953—represented an increase of between 60 and 70 per cent. in volume. Full figures of manpower are not available back to the mid-thirties, but it seems likely that in 1935 (admittedly a year of depression) little more than a quarter of the total working population were employed in the manufacturing

industries; by 1953 they employed about a third. The rise in their contribution to national output—in 1953 they contributed about 37 per cent of the gross national product—has probably been even greater.

Though current labour and output statistics give an up-to-date indication of the way in which particular industries are expanding or contracting, changes in the value of output of these industries are derived from the census of production and for the most part are published only in its reports. The table shows how far the growth of metals and engineering and the relative decline of the textile industries had gone by 1953. Metal manufacture and the engineering industries employed about 37 per cent of the manufacturing labour force in 1935 to produce about 36 per cent of manufacturing output by value; in 1953 they had some 49 per cent of the employees and produced 49 per cent of manufacturing output. The "soft goods" industries had increased their labour force hardly at all in a period of general growth, so that their share of the total fell from nearly 30 per cent to 20 per cent; and though prices inflated their output to three times the 1935 value by 1953, this represented only about 15 per cent of manufacturing value in 1953 against 20 per cent in 1935.

The value of net output—industry's turnover less the cost of the materials it uses—naturally reflects price changes that vary widely between different industries. It is not an accurate guide of changes in the volume of output. For example, the net output of the chemical industries, which in this table includes oil refining, does not show the relative increase in output value between 1935 and 1953 that might have been expected. The ordinary indices of production since the war are better measures of physical output, and it is possible on the basis of the census to link these back to prewar years. In these "real" terms, the volume of output in chemicals has probably more than doubled since 1935, while the output of the metals, engineering and vehicles industries may have risen by about 90 per cent, but the volume of output in the textiles, leather and clothing industries seems hardly to have increased at all since 1935. However, net output in money terms does offer valid measure of the worth that the economy puts on the products of different industries.

Estimates of changes over long periods in the "real" output of particular industries* require secondary research into the census data, inside the Government's statistical machine or outside it. A vast array of information (as manufacturers know to their cost) has been collected in successive postwar censuses—for example upon the size of industrial establishments, on purchases and stocks of materials, methods of distribution, fuel and power consumption and capacity, upon the employment of production operatives and other workers, and upon services obtained from outside. This awaits similar secondary digestion; but it only gradually becomes available to outside research workers and frequently needs the full results of several censuses to make it clearly meaningful. Because only one full postwar census has as yet been completely published—and because the research worker inside the department may be able to draw upon the original data to clarify his analysis, which an outsider can do much less easily—one has mainly to rely upon officials, when they have time to do such work.

Some of the secondary studies to which the census data lend themselves would be of wider than academic

* E.g., "Industrial Production, 1935 and 1948," by B. C. Brown, Board of Trade. London and Cambridge Economic Service, December, 1954.

GROWTH & CHANGE IN MANUFACTURING — **PRODUCTIVITY, INVESTMENT & LABOUR COSTS**

(Industrial Establishments employing more than 10 people)

Employment ('000) 1935 No.	Employment 1935 % of Manf. Total	Employment 1953 No.	Employment 1953 % of Manf. Total	Net Output (£ million) 1935 Output	Net Output 1935 % of Manf. Total	Net Output 1953 Output	Net Output 1953 % of Manf. Total	Industrial Group	Net Output Per Head 1953 £	Net Output Per Head 1953 % of Manf. Average	New Capital Expenditure 1953 Total £ mn.	New Capital Expenditure 1953 Per Head £	New Capital Expenditure 1953 Per Head % of Manf. Average	Labour Cost 1949 † Wages and Salaries as % of Net Output
258	4·8	297	4·0	57	4·6	215	4·0	Bricks, glass, cement, etc.	723	100	21·0	71	108	60
207	3·9	378	5·1	89	7·3	409	7·6	Chemicals (incl. oil)	1,083	149	106·1	281	426	49
362	6·7	538	7·2	88	7·2	478	8·9	Metal manufacture	889	123	62·9	117	177	59
857	15·9	1,755	23·6	192	15·7	1,240	23·0	Engineering and shipbuilding	707	97	80·9	46	70	64
449	8·4	814	11·0	97	7·9	580	10·7	Vehicles	712	98	38·3	47	71	72
274	5·1	403	5·4	53	4·3	285	5·3	Other metal goods	707	97	20·2	50	76	59
70	1·3	116	1·6	15	1·2	79	1·5	Instruments, jewellery	680	94	4·0	34	52	58
1,043	19·4	938	12·6	157	12·8	594	11·0	Textiles	633	87	43·5	46	70	51
59	1·1	57	0·8	13	1·1	39	0·7	Leather goods, etc.	692	95	1·8	32	49	50
528	9·8	556	7·5	79	6·4	247	4·6	Clothing	444	61	7·1	13	20	62
524	9·7	680	9·2	203	16·6	614	11·4	Food, drink, tobacco	904	125	59·3	87	132	41
206	3·8	235	3·2	40	3·3	140	2·6	Wood and cork goods	597	82	7·2	31	47	65
403	7·5	460	6·2	111	9·1	329	6·1	Paper and printing	716	99	26·8	58	88	55
125	2·3	199	2·7	29	2·4	147	2·7	Other manufacture	738	102	9·8	49	74	56
5,376*	...	7,426	...	1,226*	...	5,397	...	Total manufacturing	727	...	489·2	66	...	58

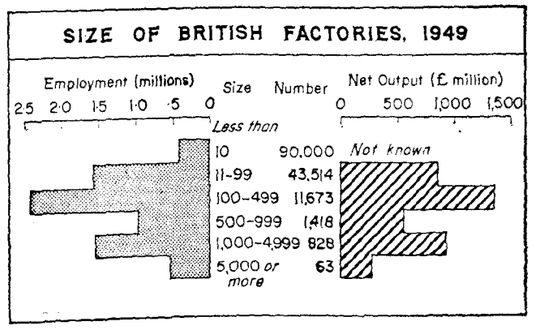
*Includes small unclassified element

†Latest year available

interest. Is production tending to become more concentrated into larger factories, and does this seem in any industries or all to be associated with greater efficiency? How far are high output per head and high capital investment associated? Similarly, the variation of output per head, of outside purchases, stocks and capital investment between industries, and even within industries—all these are matters of interest to a wide variety of industrial managers as well as to the academic economist. Those managers are the main suppliers of data for the census of production—the recent Verdon-Smith committee indeed considered it "certain that the cost to industry is greater, and perhaps very substantially greater, than the cost to Government"—but for the most part they find the census of no direct use at all.

The almost universal complaints from industry voiced last year did not persuade the Verdon-Smith committee that the census should be abandoned or even greatly curtailed; it decided, rightly, that full censuses were required about every three to five years, and sample censuses in between. It would have been a great pity if industry's complaints had swayed the verdict in the other direction. But they remain genuine and largely justified complaints. The Board of Trade, having re-established its right to impose this chore upon industry, should at the same time do its best to reduce it to the minimum that is useful and to offer industry some direct return for its trouble.

The Board is certainly attempting to simplify the form of questionnaire it will use in future censuses, particularly for the smaller factories and workshops. It may thus, incidentally, be able to hasten the sending in of forms by industry—which remains the first major delay in the successive time-lags that put



publication back. It needs also, however, to consider increasing the effort it is prepared to expend on secondary studies designed to elucidate and clarify some of the implications of the vast mass of data it is accumulating, if not indeed to include some interpretative discussion in the individual reports as they appear. Not least, it might consider the presentation of these serried facts to the weary reader—whether it can render the dreary green booklets in which they appear slightly less repellent.

Rating and Valuation

THE Rating and Valuation (Miscellaneous Provisions) Act 1955, which received the Royal Assent on the 27th July, 1955, has been variously described. It has been called "a purely tidying-up measure," and "a temporary step in the direction of making an unworkable and indefensible system of rating work." What the Act will do is to enable the long-delayed process of revaluing properties to become effective from April 1, 1956, on the best basis that can be devised at the moment.

The process of revaluation after the war started with the Local Government Act, 1948, which transferred the responsibility for making valuations for rating from the local authorities to the Board of Inland Revenue—thus taking a major step towards uniformity in valuation. The 1948 Act also provided a new basis for assessing dwelling houses on the basis of the cost of building in 1939, leaving other hereditaments to be assessed on current rental values. It was then intended that the first postwar revaluation should take place in 1952, but the date proved impracticable, and there has been a series of postponements. By the New Valuation Lists (Postponement) Act, 1952, the earliest date of operation became April 1, 1956. In 1953 the Government came to the conclusion that the 1948 Act cost basis for valuing dwelling houses would produce anomalous results and it legislated in the 1953 Valuation for Rating Act for a reversion to a rental basis, but still on 1939 values. Astute timing both before and after the election has minimised any political impact on the electorate. The general provisions of the Act do not apply to Scotland.

The new procedure for preparing valuation lists and for obtaining alterations in them is—from the public angle—the most important aspect of the new Act. The deposit of draft valuation lists has been prescribed by Statute as far back as the Union Assessment Act, 1862, and was continued, in a new code, by the Local Government Act, 1948. This gave the ratepayer his main opportunity for objecting to assessments and for securing the correction of erroneous and excessive figures. Those draft lists are now to be abolished—so that the 1948 code is still-born. The valuation officer will now prepare the list, sign it not later than Decem-

ber 31st, and send it to the local authority, when it will become open to inspection. The ratepayer will not lose his right of objection; he can propose an alteration at any time within twelve months after the new valuation comes into force. If he does, he will meanwhile continue to pay no more in rates than last year. The reason for the new procedure is that without it the machinery would be hopelessly clogged with objections, for new assessments will almost invariably be higher than the present ones. The ratepayer's first indignation will, it is hoped, be mollified when he gets his demand note and finds little change in the sum he is required to pay. A lower poundage should offset the higher assessment, but that is peering into the future.

*

During the progress of the Bill several important topics were debated; they included the re-rating of industry and agriculture, the rating of site values and the assessments of public utilities and of electricity and transport undertakings. But the fiercest arguments raged round the rating of shops, offices and commercial premises, which are to be assessed on current rental values, whilst houses are to be assessed on the (presumably lower) basis of 1939. This does not originate with the new Act; it is inherited from the 1948 Act. But grave fears have been expressed about the economic effects on small shopkeepers, and the Minister had to promise to re-examine and possibly to introduce amending legislation as soon as the actual effects became clear. Estimates of the effects have already been attempted by various experts. The most frequently quoted estimate is that house assessments will rise by up to 50 per cent, whilst those of shops and commercial premises will go up by 200-300 per cent.

In a recent paper in the *Journal of Public Administration,* Mrs Ursula K. Hicks, taking a hypothetical example, shows that houses in the area selected, which at present contribute about 70 per cent of the rate revenue, would as a result of the revaluation contribute only 56 per cent, whereas business premises whose share is now 30 per cent would in future provide 44 per cent. Lord Wise, in the House of Lords, looking at the national figures, said that householders at present contributed annually some £200 million in rates (about 60 per cent of the total); shopkeepers contributed about £68 million (20 per cent); and industrial hereditaments £14 million (4 per cent). He was advised that the rate charges for shops and so forth under the new arrangements would rise to 30 per cent—"a heavy burden upon that particular class of business people." The Lord Chancellor thought, however, that any forecast of this kind would be unhelpful in the extreme. "There are so many anomalies in the current lists, both as between individual properties and as between rating areas, that any conclusions as to the general trend would be more likely to be invalid than valid in particular instances." Moreover, he added, there was the variability of the rate poundage. But despite the Lord Chancellor's observations there seems no doubt that householders under the new arrangements will in general pay less in rates for the time being, while shopkeepers will undoubtedly pay more, and so to a lesser extent will industry.

Four questions arise:

(1) Will local authorities, hitherto deterred by a rate figure exceeding twenty shillings in the pound, begin to increase their expenditure and so put up the rate poundage again?

(2) Will the field of rent-restricted properties be changed by the revaluation?

(3) Will Schedule A Income Tax assessments go up with increased rating assessments?

(4) What will happen about water rates which are based on rateable values?

On the first question it is well known that some local authorities have been "scraping the barrel," and they may try to get some more rate money; but in general it is unlikely that local authorities, in the next year at least, will embark on large-scale increases of expenditure, though they have heavy commitments for the future. On the second question it seems clear that revaluation will not move existing houses in or out of the Rent Acts: the material figure for rent control is the rateable value in 1939, or in the case of property erected between 1939 and 1954, the first rateable value placed upon that property. On the third point, the Financial Secretary to the Treasury has stated that "the new rating valuation will not automatically result in a revision of assessment for income tax Schedule A. No such revision could be made without fresh legislation." On the question of water rates, an amendment to the Bill accepted in the House of Commons leaves flexibility to water undertakings. An assurance was also given that the undertakings, which are responsible statutory bodies, would be unlikely to seek to obtain a greater income from consumers than they need; in any event, they are subject to a special provision in the Water Act whereby on application by local consumers, the Minister of Housing can if necessary make orders to alter the rates and charges which may be levied.

The new Act enables the machinery to creak into the first revaluation of properties since the 1930's, but its best friends do not claim that it answers all the questions that must arise. More will be heard of these. They include the basis of assessment of houses in relation to shops and offices; the rating of public utilities and nationalised undertakings; the relief given to charitable organisations; and the procedure for making lists and registering objections. Some major questions also remain to be settled. There will be continued pressure for the re-rating of industry and of agriculture. The advocates of rating of site values will insist on being re-heard. If the rating system is to continue (and there appears to be no practical alternative) many changes may flow from the prospective reorganisation of local government and the ancillary review of the system of Government grants. A succession of further legislative measures on rating and valuation seems unavoidable.

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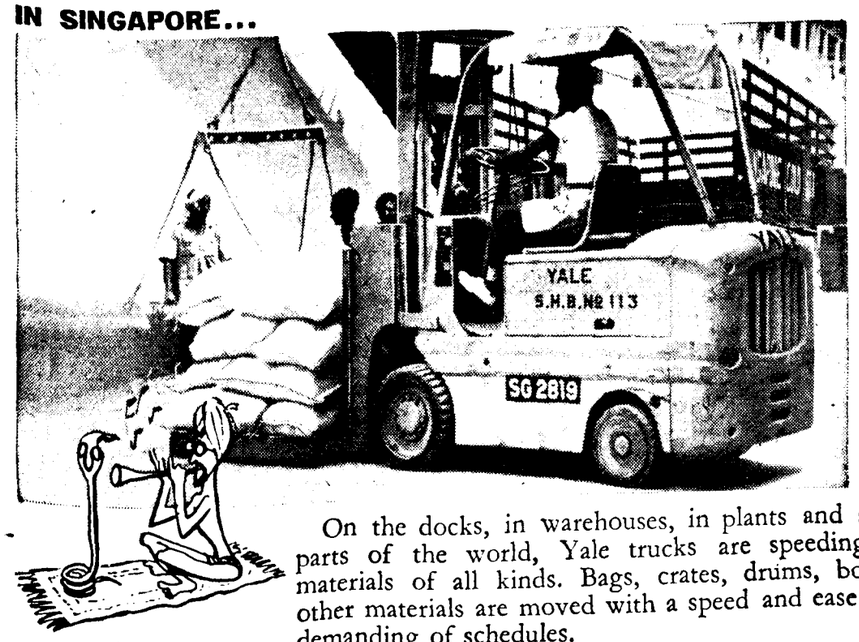

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Business Notes

A Rally in The Market

It is argued in the market that had bank rate been raised this week it might have made little immediate difference to prices except naturally at the short-dated end of the gilt-edged list. The pattern of yields—with the medium-dated stocks showing the highest yields—is already so unusual as to suggest that an ultimate further rise in Bank rate is partly discounted. And, paradoxically, for the shorter view a technical rally in the market was already due after the fall of the last few weeks. Such a rally has occurred and affected both gilt-edged and industrials. Between Monday and Wednesday the *Financial Times* index of Government securities rose from 87.05 to 87.74 and the industrial index from 190.8 to 194.3. In the gilt-edged market a little buying, probably by pension funds, was reported; the Government broker, mindful of the impending maturity of the 1955 Serial Funding Stock, has throughout the declining market remained a net—but not a pressing—seller. If the maturing stock itself cannot be bought, the next best thing is to make room for its successor by selling other securities from public holdings. In industrials a slight increase in buying came with the opening of the new account. Business, however, remained small.

If excuse for the rally be needed, it can be found in the fact that there were at last slight signs that the policy of credit restriction was having an effect. The sharp drop in the August hire-purchase figures was a visible sign, just as the tightening of the local authority loan charges was an earnest of an intention to persevere with credit restriction in one clearly defined direction. But many could accept the change in the market tone as a technical rally and a welcome breathing space. It made possible the announcement of three new issues. Of these the Kenya Power Company's prospectus for the issue of £7,500,000 5½ per cent debenture stock 1975/85 at £101 is perhaps the most important. Subscription lists open on Tuesday; of the total amount £3½ million is being subscribed by the Colonial Development Corporation and £1 million has been reserved for subscription in Nairobi, so that the amount to be sold in London is £3 million. Beecham Group are also to offer 2,268,750 new 5s. ordinary shares at 21s. per share. The offer is made to shareholders in the proportion of one for eight. Gallaher, the tobacco company, also proposes to raise £2¾ million of new capital in a complicated rights issue that consists of 1½ million 5½ per cent £1 preference shares at par and 1 million 10s. ordinary stock units at 25s. per unit.

For most investors the present rally in markets is a chance to look and think ahead—as far ahead, perhaps, as the first week in October, when the future may then seem clearer. It is then that the seasonal pull against sterling should have reached its climax. It is then that the Lord Mayor's banquet for the bankers and merchants of the City will provide the only occasion in the year when the Chancellor and the Governor speak to the same audience. From that gathering a year ago the first warning of trouble ahead came—and passed almost unheeded. By the first week of October also the replacement of the £524 million of 3 per cent Serial Funding Stock 1955 (due for redemption in November) will, if it has not already been tackled, be calling for immediate action.

Local Loan Rates Rise Again

Another rise and a steep one has come in the rates that the Public Works Loan Board charges for the money it lends to local authorities. This, the fourth increase in PWLB rates this year, came surprisingly on Tuesday, without waiting for the bank rate decision and without waiting for the London and Cambridge Economic Bulletin on Wednesday to accuse the Government of "seeking a reduction in total demand that would not appear in any of the components—save perhaps for hire purchase transactions. . . ." At least one of the sectors that is selected for the squeeze is now clearly identified: local authority capital expenditure will feel the pinch.

Not for more than a generation (since March, 1932) have the local authorities had to pay 5 per cent on their long-term borrowings from the Government. And for the moment they have nowhere else to turn for capital. The bankers can no longer be used, as the Uttoxeter Council has found to its cost. No local authority with sound advice would choose this moment to float a loan in the market. The authorities must thus, with effect from September 7, pay what must

CHANGES IN PWLB RATES

	June 4 1954	March 1 1955	July 9 1955	Aug 13 1955	Sept 7 1955
	Rate per cent				
Loans up to 5 years	2¼	3⅛	3¾	4⅛	4½
5 to 15 years	3¼	3¼	4¼	4½	5
Over 15 years	3¾	4			

seem to them a penal rate for their borrowings. The new rate does not affect earlier advances still outstanding, but it does affect all money actually drawn (not the loans sanctioned) after September 7, and will remain in force throughout the life of those loans even if rates are subsequently lowered again. To any local authority that does not believe

that dearer money has come for a long stay, the incentive to avoid borrowing now is therefore strong.

The new scale of charges, though strict, is not excessive. The Public Works Loan Board reckons to base its charge on what it has itself to pay, and the yield on medium-dated British Government stocks is now approaching 5¼ per cent. Over the three weeks since the PWLB charges were revised on August 13 it has reached that level without any move in Bank rate. If a local authority could float a loan in the market today, it would have to offer a gross redemption yield higher than that. The new charge, incidentally, will raise the cost of local authority mortgages under the Housing Act and the Small Dwellings Acts to 5¼ per cent, which is for once the same rate as most building societies charge.

Gold Reserves under Strain

In the financial markets, as in Whitehall, it was known that the British gold and dollar figures as at the end of August would be bad. Sterling had been under much strain through the month and had often received the support of the Exchange Equalisation Account. Nothing had happened—not even the Chancellor's reaffirmation on July 25th of the intention to maintain the sterling dollar rate at $2.80—sufficient to restore the confidence of foreign financiers and merchants. The Continent continued through last month to hold as little sterling as it dared, and to anticipate its sterling payments and delay its sterling purchases. The actual figures, shown below, were a loss of $87 million of gold dollars and a deficit of £28 million ($78 million) with the European Payments Union, due to be settled this month. This compares with a loss of $136 million of British reserves in July. It was a grim figure—neither worse nor better than had been feared.

An "August drain" on the sterling area's gold and dollar reserves is customary arising partly from the heavy payments for North American grain, and partly from the expenditure by British tourists in Europe. This year two special factors have to be added. The dock strike of the early summer is now affecting gold and dollar reserves. The trade returns for June and July showed exports heavily reduced, while imports actually increased and that unbalance is seeping through into the payments accounts. The August reserves were also burdened with a payment of $36 million in settlement of the £25 million deficit with the European Payments Union for July. The deficit with EPU for August was itself worse at £28 million, and under the new rules it has to be paid three-quarters in gold and only one-quarter in credit. It will thus require a payment of no less than $59 million next week.

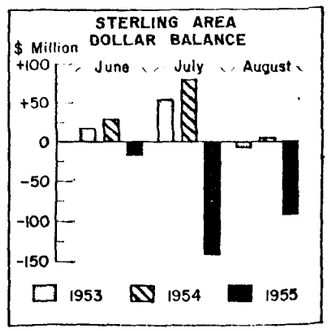
Another "Odd Year" Payments Crisis?

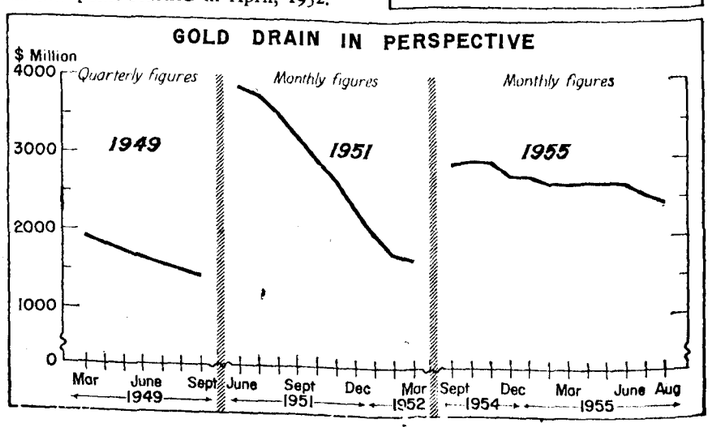
THE CHANGE IN RESERVES
($ million)

	Gold payments (–) or receipts (+)*	US Aid	Reserves: Change in month	Reserves: Total
1954				
June ...	+ 29	+ 3	+ 32	3,017
July	+ 80	+ 15	– 4†	3,013
Aug.....	+ 6	+ 11	– 95‡	2,918
Sept. ...	– 26	+ 9	– 17	2,901
Oct.	+ 18	+ 17	+ 35	2,936
Nov. ...	– 25	+ 14	– 11	2,925
Dec.....	+ 10	+ 8	–163§	2,762
1955				
Jan.....	– 12	+ 13	+ 1	2,763
Feb.....	– 97	+ 15	– 82	2,681
Mar.....	– 35	+ 21	– 14	2,667
April ...	+ 2	+ 17	+ 19	2,686
May	– 18	+ 18	Nil	2,686
June ...	– 16	+ 10	– 6	2,680
July	–140	+ 4	–136	2,544
Aug.....	– 91	+ 4	– 87	2,457

* Include settlements with EPU, governed by balance in previous month. † After payments totalling $99 million to EPU creditors in initial settlement of part of UK's overdraft with Union. ‡ After payment of $112 million to IMF for "repurchase" of sterling. § After payments totalling $181 million on United States and Canadian loans.

THE dollar accounts of the sterling area have been consistently worse this year than in 1953 and 1954; the block diagram on the right plots the net deficit before taking account of defence aid and special capital items. But the chart shows that the fall in the reserves was still modest in comparison with that experienced in 1949, and in marked contrast with the collapse of 1951. The present level of the reserves of $2,457 million, although the lowest for two years, is still nearly $800 million above the low point reached in April, 1952.





Cartel in Copper Products

FEW members of the public would know a "semi-manufacture of copper or copper-based alloys" if they saw one, and the conclusion of the Monopolies Commission that price-fixing among the makers of these products is against the public interest is hardly an occasion for generating synthetic public indignation. The fact that the manufacturers of these goods—primarily copper and brass plate, sheet, strip, rods, wire and tubes—have had agreements to quote common prices for years past (in one case for 34 years) is well known to the industrial customers who buy this metal; it is true of other metals that they buy; and on the whole those of them who discussed it with the Commission "were not critical of the common price policy." It is in no way an uncommon practice in British industries, nor until recently considered anything but entirely respectable. That makes it none the less depressing.

Since the price of virgin copper now makes up so large a proportion of the cost of these products, the effects of price agreement in this industry appears to its customers essentially as a standard margin for conversion. The industry's 140 manufacturers are mostly members of twelve trade associations, ten of them further organised into the British Non-Ferrous Metals Federation; these fix prices, collaborate in submitting tenders, regulate resale prices and commissions to agents, and offer "loyalty" and aggregated rebates to customers in respect of the goods bought from all member companies. The industry participates in an European agreement to sell at the home trade prices in certain competing countries, and to quote other export prices in accordance with a common international list. The effect that these agreements have on imports seems to the Commission to be against the public interest, but their effect on exports not necessarily so (if prices were freed, it reasons, British manufacturers might get more business, but probably at lower prices). There are some manufacturers outside these price rings, but these do not greatly undercut ring prices (and, indeed, lose business from customers who dislike cut prices if they do quote too low). Whether the Government will order the abolition of most of these agreements, as the Commission suggests, or wait for further reports and more general legislation on such restrictive practices, remains to be seen. But the industry's confidence that it will be able to register its agreements and later to justify them before another tribunal may be misplaced. The Commission's investigation has already been far more thorough than any tribunal could make.

Miners Turn Down Italians

THIS week's meeting between the National Union of Mineworkers and the National Coal Board about manpower for the mines was expected, to have quietly if not decently, to re-inter the proposal to import Italians that the Coal Board resuscitated only a few weeks ago. The only miners who are unmixedly in favour of the idea are those in areas where no Italians are needed anyway. It is not surprising that the NUM should be anxious to show willing in other ways; but is any joint investigation of the labour situation at particular pits that are losing men likely to be more than a show? It is true that Mr Arthur Horner (who is reported to be personally anxious to bring in the Italians) has been attempting to awake the miners to their problem by calculating how many extra men the industry needs to produce the 240 million tons of coal that he believes are needed now and will be for a long time. His guess—based essentially, it appears, upon roughly the current level of productivity—is that 100,000 men are needed over the next year, or about 40,000 more than the normal "wastage" of men leaving the industry annually. It would mean a larger labour force than was proposed in the Coal Board's long-term plan, which would have allowed manpower in the industry gradually to decline—though not in these intervening years. Indeed, if Mr Horner did get his 40,000 extra men on the labour force, the mines might be hard put to employ them usefully; the Board's own guess at its current requirements is about 17,000. The comparison, however, seems entirely academic; neither figure seems likely to be reached.

Industry Turns to Oil

IN the first six months of this year, while industrial output was about 6 per cent higher than in the first half of 1954, coal consumption in the industries covered by the production index rose by only about 1¼ million tons—less than 2 per cent. But industry used about 700,000 tons more of the black oils—fuel oil, gas oil and diesel oils (not counting the growing quantities of diesel oil used for road vehicles). This rise of 23 per cent compared with the first six months of 1954 shows the extent to which industrial fuel consumers (and one secondary fuel producer, the gas industry) have been turning to oil to supply their marginal fuel needs. In the six months total inland consumption of black oils amounted to 3,212,563 tons, while 112,402,000 tons of coal were used. At the very conservative reckoning of a ton of oil as equivalent to 1½ tons of coal, this would means that industry's rise in output was achieved with an increase of nearly 5 per cent in its consumption of all fuels.

For the oil refiner, this raises familiar questions of balance in output. Although with the summer months motor spirit regains its first place among the industry's products in tonnage delivered, this was only 6 per cent higher over the first six months. Deliveries of fuel oil, on the other hand, were as much as 24 per cent higher. It is scarcely surprising that Britain is now needing to supplement the output of its refineries with net imports of the black oils.

Spring Spending

THE influence that the sunny summer has had on the volume and pattern of spending will not be seen for months; the latest official estimates stop short at the end of June, and even for the second quarter they do not cover the full range of consumer expenditure. But they do suggest that the increase in spending is slowing down.

Expenditure' on food is shown to have been up by £60 million on the first quarter's figure, a smaller increase than that of £69 million between the first and second quarters of 1954; and a bigger slice of this year's increase reflects higher prices than a year ago. At 1948 prices the increase amounted to less than 2½ per cent, against an increase of 3¾ per cent in the volume of food purchases in the second quarter of 1954. More significant still is the decline shown this year in purchases of household goods—by £9 million to £224 million. This contrasts with an increase of £10 million in the second quarter of 1954. This plainly reflects the impact of the February restrictions on hire purchase, which depressed sales of furniture and gas and electric appliances. Expenditure on clothing rose sharply, as is usual at this season. The increase of 22 per cent was only fractionally greater than a year earlier.

Security Restrictions Relaxed

THOSE who believe that freedom in currency and in trade should still be the aim of policy may be heartened by the small, but not insignificant, relaxation of currency and of security control that the Bank of England has granted this week. While the tighter money policy is still in progress and sterling is still under pressure the slow process of giving greater administrative freedom to the exchanges goes on. The relaxation itself is threefold: first, foreign residents may now ship the sterling bearer securities they have bought; they no longer have to leave them (as British residents do) in authorised depositories in this country; secondly security sterling and sterling securities may now be transferred to investors of the dollar area by other foreign holders. Thus a bridge with the dollar area that already enjoys a tenuous existence receives recognition: thirdly, blocked sterling, arising for example from the sale of a sterling security by a non-resident, may be invested in

	Price Sept. 2	Price Sept. 7
Japan 1924 (Assented)	106	111½
German (Dawes) Assented	81½	83
Canadian Eagle Bearer	61/6	65/4½
Shell Bearer	138/9	141/-

a security with a minimum life of five years instead of 10 years; the opportunity for eventually getting sterling out by buying a security that will be redeemed is thus improved, and savings 3 per cent 1965/75, which is tax free to non-residents, becomes available for their investments.

The immediate effect of the new rules was to bring extra business to the bond market in London and to a small section of the share market. Foreign investors had seen little attraction in buying sterling bonds that had to be deposited in London. Such bonds were no use as security against loans in the investor's own country. Consequently prices in London had fallen out of parity with other centres. This table shows how prices moved in the first half of this week. Investors should note however that the new relaxations apply to sterling securities only. No permission has been granted to export dollar or other foreign currency bonds.

Farnborough in Sunshine

THE sun has shone kindly this week at Farnborough on the outward signs of prosperity in the British aircraft industry, on the crowded enclosures rented by the exhibitors—all striped awnings and flowers to the front and caterers' vans to the rear. It has shone on the braid of the visitors, on the parked cars each turning into a little tin oven—and on the aircraft. Inevitably the main interest of this annual exhibition centres on the aircraft and their flying display, even though better pointers to the industry's rate of progress can often be found in the big tent that holds the static exhibits: the engines, the aircraft controls, the fuel systems, electronics, self-sealing couplings, the gyros and the high pressure sealing rings and grommets in three choices of rubber that are each essential parts of the completed aircraft. But it is becoming increasingly misleading to judge the performance of the industry by the number of new aircraft that it can demonstrate at Farnborough each year. British designers have never been culpable of lack of inventive resource—rather the contrary—but a great deal of their energies is being channelled off into work on guided missiles and they are still prevented on security grounds from demonstrating these or describing them. Both today and in the future this is going to reduce the number of aircraft projects on which they are working.

Progress in aircraft development is always a two-stage affair; first come the engines, and after that the aircraft that they are to power. This year's exhibition marks the start of a new engine phase, the appearance of the power units that will give true super-sonic speeds and transcontinental ranges. The only engine flying in the aircraft for which it was planned was Bristol's Orpheus, driving the Folland Gnat straight upwards into the sun. Rolls-Royce's Conway engine and de Havilland's Gyron are being test-flown in old multi-engined machines and in this harness neither engine can give much indication of performance. With the Conway flying, and the first test runs starting on the RB 109 turbo-prop engine whose proposed sale to American manufacturers sparked off such controversy last autumn, Rolls-Royce regains its position as the mainspring of engine development in this country. But its lead has been and is still being strongly challenged by the engine division of Bristol; while de Havilland has—wisely—concentrated its resources on one special line of development, the jet engines and the rocket motors that will together power the next generation of high-speed fighters.

Fresh Engines, Familiar Aircraft

NEXT year and the year after the industry should be able to show this year's new engines as they should be flown, in airframes tailored for them. This week the aircraft themselves were largely those with which Farnborough visitors are already familiar—Viscounts and Britannias, Hunters, Canberras, Javelins and even Swifts turning up in the new guise of fighter-reconnaissance aircraft. Of the really new aircraft, two were essentially conventional and designed for operation in rough country—Handley Page's promising Herald transport and the

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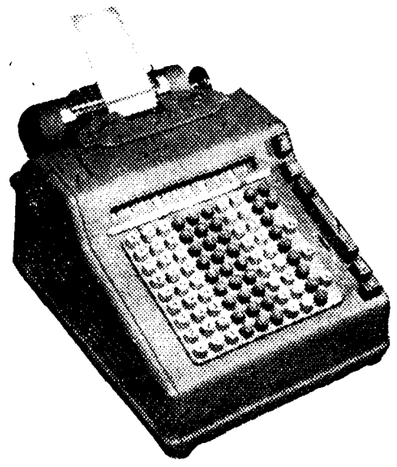

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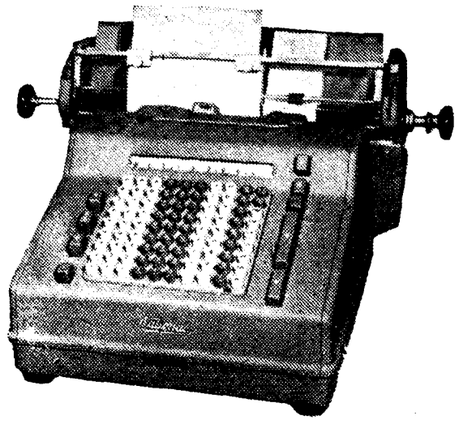

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smaller and even more rugged Twin Pioneer of Scottish Aviation, both of which are attracting a fair number of orders from overseas airlines. The English Electric P.1 fighter, still only a shadow of the aircraft that it is to become, was flying more than a year ago but was deliberately withheld from last year's display. Only helicopters demonstrated any radical technical advance, with the appearance of several new designs including the monstrously noisy jet-driven rotor.

In some cases these repeated appearances are the outward indication of development troubles in the factory; in others they are simply a sign first, of the time that it takes to develop a modern aircraft and secondly, that the British industry and its civil and service customers are at last learning the wisdom of evolving from one proven design to another rather than leap-frogging each time into the unknown. It is a less dramatic but also a less heartbreaking policy—and one that has paid handsome dividends in France and the United States.

The industry has introduced changes in the programme of the exhibition that are designed to counteract the impression of monotony that such frequent reappearances create. The point that the factories are delivering some aircraft in quantity was driven home by the passage of pair after pair of Valiant bombers, followed by a mass flight of Hunters. For the first time, an aircraft not built in this country, Avro Canada's all-weather fighter, the CF 100, was allowed to take part in the display. These changes are likely to revive discussion inside the industry on two controversial points. Many consider that the display should no longer be held every year, but every two years. They argue that technical progress is no longer fast enough to justify an annual display and the disruption that it causes in work at the factories. There is also growing argument about the type of flying now seen at the display. This is governed partly by the standard training received by all test pilots, partly by safety regulations laid down after the accident some years ago (which was not caused by the aircraft's manœuvres). The visiting Canadian fighter was demonstrated by one of the most famous test pilots of the immediate postwar displays, Jan Zurakowski, who now works in Canada, and the sight this week of his 17-ton fighter spinning softly down in the sunlight like a leaf was a sharp reminder of the versatility that was once a feature of British test pilots' demonstrations, as distinctive as a signature. This individuality still appears in, for example, Roland Falk's disrespectful handling of the big Vulcan bomber, but it is rarer than it was.

A Cocoa Revival

COCOA prices may have seen the worst. The first signs of recovery came last month after the big group of British manufacturers decided that new crop Accra cocoa at 250s. a cwt was too good to be missed; they bought 30,000 tons—a large part of their annual requirements—from the British West African marketing board for shipment between October and March. Other consumers here and on the Continent who had been waiting for even lower prices also decided to buy, and dealers covered short sales. The board raised its prices in stages to 275s. a cwt, and now it is so well sold forward that it will not offer cocoa for shipment later than January. Dealers are asking only a little less than the board, and the market is firm at about 270s. a cwt for October/January shipment, the discount of 5s. a cwt compared with later deliveries reflecting the abundance of nearby supplies.

A revival in consumption now that prices are less than half the record peak of 1954 is only a matter of time. In the United States, where consumption first fell away in response to high prices, the manufacturers are evidently expecting a more than seasonal increase in sales in the fourth quarter, and are buying Brazilian cocoa freely to rebuild their stocks. As the decline in European consumption came later than in the United States, presumably the revival will also lag behind. The growth in consumption will bolster prices, but at what level? That depends as much on this season's supplies, which are still a matter of guesswork. The first tentative official estimate of the crop in the Gold Coast, the largest producer, will be issued later this month, and next month, when the main crop in Brazil comes forward, it should be possible to estimate total Brazilian production.

Copper Companies' Progress

IN the last two years investors have grown more conscious of the potentialities of the Rhodesian copper mining companies and the yield offered by the leading shares is no longer ultra-generous for companies exploiting a wasting asset. The rise in Rhodesian Selection Trust this week (at 56s. 3d. the 5s. shares are 4s. 3d. up and yield £3 17s. 10d. per cent) reflects that new popularity, which is not confined to London. On the basis of a private listing in Paris this week there has been substantial French demand for Rhodesian Selection Trust 5s. units and a fortnight ago those units were the most active Wall Street stock.

	Years to June 30,		
	1953	1954	1955
Roan Antelope:			
Production (tons)	87,307	88,678	82,697
Profit before tax (£000) ...	9,353	8,037	9,883
Mufulira:			
Production (tons)	76,089	87,972	86,027
Profit before tax (£000) ...	7,467	8,414	11,130

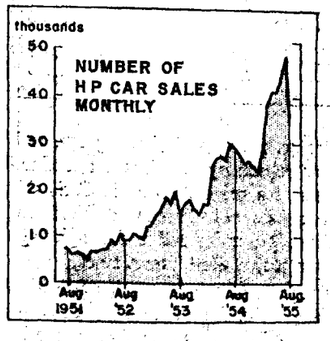
The fourth quarterly reports of the Rhodesian Selection Trust group of companies—Roan Antelope and Mufulira—for the financial year ended on June 30 should therefore be studied more closely than usual. They do not yet show the dividends; they do not even show the year's exact profit, for the calculations are made on the assumption that the provision for replacements remains unchanged and in rapidly expanding businesses that seldom happens. With those provisos the profits of Roan Antelope and Mufulira (which is owned to the extent of 63¾ per cent by Rhodesian Selection Trust) show the rise compared with the previous year that might be expected, though there was no further advance in profits in the final quarter notwithstanding favourable prices.

Shareholders will try to discover what effect the group's new policy of selling copper at fixed prices to British consumers has had on the past year's results. The task is not easy: the financial year covers less than two months of that policy; nothing like the whole output of the two companies is involved even over that period, for a substantial tonnage has always been sold in America on a fixed price basis; and lastly the figures are to some extent affected by the repurchase by each company of 3,236 tons of copper from the British government and its resale. The figures show that the revenue per ton in the full financial year, at a shade over £275 a ton, was a little higher than in the first three quarters of the year. As the market price in the last quarter was near the highest of the period, the year's figures as a whole clearly include a sacrifice—probably small to the new method of selling.

The group has not had second thoughts about its new selling policy. It has just raised its fixed price to British consumers to £360 a ton, following a rise in the open market price to £400 a ton. (The group has persistently sold below the market ever since in May it introduced a fixed price of £280 when the market price was £305 a ton.) The policy has been modified slightly in that the price is now subject to change at 24 hours' notice, instead of being fixed for thirty days. The group would still prefer to guarantee stability for a period and hopes to do so again, but the sharp fluctuations in the market have proved too much for it.

HP Sales Decline

THE latest batch of hire purchase restrictions introduced at the beginning of August were clearly aimed largely at the motor trade, which had passed unscathed through the restrictions imposed in February. By accident or design, the previous restrictions fell mainly on furniture. Sure enough, hire purchase sales of cars did drop heavily in August—from 47,088 in July to 35,370 and sales of the other durable goods on which HP Information collects figures fell too; the number of contracts for the month dropping from 87,842 to 65,181. The movement is not surprising; the Chancellor and the President of the Board of Trade gave themselves a flying start by imposing controls at the moment when hire purchase in the motor trade had reached its seasonal peak. The difficulty is now to disentangle the effects of government action from the normal seasonal decline.



The drop in hire purchase motor transactions this year between July and August has been just short of 25 per cent, and the July figure may have been slightly inflated by anticipation. Last year, when hire purchase had newly been set free and was bounding upwards, the August drop was only 3 per cent; in each of the previous three years it has been in the region of 10 per cent to 20 per cent. It looks as though the government and the calendar can share responsibility for this August's fall about half and half.

The Radio Industry Council's figures of sales and of credit transactions run only up to July, and in that month were still booming. Sales of radio sets jumped from 74,000 in June to 84,000 in July, and the percentage of them on credit rose from 40 to 41. Sales of television sets in the same month rose from 58,000 to 61,000, and the percentage of credit transactions rose from 57 to 61.

NUMBER OF HP CONTRACTS

	August, 1954	July, 1955	August, 1955
Cars	29,253	47,088	35,370
Commercial vehicles	4,163	7,342	5,916
Motor cycles and side cars	18,025	29,880	20,613
Tractors	662	815	706
Farm equipment	532	828	614
Caravans	1,153	1,533	1,452

Sources: HP Information.

Russia Sells More Wheat

ALTHOUGH Russia has had less in the way of agricultural surpluses for export in recent years there are still several world commodity markets in which the potential threat of Russian sales is never far away. A bountiful harvest, a need for foreign exchange, or a purely political decision could bring Russia back into the market, and the quantities offered would not have to be large to have an important influence on prices. Grain is one of those markets. In the 1954-55 season exports of wheat from

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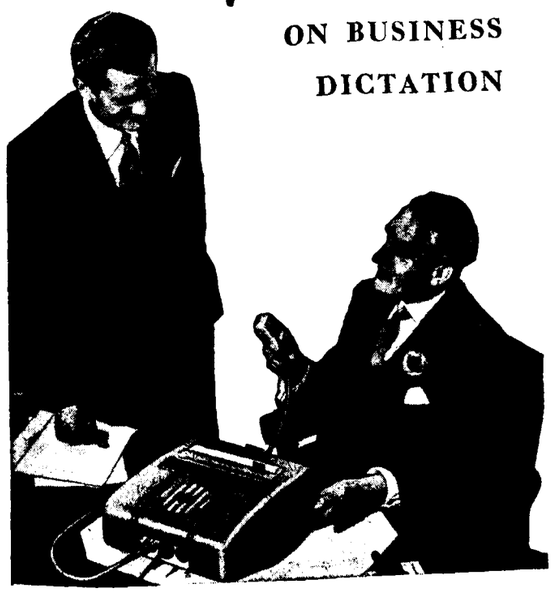

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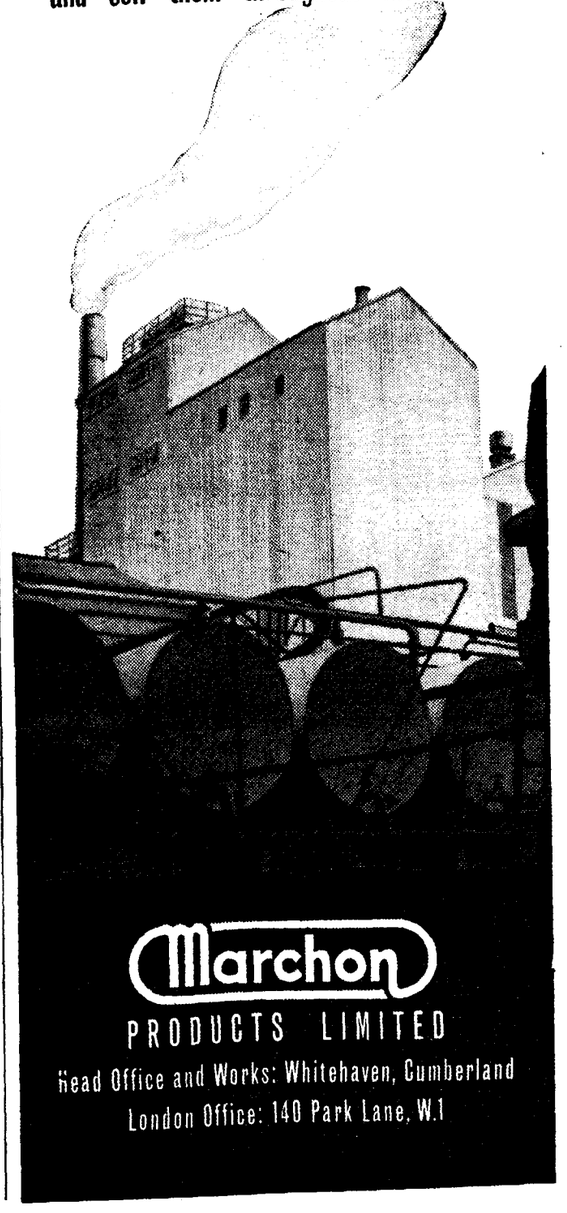

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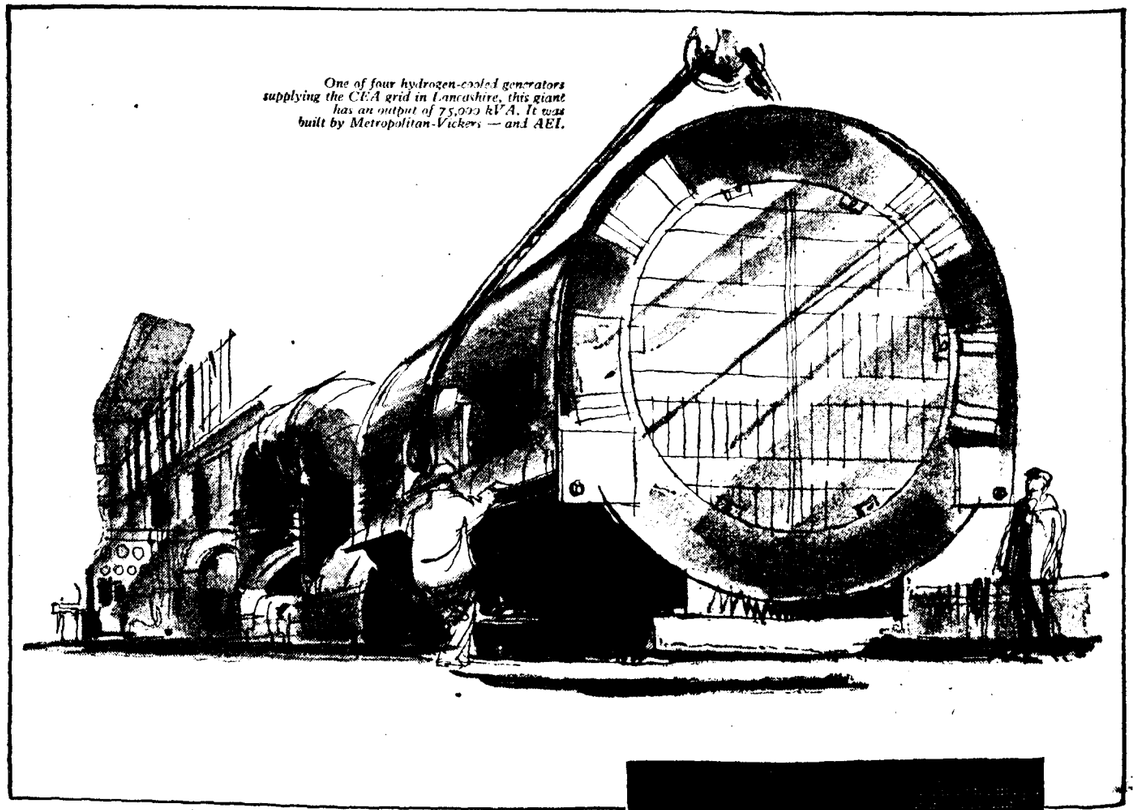
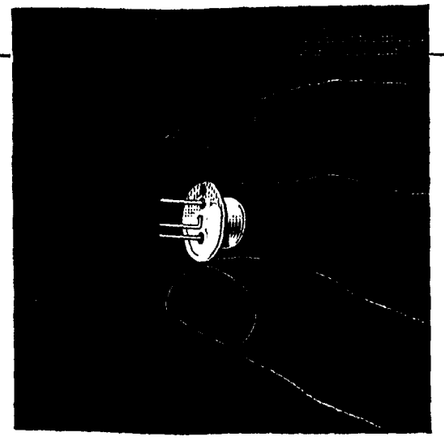


One of four hydrogen-cooled generators supplying the CEA grid in Lancashire, this giant has an output of 75,000 kVA. It was built by Metropolitan-Vickers — and AEI.



A transistor like this — the smallest kind of valve — may be used in a deaf-aid, or in equipment that controls whole industrial plants. They are made by British Thomson-Houston — and AEI.

LARGE & SMALL

Electrical equipment may weigh hundreds of tons or but a fraction of an ounce. This turbo-alternator is part of an installation which covers an acre of ground, the tiny transistor barely a thumbnail. Both are made by A.E.I. companies. Associated Electrical Industries is a practical partnership of great firms collaborating in research and economy of manufacture.

An investment in AEI is an investment in all these companies:
The British Thomson-Houston Co. Ltd.
&
Metropolitan-Vickers Electrical Co. Ltd.
&
Birlec Ltd.
&
Coldrator Ltd.
&
The Edison Swan Electric Co. Ltd.
&
Ferguson Pailin Ltd.
&
Newton Victor Ltd.
&
The Hotpoint Electric Appliance Co. Ltd.
&
Premier Electric Heaters Ltd.
&
Sunvic Controls Ltd.
&
Siemens Brothers & Co. Ltd.
&
Australian Electrical Industries Pty. Ltd.

&

AEI

Russia and the Danubian countries fell sharply; according to Broomhall the total was only 360,000 tons, little more than half the quantities exported even in the previous two seasons. A few cargoes came to Britain at the beginning of the season; then the Russians withdrew.

This season the Russians say that they have "a lot" of wheat to sell, and they have already sold between 25,000 and 30,000 tons to British millers. In quality Russian wheat is nearest to that of Argentina, hence prices of both tend to move together. Since Russian wheat began to be offered a month ago the price has fallen by over £2 to £25 12s. a ton cif, about 10s. a ton dearer than Plate wheat. It remains to be seen how much Russia means by "a lot," but Argentina, Australia and other producers of soft wheat must pray that the quantity will be small: there is too much soft wheat as it is. The Russians have not yet disclosed whether they will have maize to sell this season, but they have said that they will not be sellers of barley.

Maiden O.F.S. Dividends

THREE gold mines of the Orange Free State are to pay dividends this month. President Brand is to pay one shilling per 5s. share, President Steyn 6d., and Western Holdings 1s. 6d., all on September 30th. Thus the development of the gold resources of the Orange Free State —one of the bigger postwar industrial developments— bears first fruits, and appropriately all the first three dividends come from Anglo American, the group that has played the biggest role in financing the development of that goldfield. Coupled with the dividend announcement comes the reminder that President Brand and President Steyn will, in the terms of their flotation agreements, also repay to Welkom sums equal to the amounts of the dividends—£650,000 from Brand and £325,000 from Steyn—towards repayment of the loans of £1,250,000 that Welkom made to each company in its early days.

With those repayments still running and the mining companies still working up to maximum production—for which purpose a conservative dividend policy will be needed—it is obvious that the present dividends do not represent the best that shareholders can hope for. Nevertheless when a gold mine enters the dividend list an important landmark is passed. A hole in the ground can be worth anything. A mine that is earnings profits and paying dividends provides figures on which it can be valued. To do so is on occasion a sobering exercise, but it did the shares of these three companies no harm when investors started to do sums on Thursday morning. President Brand rose 7½d. to 75s., Western Holdings rose 1s. 10½d. to 88s. 1½d., and President Steyn rose 3d. to 38s. 9d.

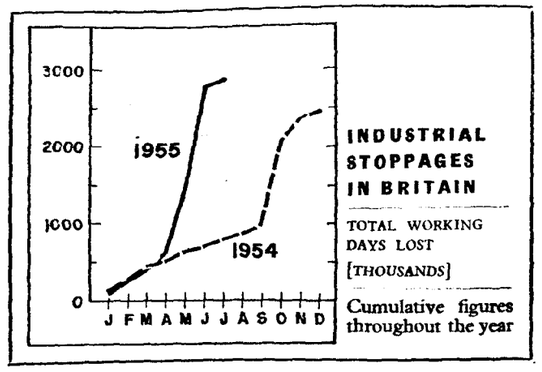
No Convertibility at Constantinople

THE delegation that the Chancellor of the Exchequer is taking with him this week-end to the meetings of the International Monetary Fund and the World Bank in Istanbul outnumbers any previous British delegation to these gatherings. Yet the formal business to be transacted, and decisions likely to be taken, do not outwardly justify the presence of this galaxy of senior officials from the Treasury and the Bank of England and other departments. Should a famous phrase be twisted to read "Never have so many assembled for so little"? Fortunately the importance of these annual meetings of the Bank and the Fund is not to be judged by the agendas, the opening speeches or the communiqués. Real value will again emerge from the private conversations of the finance ministers and central bankers around the lunch tables and cocktail bars. There will, for example, be useful opportunities in these private discussions to correct misconceptions about sterling policy and to undo some of the damage to confidence in sterling that sprang from the loose, hypothetical talk about the supposed virtues of flexibility in rates at the last OEEC meeting in Paris. Mr Butler should have an early opportunity of stressing in those private discussions that there will be no convertibility at Constantinople.

Above all, the Chancellor will be able to discuss the affairs of the sterling area with other Commonwealth ministers and their advisers. It is always a difficult tactical operation to assemble these men from the four corners of the earth; but they are attracted by the Fund and Bank meetings, and although Istanbul may seem a strange venue for a discussion of the affairs of the sterling family the present moment is highly opportune. The Chancellor will be able to give his Commonwealth colleagues some indication of the measures he has taken and those that are still in prospect for toughening the domestic economy. He will expect to receive some account of the comparable measures that are being taken in the other soft spots of the sterling area.

Good Times For Lead and Zinc

SINCE lead and zinc became the privileged wards of the American government in the middle of last year they have never looked back. Initially that government's "strategic" purchases of surplus metal merely underpinned the market, but soon the recovery in American consumption plus the sustained demand in Europe led to a strong recovery in prices. In the past year lead has risen by £12 to about £107 a ton and zinc has risen by £17 to about £93 a ton. The change-round in the prosperity of the



American industry has been striking. Producers' stocks have fallen from record heights to levels that are barely sufficient, output has increased, and consumption is high; consumption of zinc in the United States this year will probably set a record. Imports, which were the bane of producers in 1953-54, are no longer a problem: imports of lead have fallen, but more zinc has had to be imported to meet a relentless demand. Only a small tonnage of these metals now goes into the strategic stock.

This week the American producers raised the price of zinc by ½ cent to 13 cents a lb (£104 a ton) and the London market, which had long discounted most of that advance, rose by 30s. to £93 a ton. The time may soon come when producers could raise the price of lead by ½ cent to 15½ cents a lb (£124 a ton) without fearing that it would invite increased foreign shipments of lead to the United States; the doubt is whether the government buyer would follow the market up. In both metals there is the possibility of some abatement in the terrific demands of the American motor car industry, but that can hardly dampen producers' spirits as long as the American stockpile stands behind them.

"Free" Sugar Rallies

THE "free" world market in sugar has brightened up this month, though it is still weak compared with the early months of this year when Russia was mopping up the surplus. The spot price has risen by six points to 3.27 cents a lb fas Cuba, which is two points above the minimum in the International Sugar Agreement. Buying interest has broadened; Japan has bought a large quantity from several countries, and this week Germany is reported to have bought 100,000 tons from Cuba. It is difficult to foresee a further expansion of demand that would lift prices much above the minimum, but the market may hold its recent gains. Supplies available for the next month or two should not be burdensome, thanks partly to the cut in export quotas, which are now back to the minimum tonnages in the agreement, and partly to the frost damage to the crops in Brazil and Argentina, two exporters that are not members of the agreement.

SHORTER NOTES

The Republic of Korea became a member of the International Monetary Fund and the International Bank for Reconstruction and Development last week. Its quota in the IMF and its subscription to the World Bank have both been fixed at $12½ million.

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Members of the Liverpool Cotton Exchange have approved the new contract for futures trading in long-staple cotton; dealings will begin on September 27th when the Alexandria market reopens.

Company Notes

EARLS COURT. With the certainty that premises stand idle for an uncertain part of each year, the profit from exhibition buildings is a hit-or-miss affair. After the added troubles of high construction costs, this company soon got into difficulties, and has been in receivership since July, 1939. The premises were finally released from requisition in 1947, the Empress Hall let, and by 1954-55 earnings had slowly climbed to £138,000, before charging depreciation or debenture interest. But accrued interest from 1939 to last March had grown to £1,109,000, and major repairs and general reinstatement need up to £200,000.

Now that there is full experience of postwar conditions, a financial reconstruction might have been expected. It is not yet to be: it is put off for at least three years, on the ground that the potentialities of the buildings are not yet utilised to the full. The Receiver has felt hampered by lack of power to take business risks or carry out improvements, he has had no firm or realistic offer for the lease, and the law about the carry-forward of tax losses has only recently been changed.

So it is proposed, after a general payment on account of 20 per cent, or £124,670, to the First Debenture holders, to transfer any remaining cash (about £100,000) and other assets and the unencumbered lease to a new operating company, who will run Earls Court on commercial lines for a minimum of three years—a period that can be extended.

The present company, the rights of whose creditors and members remain unchanged, will be entitled to certain expenses and will hold the entire capital of the operator, though no dividend is expected or required during the moratorium.

Among others, the Prudential Assurance, as trustee and as holder of £562,407, or 90 per cent, of the 4½ per cent First Mortgage Debentures, supports the scheme. The Prudential also undertakes to provide at interest, if necessary, finance up to £150,000 at any one moment, and its consent would be required to any dividend while the loan is still outstanding.

The Receiver's remarks to members apply equally to creditors: "If the New Company proves sufficiently successful, they stand to benefit.... If the New Company does not prove successful, or does not prove sufficiently successful, they will be in no worse position than at present."

The scheme, however, which indirectly discloses directors' fees and administrative arrangements, does not entitle creditors to be told the financial terms on which the operating company is to be managed.

AMALGAMATED TIN MINES OF NIGERIA. Tin producers have good reason to count their blessings. In the last eighteen months the price of tin has been relatively stable within the not unprofitable range of £700 to £750 a ton; a buoyant world consumption and the strategic purchases of the United States have nicely balanced world production. Early this year there was a possibility that the American government's purchases would cease before the International Tin Agreement had been ratified, thus throwing the surplus on to the market. But it so happened that the political interest of the United States coincided with the interests of tin producers, and the surplus will continue to disappear into the strategic stock at least until next June. Before then, surely, Indonesia will have ratified the tin agreement, and the machinery for taking the surplus into a buffer stock and—ultimately—restricting production can be set up. Against that background the profit of Amalgamated Tin for the year ended March 31st seems appropriately stable, including a dividend of £77,000 from Keffi Tin—the columbite producer. It was £1,484,069 against £1,497,506 but the company has gained substantially from reduced taxation. Tax took £768,000 less investment allowances of £29,000, a net charge of £739,000, compared with £926,000. The third interim dividend (which is in effect the final payment) is 25 per cent against 24 per cent making a total distribution of 45 per cent

against 44 per cent for the year. The company has also followed the now widespread move towards providing additional depreciation over and above statutory allowances. A total of £385,000 (£200,000 from contingencies reserve and £185,000 from the year's profit) has been provided by the company. The subsidiaries have also provided an additional depreciation reserve of £57,057 against nil and a reserve for additional equipment of £325,000 against nil. These provisions, which surely point to a forward policy of mine development, come partly out of the undistributed balances which are drawn down from £345,653 to £197,104 and partly out of current profits of the subsidiaries which, thanks no doubt to colombite, unlike those of the parent, were sharply higher. After tax, after the reserve for additional depreciation and after deducting the dividend paid to the parent company but before charging the reserve against additional equipment those profits were £276,451 against £113,131. The company can hardly cavil at the American government's decision to withdraw from the market for colombite. The fantastic premiums paid under the American contracts were a windfall that could not be expected to last indefinitely. But the withdrawal is not reflected in the past year's accounts.

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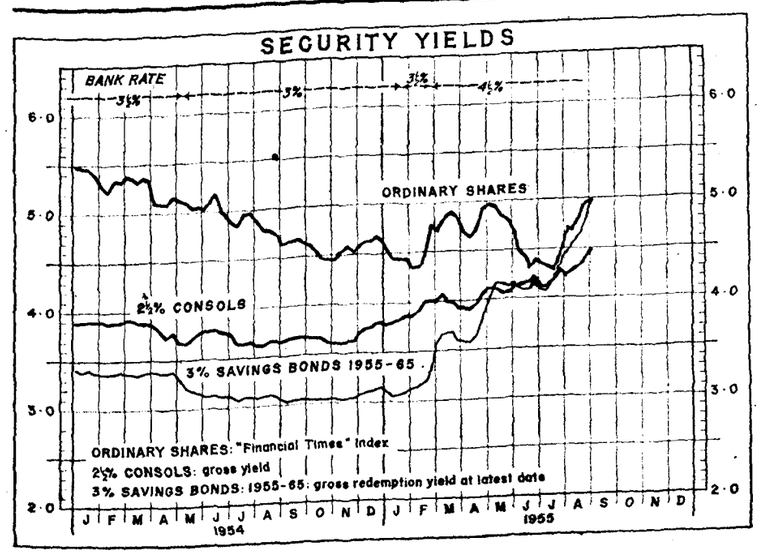
CARPET MANUFACTURING & BLACKWOOD MORTON. The recent increase in carpet prices came too late to affect earnings now being published, and Carpet Manufacturing announces, without comment on the British results, a 14 per cent drop in total profits (after depreciation and other charges) in the year ended June 30th. Associated companies in Australia, New Zealand and South Africa had, after withholding profits for some time, paid exceptionally large dividends in 1953-54, partly with a view to their re-investment by the UK company, and a fall in income from this source from £173,511 to £79,966 is not tragic. The chairman is to refer to these dividends again. They may still be exceptional, for they far exceed the investment income figures for earlier years. The dividend is maintained at 12½ per cent—not surprisingly, for it is still backed by high earnings, of nearly 36 (against 50) per cent, allowing for profits tax on a full distribution.

Blackwood Morton, a much larger company in the same trade, issuing its results for the same period and on the same day, reports a 9 per cent increase in group profit, after tax, of £368,204 against £338,780. This represents equity earnings, after the usual profits tax adjustment, a shade higher at 35 per cent; the 12 per cent dividend is repeated.

	Years to June 30, 1954	1955
	£	£
Carpet Manufacturing:—		
Trading profit after charges	288,868	197,975
Total profit	402,379	277,941
Taxation	207,500	132,500
Net profit	*194,879*	*145,441*
Ordinary dividends	36,835	39,766
Ordinary dividend (per cent.)	12½	12½
Retained profits	152,682	100,069
Blackwood Morton:—		
Depreciation	266,168	272,281
Taxation	635,105	522,870
Net profit	*338,780*	*368,204*
Ordinary dividends	99,000	102,375
Ordinary dividend (per cent.)	12	12
Retained profits	239,780	265,829
Special credits	—	30,000

Comparison with Carpet Manufacturing is not as odious as might appear. The larger company's earnings after depreciation but before tax appear to be 8 per cent lower, the fall being made good by the reduced tax charge. It is however a good result, for the balance is struck after providing £58,752, against £11,117 for inter-company profits on stock valuation, and it follows profits for 1953-54 that were unusually high. At 22s. 6d. and 10s. 6d., the £1 Carpet Manufacturing and the 5s. Blackwood Morton shares yield respectively £11 2s. and £5 14s. per cent.



LONDON STOCK EXCHANGE

Next Account begins: September 21st
Next Contango Day: September 21st
Next Settlement Day: September 13th

Markets continued to decline in the early part of the week, but an improvement soon took place and the old account closed on Tuesday above the worst. Since then the better tone has continued and though business has been at a low ebb, most sections show higher prices. With the exception of the "shorts" British Funds have all established new lows for the year during the week.

The new regulations permitting the export of bearer stocks and the freeing of "blocked" sterling, caused rises in issues affected by the change, notably in Japanese and German bonds, but profit taking left most issues under the best. German 5 per cent Assented improved from 81½ to 83 and the 4½ per cent Assented from 150 to 152½. Unilever NV improved from 117s. 3d. to 119s. 9d., Canadian Eagle Bearer from 61s. 6d. to 65s. 4½d.

Among industrials the Admiralty Radar contract stimulated Decca which put on 2s. 3d. to 40s. 3d. Murex improved 2s. to 59s. 6d. on the Chairman's statement. Dealings began in Beecham Group new ordinary nil paid at 1s. premium, issued as rights in the ratio of 1 for 8 at 21s. per share. A. E. Reed were dealt in ex rights around 91s. 3d. with the new nil paid 1s. 9d. premium. The Farnborough air show has drawn attention to aircraft shares, a firm tendency prevailing with Hawker Siddeley in the lead, rising 3s. to 57s. 9d.

Gold shares were firm and active before the maiden dividend declarations by Presidents Brand & Steyn and Western Holdings and improved further on this news, the older mines joining in the upward trend. A firm market developed in Coppers, record prices for the year being established in Nchanga at 17½, RST at 57s. and Rhoanglo at 6 5/16. The oil market went ahead with BP up 3s. 9d. at 118s. 9d. and Burmah up 3s. 9d. at 78s. 9d.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Security Indices Fixed Int.†	Yields 2½% Cons.	Yields Ord.
			%	%
Aug. 31	194·1	99·03	4·45	5·01
Sept. 1	193·9	98·78	4·50	5·01
" 2	192·5	98·23	4·56	5·05
" 5	190·8	98·23	4·55	5·10
" 6	192·1	98·56	4·48	5·06
" 7	194·3	98·65	4·48	5·01
1955, High	233·9 (July 21)	115·97 (Jan. 7)	Total bargains 1955	
" Low	175·7 (Mar. 15)	98·23 (Sept. 2)	Aug. 31	8,262
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	Sept. 1	7,575
" Low	131·1 (Jan. 1)	111·78 (Jan. 5)	" 2	7,287
			" 5	9,308
			" 6	7,590
			" 7	8,928

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Sept. 7 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 31, 1955	Price, Sept. 7, 1955	Net Yield, Sept. 7, 1955 § £ s. d.	Gross Yield, Sept. 7, 1955 £ s. d.
100 3/16	87 3/8	Funding 2¾% '52-57	97 7/32	97 1/16	3 2 9	4 9 10 l
100 1/4	97 1/8	War Bonds 2½% '54-56	98 3/32	98 3/32	3 8 10	4 11 11 l
100 11/16	93	War Loan 3% '55-59	93 1/2	93 1/4	3 10 10	4 16 9 l
100 31/32	99 3/8	Serial Funding 3% 1955	99/14/9	99/15/6	0 12 11	4 2 11
100 1/4	96 3/4	Serial Funding 2½% 1957	96 3/4	96 1/16	3 0 5	4 3 0
99 17/32	91 3/32	Conv. 2% 1958-59	91 1/16	91 13/32	3 17 3	4 16 0 l
97 1/2	89 1/16	Exchequer 2% 1960	89 13/32	89 3/32	3 16 7	4 15 1
104 1/2	92 5/8	Exchequer 3% 1960	93 13/32	93 3/32	3 7 11	4 14 7
100 11/16	83 1/2	Savings Bonds 3% '55-65	84 3/4	84	3 13 6	5 1 11 l
100 3/8	87	Funding 2½% '56-61	88 1/8	87*	4 0 6	5 3 1 l
97	78 1/2	Funding 3% '59-69	80 1/4	78 1/2	3 14 10	5 3 11 l
103 7/16	90 1/4	Funding 4% '60-90	91 5/8	90 3/4	4 14 9	6 14 2 e
96 3/8	77 3/8	Savings Bonds 3% '60-70	78 3/8	78	3 13 0	5 2 7 l
102 3/8	87 1/2	Exchequer 3% '62-63	88 1/2	87 1/2	3 12 2	5 0 9 l
99 7/8	82 5/8	Exchequer 2½% '63-64	83 3/8	82 7/8	3 16 9	5 1 7 l
95 7/16	77 1/16	Savings Bonds 2½% '64-67	78 5/8	78	3 17 1	5 2 8 l
94 7/16	75 1/2	Savings Bonds 3% '65-75	76 5/8	75 7/8	3 8 3	4 18 7 l
105 1/2	91 1/2	Victory 4% '20-76	91 7/8	91 3/8	3 3 11	5 0 2 t
98 1/2	78 1/2	Funding 3% '66-68	80 1/4	79 3/4	3 15 0	5 4 6 l
103	84	Conv. 3½% 1969	85 1/2	84 1/4	3 9 10	5 2 10
98 3/4	80 1/4	Treas. 3½% '77-80	81 1/8	80 1/4	3 3 8	4 18 7 l
99 5/16	80	Treas. 3½% 79-81	81 1/2	80 3/4	3 2 11	4 17 5 l
88 1/4	68 5/8	Redemption 3% '86-96	70*	69 1/4*	3 0 9	4 13 8 l
95 11/16	78 1/2	Funding 3½% 1999-2004	79 1/2	79 1/4	2 16 2	4 11 11 l
97 3/8	82 3/4	Consols 4% aft. Feb. '57	83 1/4	83 1/4	2 15 5	4 16 7 f
88 9/16	74 1/16	War L'n. 3½% aft. Dec. '52	75 3/4	75 1/2	2 13 8	4 13 11 f
89 11/16	72 3/4	Conv. 3¼% aft. April '61	74 1/4*	74*	2 14 4	4 14 4 f
78 1/2	63 1/4	Treas. 3% aft. April '66	64 1/4*	64 1/4*	2 13 7	4 13 1 f
66 3/4	54 3/4	Consols 2½%	55 3/8*	55 1/4*	2 11 6	4 9 5 f
66 3/4	54	Treas. 2½% aft. April '75	55 1/4*	54 7/8*	2 12 4	4 10 10 f
99 1/2	97 1/2	Br. Elec. 4½% '67-69	97 3/4	97 1/2	2 16 0	4 14 6 l
94 13/16	75 7/8	Br. Elec. 3% '68-73	77 3/8*	76 3/4*	3 10 8	5 0 6 l
93 15/16	75	Br. Elec. 3% '74-77	76 1/4*	75 1/4*	3 6 11	4 17 4 l
109 1/16	90 1/4	Br. Elec. 4½% '74-79	91 3/4*	90 1/4*	3 0 2	4 18 8 l
98 13/16	80 3/4	Br. Elec. 3½% '76-79	82 1/2	81	3 3 8	4 18 8 l
105 3/8	89 1/2	Br. Gas 4% '69-72	90 1/2	89 3/4	3 3 0	4 19 9 l
102 1/2	82 1/2	Br. Gas 3½% '69-71	84 1/2*	83 1/4*	3 7 6	5 0 9 l
88 7/16	71	Br. Gas 3% '90-95	72 3/8	71 3/4	2 19 4	4 12 4 l
94 13/16	76	Br. Trans. 3% '68-73	77 3/4*	76 1/4*	3 10 8	5 0 6 l
105 1/16	87 7/8	Br. Trans. 4% '72-77	89 1/4	87 7/8	3 1 9	4 19 5 l
88 7/16	70 1/4	Br. Trans. 3% '78-88	72 3/8	71 3/8	3 2 7	4 15 0 l

(e) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend. † Assumed average life approx. 12 years. § Less tax at 8s. 6d. in £.

Prices, 1954 High	Low	Prices 1955 Jan 1 to Sept. 7 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 31, 1955	Price, Sept. 7, 1955	Yield, Sept. 7, 1955 £ s. d.
97 7/8	90 1/8	94 3/8	79	Aust. 3½% '65-69	81 1/2	80 1/2	5 5 3 l
101 3/8	97 1/4	101 3/8	87	Ceylon 4% '73-75	88 1/2	88 1/2	4 18 2 l
106 1/8	98 1/2	103 3/4	87 7/8	N. Zealand 4% '76-78	89 1/2	89 1/2	4 15 3 l
79 3/4	71 3/4	75 3/4	61	L.C.C. 3% aft. 1920	64 1/2	62 1/2	4 16 0
99 1/2	95	99	83	Liverpool 3% '54-64	85 1/2	84 1/2	5 1 0 l
87 1/4	80 1/4	84	65	M.Wtr. 'B' 3% '34-2003	66 1/2	66 1/2	4 15 11 l
104 1/4	100	102 1/4	94 3/4	Agric. Mort. 5% '59-89	97 1/2	96 1/2	5 4 4 l
109 5/8	71 3/4	122 3/4	91	German 7%	112	116	...
168 1/2	102	213	149	German 5½%	199 1/2	205	...
171	132 3/4	211	160	Japan 5% 1907	201 1/2	229	...
198 1/2	167	254	190	Japan 5½% Conv 1930	241 1/2	253 1/2	...

Prices, 1955 Jan. 1 to Sept. 7 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Aug. 31, 1955	Price, Sept. 7, 1955	Yield, Sept. 7, 1955 £ s. d.
		%		%	BANKS & DISCOUNT			
58/7½	48/4½	7	b	5	a Barclays £1	50/-	49/-	4 18 0
76/7½	58/-	15	c	6	a Lloyds 'A' £5, £1 pd.	59/6	58/6	5 2 7
89/3	72/-	18	c	9	a Midland £1, fully pd.	76/6	76/6	4 14 1
87/-	70/-	18	c	9	a N. Prov. 'B' £5, £1 pd.	73/-	70/-	5 2 10
96/10½	78/6	8	b	8	a Westmstr 'B' £4, £1½ pd.	81/6	80/-	5 0 0
69/-	44/-	8¾	b	3¾	a Alexanders £1	48/6	46/6	5 7 6
58/6	45/-	7	b	5	a Nat. Disc. 'B' £1	47/6	45/6	5 5 6
60/-	47/6	12½	c	6½	a Union Disc. £1	47/6	47/6	5 5 3
40/1½	32/-	4	b	4	a Barc. (D.C.O.) £1	33/-	33/-	4 0 10 s
51/9	41/-	7½	b	7½	a Chart. Bk. of India £1	42/-	41/6	7 4 7
					INSURANCE			
21¾	14½	50	a	110	b Leg. & Gen. £1 5/- pd.	18½	18½	2 3 3
28	20½	45	† b	20	† a Pearl £1, fully pd.	22	23*	4 18 3
55½	41¼	112½	† c	117½	† c Prudential 'A' £1	46	46½	4 7 11
					BREWERIES ETC.			
141/-	118/-	33	b	10	a Bass £1	121/3	120/-	7 3 4
34/9	22/-	10	a	10½	b Distillers 6/8	25/6*	25/3	4 7 2 h
49/6	40/3	15	b	8	a Guinness 10/-	42/6	41/3	5 11 2
93/9	68/3	7	a	14	b Whitbread 'A' Ord. £1	72/6	68/9	6 1 10

Prices 1955 Jan. 1 to Sept. 7 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Aug. 31, 1955	Price, Sept. 7, 1955	Yield, Sept. 7, 1955 £ s. d.
		%		%	STEEL & ENGINEERING			
46/6	35/9	17½	c	4	a B.S.A. £1	40/-	39/-	4 9 9 p
13/10½	10/-	3¼	a	10¾	b Cammell Laird 5/-	11/6	11/6	6 1 9
39/3	27/-	...		3	a Colvilles £1	32/-	32/6	5 10 9 o
36/7½	23/-	...		8	c Dorman Long £1	31/-	31/6	5 1 7
54/-	31/2½	5	a	15	b Guest Keen N'fold £1	45/-	44/-	4 10 11 m
79/9	42/-	12½	c	5	a Stewarts & Lloyds £1	66/6	67/6	3 14 1
47/-	27/6	6¾	b	4	a Summers (John) £1	39/3	39/6	5 1 3 m
50/-	28/6	6	b	4	a United Steel £1	41/3	42/-	4 15 3
47/10½	35/9	2¾	a	6	b Vickers £1	39/6	38/-	4 9 6
					TEXTILES			
30/4½	20/9	6	b	4	a Bradford Dyers £1	21/-*	21/3	9 8 3
35/-	25/-	3	a	7	b Brit. Celanese £1	26/6	26/6	7 10 11
29/6	23/-	2¼	a	6½	b Coats (J. & P.) £1	24/6	23/9	7 7 4
55/3	35/-	4	a	6	b Courtaulds £1	44/6	44/-	4 10 11
34/1½	24/9	7½	b	5	a Lancs. Cotton £1	26/6	25/6	9 16 1
36/0¾	28/-	2¼	a	10	b Patons & Baldwins £1	30/-	29/6	8 9 6
					MOTOR & AIRCRAFT			
22/11½	17/4½	3¼	a	6½	b Bristol Aeroplane 10/-	19/3	21/6	4 13 0
15/9¾	9/10½	8½	b	4	a British Motor 5/-	11/-	11/-	5 13 8
27/10½	21/3	7½	c	Nil	c De Havilland £1	23/9	24/-	Nil
60/-	37/-	5	a	10	b Ford Motor £1	46/3	46/3	3 4 10 v
70/9	43/1½	7½	b	5	a Hawker Siddeley £1	53/-	55/10½	4 9 5
52/9	33/6	25	c	30	c Leyland Motors £1	42/6	42/6	4 14 1 m
133/1½	71/3	5	a	12½	b Rolls Royce £1	115/-	116/3	3 0 2
12/3¾	6/10½	12	c	12	c Standard Motor 5/-	11/-	11/-	5 9 1
					SHOPS & STORES			
21/7½	12/6	17½	b	3	a Boots Pure Drug 5/-	17/9	18/6*	3 14 4 t
47/6	36/9	7½	a	20	b Debenhams 10/-	39/7½	42/-	6 10 11
62/6	43/9	15	a	45	b Gt. Universal 5/-	46/6	46/-*	6 10 6
114/-	93/1½	5	a	17½	b Lyons (J.) 'A' £1	95/-	95/-	4 14 9
76/-	58/6	15	a	30	b Marks & Spen. 'A' 5/-	66/-	66/-	3 17 9
71/9	55/3	36¾	b	20	a Woolworth 5/-	59/3	60/3	4 2 11 d
					OIL			
139/-	68/6	5	a	14	b British Petroleum £1	114/4½	117/6	2 11 2 j
93/5½	50/-	7½	a	13½	b Burmah £1	71/4½	77/6	2 14 2 k
£62¾	£50¾	6	a	10	b Royal Dutch 100 fl.	£60	£62	2 11 8
158/9	109/9	5	† a	10	† b Shell Reg. £1	135/7½	136/3	3 16 6
44/6	26/9	15	† b	5	† a Trinidad L'holds 5/-	37/9	38/3	4 10 11
					SHIPPING			
37/3	25/6	5	a	7	b Cunard £1	27/6	27/-	7 8 2 m
61/-	45/-	12	c	14	c Furness Withy £1	47/-*	45/6	6 3 1
38/6	27/6	3	a	13	b P. & O. Def. £1	31/-	31/6	5 1 7 n
					MISCELLANEOUS			
97/6	61/3	14	c	2½	a Assoc. Elect. £1	87/6	86/3	3 4 11
135/-	88/9	5	a	15	b Assoc. Port. Cem. £1	112/6	110/-	3 12 9
111/6	67/-	7½	a	15	b Bowater Paper £1	93/9	95/7½	3 15 4 u
56/3	44/1½	2½	a	7½	b B.I.C.C. £1	47/-	45/-	4 8 11
58/3	35/6	4	a	8	b Brit. Aluminium £1	51/-	49/6	4 17 0
61/3	47/10½	15	† c	10	† a Brit. Amer. Tob. 10/-	55/-*	55/-	4 14 10
$64½	$51¾	3	b	3	a Canadian Pacific $25	$60¾	$62½	4 7 6
48/9	31/4½	41¾	b	14	a Decca Record 4/-	38/9	38/9	3 17 5 r
33/4½	25/9	4	a	10	b Dunlop Rubber 10/-	26/6	26/-	5 7 8
87/3	54/1½	8½	b	4	a English Elect. £1	77/6*	77/6	3 4 6
81/-	51/3	4½	a	9½	b General Elect. £1	67/6*	66/3	4 4 6
61/6	38/3	4	a	6	b Imp. Chemical £1	50/10½	51/3	3 18 1
65/10½	57/9	12½	b	8½	a Imp. Tobacco £1	60/-	60/-	7 0 0
$157¾	$105½	$2·90	c	$1·75	a Inter. Nickel n.p.v.	$154¼*	$154¾	3 7 3
77/-	57/6	7½	a	10	b London Brick £1	66/3	63/9	5 9 10
38/6	26/-	15¾	b	6¾	a Monsanto Chemicals 5/-	30/-	29/-*	3 17 5
81/3	60/3	3½	a	14½	b Tate & Lyle £1	71/10½	72/6	4 8 10 g
109/6	72/6	10	b	10	a Tube Investments £1	95/-	92/6	4 6 6
118/6	95/6	17½	b	5	a Turner & Newall £1	104/4½	104/4½	4 6 3
100/6	69/3	6	a	9½	b Unilever £1	92/6	96/-	3 5 7
44/1½	33/9	7½	† b	7½	† b United Molasses 10/-	36/-	36/-	6 2 9 q
49/9	34/-	2½	† a	27½	† b Cons. Tea & Lands £1	42/-	40/-	26 1 9
3/4½	1/10½	10	c	15	c London Asiatic Rbr. 2/-	2/7½	2/7½	11 8 7
63/6	38/9	7½	a	20	b United Sua Betong £1	52/6	56/10½	9 13 5
					MINES			
9 13/16	7 3/16	20	a	50	b Anglo-Amer. 10/-	9¼	9 7/16	3 14 4
143/3	106/10½	80	a	120	b De Beers 5/- Bearer	131/10½	133/9	7 9 5
126/3	78/9	...		...	Free State Geduld 5/-	88/1½	90/-	Nil
70/9	51/7½	10	b	10	a Randfontein £1	58/9	58/9	6 16 2
10/3	6/8¼	24	c	28	c London Tin 4/-	9/8½	10/-	11 4 0
49¾	31½	200	b	50	a Rhokana £1	47½	48	5 4 2

New York Closing Prices

	Aug. 31 $	Sept. 7 $		Aug. 31 $	Sept. 7 $		Aug. 31 $	Sept. 7 $
Balt. & Ohio	53¾	52	Am. Smelting	55¾	54¾	Inter. Paper	108½	110
Can. Pac.	34½	35	Am. Viscose	57¾	68¾	Nat. Distill.	21	21¾
N.Y. Cent.	46¾	48	Cel. of Am.	22¾	23¼	Sears Roebuck	99¼	100¾
Pennsyl.	27	28¾	Chrysler	87½	85¾	Shell	61¾	61¾
Amer. Tel.	179¼	176¼*	Gen. Elec.	53	54¼	Std. Oil of N.J.	135¼	136¼
Stand. Gas	9⅞	10¼	Gen. Motors	127⅞	129¾	U.S. Steel	56¼	58¼
United Corp.	6¼	6⅜	Goodyear	60	62¼	Westinghouse	66¾	67¾
W. Union Tel.	23⅞	23⅞	Inter. Nickel	85¼	86¼	Woolworth	49¾	50¼

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 16·1%. (h) On 16½%. (i) On 10½%. (j) On 15%. (l) To latest date. (m) On 10%. (n) On 8%. (o) On 9%. (p) On 8¾%. (q) Yield basis 22·10% gross. (r) On 37½%. (s) On 6¾%. (t) On 13¾%. (u) Dividend for 15 months. On 18%. (v) On 7½%. (x) On 12½%.

Statistics

The following list shows the most recent date on which each statistical page appeared.

BRITISH		OVERSEAS	
Prices and Wages	Sept. 3rd	*Western Europe*	
Production and Consumption	This week	Production and Trade	Sept. 3rd
Manpower	Aug. 20th	British Commonwealth	This week
External Trade	Aug. 27th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	Aug. 20th
Industrial Profits	July 23rd	United States	Aug. 27th
World Trade	July 23rd		

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1952	1953	1954	1954 May	June	July	1955 April	May	June	July
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948 = 100	114	121	129	133	128	117	132	138	136	121–122*
Mining and quarrying		"	109	109	110	117	107	89	105	109	105	...
Building and contracting		"	103	110	111	112	112	111	112*	112*	112*	...
Gas, electricity and water		"	127	132	142	131	123	118	143	141	131	...
Manufacturing, total		"	115	123	133	138	133	120	138	145	143	...
Engineering, shipbuilding, electrical goods		"	127	129	140	143	138	123	...	...	...	...
Vehicles		"	124	138	155	160	156	149	174	179	...	...
Chemical trades		"	132	151	166	171	168	158	...	...	...	...
Textiles and clothing		"	99	114	116	123	113	103	116	118	...	...
Food, drink and tobacco		"	108	114	116	126	122	112	118	127	...	...
BASIC MATERIALS												
Production of:												
Coal (1)(3)	W	'000 tons	4,332	4,300	4,298	4,591	4,212	3,522	4,114	4,290	4,175	3,408
Pig-iron	W	"	202	215	229	231	233	211	238	242	217	231
Steel, ingots and castings	W	"	310	339	356	374	372	263	393	402	364	308
Sulphuric acid	M	"	125·5	156·3	170·2	169·9	165·5	161·3	173·6	177·7	170·6	...
Newsprint	W	"	10·32	11·60	11·77	12·47	12·47	8·68	12·05	12·07	11·95	...
Electricity (4)	M	mn. kwh	5,166	5,459	6,075	5,592	5,090	4,972	6,102	6,214	5,636	5,115
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	14·82	17·97	19·17	20·78	17·36	17·10	16·31	18·18	14·92	14·02
Worsted yarn	M	"	14·84	18·40	18·80	19·08	18·08	18·29	16·64	18·28	19·05	...
Rayon and synthetic fibres, total	M	"	23·59	34·94	37·30	37·81	37·38	38·05	39·95	40·48	39·86	...
" " " " staple fibre	M	"	10·59	16·85	19·00	18·75	19·21	20·81	21·31	20·38	19·59	...
Cotton cloth, woven	W	mn. yds.	32·5	35·2	38·3	41·0	39·0	24·7	35·3	38·9	33·8	...
Wool fabrics, woven	M	mn. sq yds	31·5	34·3	34·5	33·0	33·2	34·7	30·1	31·5	34·8	...
Engineering production:												
Passenger cars and chassis	W	'000s	8·62	11·44	14·79	16·13	14·71	15·66	16·92	18·28	17·19	13·51
Commercial vehicles and chassis	W	"	4·65	4·61	5·17	5·14	4·89	4·93	5·80	6·72	6·32	5·27
Metal-working machine tools	M	'000 tons	12·58	12·63	11·39	11·51	11·35	10·63	11·11	13·24	...	...
Internal combustion engines	M	'000 BHP	331	311	356	342	333	306	435	421	...	...
BUILDING ACTIVITY												
Permanent houses completed: (1)												
Total	M	'000s	19·99	26·56	28·97	31·37	30·97	30·16	21·50	24·93	27·19	...
For private owners	M	"	2·86	5·24	7·55	7·70	7·63	8·08	8·84	9·25	9·89	...
For local housing authorities	M	"	16·11	19·91	19·58	21·61	21·10	20·16	11·71	14·91	16·50	...
Other	M	"	1·03	1·41	1·83	2·06	2·24	1·92	0·95	0·78	0·80	...
WHOLESALE SALES (2)												
Textile houses:												
Total home sales		Av. value 1950 = 100	90	95	95	90	75	67	96	88	79	71
Women's and children's wear		"	90	96	96	92	72	65	98	89	75	70
Men's and boys' wear		"	82	91	90	88	77	66	94	83	79	76
Piece-goods		"	68	66	63	61	52	52	60	60	47	49
RETAIL SALES (2)												
Large retailers:												
All merchandise		Weekly av. value 1950 = 100	117	124	132	128	129	132	136	140	138	...
Clothing and footwear		"	110	113	125	130	129	130	135	138	138	...
Household goods		"	102	110	125	118	111	132	119	129	118	...
Independent retailers:												
Clothing and footwear		"	95	94	97	103	98	107	105	104	99	...
Household goods		"	109	120	132	123	111	130	131	129	118	...
STOCKS												
Basic materials:												
Coal, distributed (1)		'000 tons	15,801	17,626	15,682	13,350	14,682	15,218	10,838	11,640	13,202	14,255
Steel		"	817	1,112	899	1,010	1,098	1,159	917	936	946	...
Copper (4)		"	131·9	55·3	61·5	65·3	68·1	67·3	60·8	58·5	64·3	...
Sulphur		"	211·8	66·8	67·2	68·4	79·8	79·9	83·8	92·3	82·0	...
Newsprint		"	189·7	110·6	97·5	98·6	105·6	101·1	130·9	113·2	117·7	...
Textiles:												
Wholesale houses, total (1)		Av. value 1950 = 100	74	89	95	112	110	117	109	107	104	110
Large retailers, clothing and footwear (1)		"	92	102	107	127	121	108	129	130	124	...

(1) Great Britain. (2) Provisional estimate. (3) 1954 figures exclude all screening losses normally amounting to around 5,000 tons a week. (4) Excluding government stocks from August, 1953. (5) Average for second quarter.

British Commonwealth

PRODUCTION OF FUEL AND POWER [1]

Monthly averages or calendar months	Coal				Crude petroleum		Electricity				
	Australia	Canada	India	S. Africa	Canada	Pakistan	Australia	Canada	India	N. Zealand	S. Africa
	'000 tons						million kwh.				
1938	973	987	2,362	1,335	72	...	363	2,168	...	...	478
1953	1,535	1,032	2,998	2,335	889	19·3	1,079	5,457	558	286	1,112
1954	1,644	953	3,064	2,404	1,062	21·4	1,206	5,761	627	312	1,220
1955, January	906	1,032	3,153	2,451	1,320	22·0	1,162	6,547	668	287	1,246
„ February	1,566	902	3,249	2,366	1,208	20·0	1,163	5,973	626	281	1,252
„ March	1,641	1,034	3,304	2,778	1,265	23·0	1,315	6,635	696	322	1,334
„ April	1,498	758	3,233	2,613	...	22·7	1,243	6,363	689	311	1,293
„ May	1,687	840	...	2,653	...	...	...	6,640	...	345	1,414

PRIMARY PRODUCTION [2]

Monthly averages or calendar months	Copper		Rubber		Tin	Steel				Gold		
	Canada	N. Rhodesia	Ceylon	Malaya	Malaya	Australia	Canada	India	S. Africa	Australia	Canada	S. Africa
	'000 tons									'000 fine ounces		
1938	17·7	17·7	4·2	30·0	5·31	100	96	78	25	132·7	394	1,013·4
1953	16·0	28·4	8·2	47·9	5·20	171	306	126	106	89·6	338	994·7
1954	19·5	28·8	7·8	48·7	5·93	185	237	140	117	93·2	364	1,102·3
1955, March	21·3	25·8	4·9	52·5	7·10	182	343	149	131	93·8	372	1,210·5
„ April	20·2	29·9	7·0	44·7	5·40	158	322	145	130	79·2	370	1,195·0
„ May	20·3	31·4	5·4	49·8	5·33	188	...	...	143	...	383	1,220·5
„ June	20·9	31·5	5·8	50·5	6·69	167	...	...	...	...	...	1,217·7
„ July	...	...	8·5	56·0	...	184	...	...	...	...	...	1,251·2

EXTERNAL TRADE [3]

Monthly averages or calendar months	Australia		Canada		India		New Zealand		Pakistan		S. Africa [4]	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	mn. £A		mn. C$		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1938	10·6	11·8	56	71	...	...	4·62	4·76	...	...	7·97	2·71
1953	42·5	70·9	365	348	477	442	16·01	19·61	112·6	125·8	35·45	28·33
1954	56·6	67·9	341	329	528	486	20·45	20·33	92·8	107·2	36·94	26·48
1955, February	69·8	67·8	308	301	592	504	22·4	19·3	93·9	140·2	38·8	31·1
„ March	77·6	77·5	376	355	577	473	24·6	30·4	85·4	94·4	47·8	31·9
„ April	73·2	57·1	383	341	513	396	...	18·9	65·3	114·4	...	...
„ May	78·9	67·1	434	373	511	440	...	...	66·0	95·8	...	...
„ June	...	...	402	383	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES [4]

	Gold and Foreign Exchange Holdings					Cost of Living						
	Australia	Canada	India	New Zealand	S. Africa	Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1948 = 100						
1938	281	220	485	41	259	69	66	35	72	...	68	71
1953	1,361	1,826	1,765	204	295	178	120	108	134	112	130	136
1954	1,133	1,955	1,782	174	416	180	121	104	141	110	133	137
1955, March	...	1,883	1,780	160	392	181 [5]	120	97	143 [6]	105	137	137
„ April	...	1,881	1,749	159	368		121	96	...	104	136	138
„ May	...	1,894	1,739	168	345	183	121	92	...	103	136	138
„ June	...	1,940	...	250	338		120	...	...	...	...	138
„ July	...	1,948	...	...	342	...	...	...	...	...	...	...

(1) Petroleum production in Canada in 1938 includes natural gasoline. 1938 figure of electricity production in Australia is for 12 months ended June 30th; figures for New Zealand represent about 87 per cent of total generation. (2) Copper and tin refer to metal production. (3) General trade (including re-exports) except for Canada, which is special trade only. Imports are c.i.f. except for Australia, Canada and S. Africa which are f.o.b.; exports are f.o.b. Trade for India and Pakistan includes that going by land; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. (4) Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for Pakistan is based on 12 months ended March, 1949, as 100; for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. Annual figures for Australia are for year ended June 30th. (5) Figures for first quarter. (6) Including semi-processed gold. Beginning January, 1955, including South-West Africa.

Financial Statistics

EXCHEQUER RETURNS

For the week ended September 3rd there was an "above-line" deficit (after allowing for Sinking Funds) of £16,476,000 compared with a surplus of £7,436,000 in the previous week and a deficit of £20,910,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £24,943,000, bringing the total cumulative deficit to £408,655,000 (£311,046,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to Sept. 4, 1954	April 1, 1955 to Sept. 3, 1955	Week ended Sept. 4 1954	Week ended Sept. 3, 1955
Ord. Revenue					
Income Tax	1877,400	420,932	426,606	23,146	22,818
Sur-tax	136,000	28,600	26,000	600	500
Death Duties	185,000	79,600	80,400	2,600	3,400
Stamps	74,000	29,400	31,900	1,200	1,500
Profits Tax & EPT	180,000	71,200	76,700	1,800	3,500
Excess Profits Levy	25,000	38,900	12,200	1,000	300
Special Contribution and other Inland Revenue	1,000	630	250	50	...
Total Inland Rev.	2478,400	669,262	654,056	30,396	31,818
Customs	1131,700	474,177	479,270	20,844	21,829
Excise	796,050	335,915	369,530	18,955	20,670
Total Customs and Excise	1927,750	810,092	848,800	39,799	42,499
Motor Duties	80,000	14,538	17,063	257	362
PO (Net Receipts)	...	8,150	6,100	Dr. 2,550	Dr. 1,910
Broadcast Licences	25,000	5,750	7,200	...	1,900
Sundry Loans	24,000	9,158	13,660	28	...
Miscellaneous	175,000	61,057	34,019	53	58
Total	**4710,150**	**1578,007**	**1580,898**	**67,983**	**74,728**
Ord. Expenditure					
Debt Interest	600,000	257,235	277,581	29,709	31,068
Payments to N. Ireland Exchequer	53,000	18,878	21,918	...	...
Other Cons. Fund	10,000	4,195	5,184	14	30
Supply Services	3862,875	1410,823	1402,319	54,800	56,069
Total	**4525,875**	**1691,131**	**1707,003**	**84,522**	**87,168**
Sinking Funds	36,000	16,554	15,431	4,370	4,036
"Above-line" Surplus or Deficit	— 129,678	— 141,536	— 20,910	— 16,476	
"Below-line" Net Expenditure	181,368	267,119	18,499	24,943	
Total Surplus or Deficit	— 311,046	— 408,655	— 39,409	— 41,419	
Net Receipts from:					
Tax Reserve Certificates	178,030	51,343	13,809	9,821	
Savings Certificates	5,200	12,900	700	...	
Defence Bonds	— 7,686	— 1,116	208	— 392	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Sept. 4	3,250·0	1,595·8	280·4	...	5,126·2
1955					
June 4	3,250·0	1,839·5	295·9	...	5,385·4
„ 11	3,240·0	1,903·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
„ 16	3,260·0	2,020·0	293·8	...	5,573·7
„ 23	3,270·0	2,019·6	286·1	...	5,575·7
„ 30	3,280·0	2,049·0	265·5	...	5,594·6
Aug. 6	3,300·0	1,999·1	272·1	...	5,571·2
„ 13	3,310·0	1,969·5	298·3	...	5,577·8
„ 20	3,320·0	2,027·8	257·8	...	5,605·6
„ 27	3,350·0	2,008·7	249·7	...	5,608·4
Sept. 3	3,380·0	1,998·5	265·0	...	5,643·5

THE MONEY MARKET

The Treasury bill rate rose to 4 1/16 per cent at the tender on Friday of last week, only 1/16 per cent below Bank rate. The market had no shortage of reasons for the reduction in its bid by 4d. to £98 19s. 8d. per cent: the sustained stringency of credit, the steadily rising offer at the tenders (up to £290 million last week and to £300 million yesterday), the rise in money rates overseas. Despite the reduction in its bid the market increased its allotment at the tender from 61 to 70 per cent, as total applications dropped by £25.5 million. The average rate on all bills allotted rose by 1s. 2½d., or just under 1/16 per cent, to £4 1s. 3.78d. per cent.

The credit stringency drove the market into the Bank three times in the week to Wednesday last—on Thursday before the week-end, on Monday and on Tuesday of this week.

The spot sterling rate has been steady at $2.78 9/16 during the past week, though at times modest official support has been necessary. The rates against Continental currencies have remained close to their lower support points. The forward rate weakened from a discount on the three months dollar of 1 5/16-1 7/16 cents to a discount of 1¾-1⅝ cents this week.

The fiduciary issue has been reduced by £25 million to £1,800 million. The Bank return shows a slackening in the reflux of notes from circulation, to £1.3 million in the week to Wednesday.

LONDON MONEY RATES

	%
Bank rate (from 3½%, 24/2/55)	4½
Deposit rates (max)	
Banks	2½
Discount houses	2½*
Money Day-to-day	2¾-4
Short periods	2¾-3½
Treas. bills 2 months	4 1/32
3 months	4 3/32

Discount rates	%
Bank bills: 60 days	4⅛-4 3/16
3 months	4⅛-4 3/16
4 months	4 5/32-4 3/32
6 months	4¼-4⅜
Fine trade bills:	
3 months	4¾-5½
4 months	5-5¾
6 months	5½-6

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 Sept. 8	1955 Aug. 31	1955 Sept. 7
Issue Department:*			
Notes in circulation	1,647·7	1,782·3	1,781·0
Notes in banking dept.	27·6	43·1	19·3
Govt. debt and securities*	1,671·2	1,821·3	1,796·3
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	16·2	10·9	10·4
Treasury special account	3·6	2·7	2·7
Bankers	265·5	243·6	253·3
Others	66·3	70·0	65·8
Total	351·6	327·2	332·2
Securities:			
Government	318·4	263·4	286·5
Discounts and advances	7·1	20·0	25·5
Other	14·7	16·8	17·0
Total	340·2	300·2	329·0
Banking department reserve	29·9	45·5	21·7
"Proportion"	% 8·5	% 13·8	% 6·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,800 million from £1,825 million on September 7th, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954					
Sept. 3	270·0	398·6	270·0	32 4·02	62
1955					
June 3	250·0	370·5	250·0	78 11·80	52
„ 10	260·0	378·6	260·0	79 7·53	53
„ 17	260·0	365·6	260·0	79 5·17	65
„ 24	270·0	380·5	270·0	79 4·53	58
July 1	290·0	383·8	290·0	79 4·87	67
„ 8	280·0	403·8	280·0	79 4·60	56
„ 15	260·0	383·4	260·0	79 4·88	55
„ 22	240·0	361·4	240·0	79 4·98	55
„ 29	240·0	344·2	240·0	79 5·08	60
Aug. 5	240·0	350·8	240·0	80 0·42	56
„ 12	240·0	350·4	240·0	80 1·13	58
„ 19	270·0	380·1	270·0	80 1·28	62
„ 26	280·0	388·4	280·0	80 1·10	61
Sept. 2	290·0	362·9	290·0	81 3·78	70

*On Sept. 2nd, tenders for 91 day bills at £98 19s. 8d. secured about 70 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £300 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates September 7	Market Rates: Spot September 1	September 2	September 3	September 5	September 6	September 7
United States $	2·78-2·82	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝	2·78½-2·78⅝
Canadian $		2·74½-2·74⅝	2·74⅝-2·74¾	2·74⅝-2·74¾	2·74⅝-2·74¾	2·74⅝-2·74¾	2·74 9/16-2·74 11/16
French Fr.	972·65-987·35	972¼-973¼	972¼-973¼	972¼-973¼	972¼-973¼	972¼-973¼	972¼-973¼
Swiss Fr.	12·15 3/16-12·33 3/16	12·15½-12·15⅝	12·15½-12·15⅝	12·15⅝-12·15⅞	12·15⅝-12·15⅞	12·15⅝-12·15⅞	12·15⅝-12·15⅞
Belgian Fr.	138·95-141·05	138·95-139·00	138·95-139·00	138·95-139·00	138·95-139·00	138·95-139·00	138·95-139·00
Dutch Gld.	10·56-10·72	10·57½-10·57¾	10·56½-10·57¼	10·56½-10·56¾	10·56½-10·57	10·56½-10·56¾	10·56½-10·56¾
W. Ger. D-Mk.	11·67 3/16-11·84 13/16	11·68½-11·68¾	11·68½-11·68¾	11·68½-11·68¾	11·68½-11·68¾	11·68½-11·68¾	11·68½-11·68¾
Portuguese Esc.	79·90-81·10	79·95-80·15	79·90-80·10	79·90-80·05	79·90-80·05	79·90-80·05	79·90-80·05
Swedish Kr.	14·37½-14·59½	14·38½-14·38¾	14·38½-14·38¾	14·38½-14·38¾	14·38½-14·38¾	14·38½-14·38¾	14·38½-14·38¾
Danish Kr.	19·19½-19·48½	19·33½-19·34	19·33½-19·34	19·33½-19·33¾	19·33½-19·33¾	19·33½-19·33¾	19·33½-19·33¾
Norwegian Kr.	19·85-20·15	19·99½-19·99¾	19·99½-19·99¾	19·99½-19·99¾	19·99½-19·99¾	19·99½-19·99¾	19·99½-19·99¾
One Month Forward Rates							
United States $		1/16-3/16c. pm	⅛-¼c. pm	11/16-13/16c. pm	11/16-13/16c. pm	⅝-¾c. pm	11/16-13/16c. pm
Canadian $		1/16-3/16c. pm	⅛-¼c. pm	11/16-13/16c. pm	11/16-13/16c. pm	11/16-13/16c. pm	11/16-13/16c. pm
French Fr.		1 pm-par	1 pm-par	1 pm-par	1 pm-par	1 pm-par	1 pm-par
Swiss Fr.		3¼-3c. pm	3¼-3c. pm	3¼-3c. pm	3½-3¼c. pm	3½-3¼c. pm	3½-3¼c. pm
Belgian Fr.		1/16-3/16 pm	½-¼ pm	½-¼ pm	½-¼ pm	½-¼ pm	½-¼ pm
Dutch Gld.		3¼-2¾c. pm	3-2¼c. pm	3-2¼c. pm	3-2¼c. pm	3-2¼c. pm	3-2¼c. pm
W. Ger. D-Mk.		3½-3pf. pm	3½-3pf. pm	3¼-2¾pf. pm	3¼-2¾pf. pm	3¼-3pf. pm	3¼-3pf. pm
Swedish Kr.		½ pm-par	½ pm-par	½ pm-par	½ pm-par	½ pm-par	½ pm-par
Danish Kr.		½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis
Norwegian Kr.		½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis	½ pm-½ dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/5	251/4¾	...	251/4¾	251/4¾	251/4¾

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•

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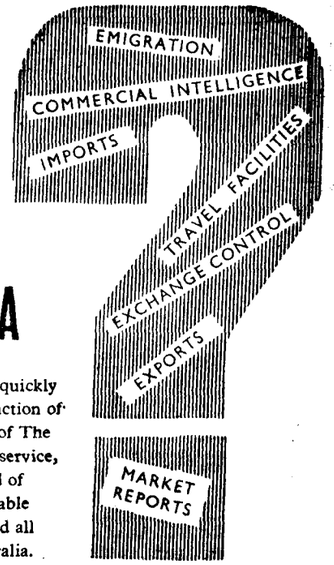

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COMPANY MEETINGS

METAL INDUSTRIES LIMITED

STATEMENT BY MR J. S. HUTCHISON TO THE THIRTY-SECOND ANNUAL GENERAL MEETING

The following is a statement by Mr J. S. Hutchison to the thirty-second annual general meeting of members of Metal Industries Limited held within the registered office of the company, 145 St Vincent Street, Glasgow, on Tuesday, September 6, 1955.

PROFITS AND DIVIDEND

The Consolidated profits of the Group for the year, after Depreciation, are £637,528 against £754,046. An improvement in the profits of the Metals Division was offset by reduced earnings of the Electrical Division, and in the Mechanical Engineering Division results were affected by costs of development of new products and by provisions for the termination of certain unsatisfactory contracts. I shall deal with the individual aspects more fully later.

The charge for taxation is £353,456, against a net figure of £421,096 last year, when there was a credit of £75,347 for Excess Profits Levy recovered. The consolidated net profit, after taxation and after a small adjustment for outside shareholders, is £284,644, against £343,140 a year ago. No allocation is made this year to General Reserve, and after payment of the same Final Dividend of 6 per cent, less tax, now recommended on the Ordinary Stock, again making a total of 9 per cent for the year, less tax, there is an increased total of retained profit carried forward of £480,693 against £446,071 brought in.

BALANCE SHEET

The Parent Company Balance Sheet shows a net increase in Loans to Subsidiary Companies of £452,399 financed by a Bank Overdraft of £400,890. It will be appreciated that increased prices, particularly of non-ferrous metals, have meant additional investment in Stock and Debtors, and there has also been some policy increase in Stocks and Work-in-Progress.

Shares in Subsidiary Companies have increased by £171,858, reflecting the purchase during the year of the Issued Share Capital of Finney Presses Limited, Birmingham, and the purchase of the majority of the 5 per cent Cumulative Preference Shares of Electrical Switchgear and Associated Manufacturers Limited formerly held by the public. The small balance of these shares has been acquired since the balancing date, so that this Company is now wholly owned, and we are enabled to deploy the resources of the underlying operating Company, Brookhirst Switchgear Limited, to the best Group advantage without necessity to maintain special arrangements to safeguard the interests of outside Preference Shareholders.

The Consolidated Balance Sheet shows an increase in Fixed Assets of £118,918, reflecting sundry building and plant extensions and the incorporation of the assets of Finney Presses Limited. There is also an increase of £120,000 in Stocks, and Debtors have increased by almost £600,000, reflecting the high values of non-ferrous metals as well as expansion of trading.

The Bank Overdraft of the Parent Company, to which I have already referred, is offset in the Consolidated Balance Sheet by Subsidiary Company balances in bank, and the net position is that the Group as a whole is overdrawn at the balancing date by £315,000. The surplus of Current Assets over Current Liabilities again exceeds £4 million.

CAPITAL REQUIREMENTS

The Board has in progress constructive programmes for general expansion of the Electrical Division, for re-equipment and launching of new products in the Mechanical Enginering Division, and for further development in the Metals Division. These programmes involve new buildings and new plant on a considerable scale, and there will be substantial additions to Stocks, Work-in-Progress and Debtors for the increased trading expected to result. Arrangements have been made for additional Bank accommodation to be provided as the situation develops, and this will give opportunity for the new resources to be confirmed in earning power before more permanent arrangements are considered.

INVESTMENT

The holding of £1,500,000 Ordinary Stock of The British Oxygen Company Limited remained unchanged at the Balance Sheet date at the book value of £2,714,451 in comparison with a Stock Exchange value of £4,725,000. On July 26th we received a Provisional Allotment of 600,000 new Ordinary Shares of £1 each at the price of 50s. per share. In view of the finance now required for advancement of the trading interests of the Subsidiary Companies to which I have just made reference, the Directors felt it inadvisable to make the substantial increase in the investment that would be involved in acceptance of this provisional allotment. Accordingly, firm arrangements were made for the disposal of 500,000 of the new shares on terms which were satisfactory for the Company and in relation to the prices at which dealings subsequently took place on the Stock Exchange. This transaction resulted in the receipt in cash of a Capital profit of over £300,000, the greater part of which was utilised in taking up the remaining 100,000 new British Oxygen shares.

METALS DIVISION

I am glad to say that trading conditions in the Metals Division were more favourable last year with benefit to the Companies of this Division whose earnings in the preceding year had been affected by the general unsettlement.

As everyone knows, wide fluctuations took place in the prices of non-ferrous metals during the year. Nevertheless John Allan & Company, whose trading is wholly concerned with non-ferrous metals and ingot manufacture, made good progress in the establishment of their new works at Oldbury although little profit contribution came last year from the considerably increased investment here. I am glad to say that the earning stage has now been reached and we expect the profits of John Allan & Company this year to be more in line with the increased scope of their business.

Cox & Danks Limited again handled large tonnages of all types of ferrous scrap and margins improved slightly from the levels of the previous year. The extensive business of Cox & Danks in new and re-usable steel continues to grow and we hope that the present improvement in earnings of the business as a whole will be assisted by extensions recently approved and by a continuance of present favourable conditions.

Shipbreaking Industries Limited had a favourable year with a better supply of ships in the earlier months than had been anticipated. Unfortunately the supply of ships has again been rather uncertain in recent months and we can take no more than a moderate view of the immediate outlook.

Metal Industries (Salvage) Limited earned an improved profit from marine salvage and the varied underwater activity in which it specialises. This Company is equipped to handle a much greater volume of work than offered last year but the demand for this type of service is naturally a very fluctuating one and I do not attempt any forecast.

ELECTRICAL DIVISION

The Motor Control Gear and Switchgear business was affected in all the Companies of the Division by a cumulative and considerable increase in manufacturing costs. Adjustment of selling prices did not take effect until after the end of the financial year with the result that profit margins last year were substantially reduced. Profits were affected also by steps being taken to extend productive capacity to meet an anticipated increase in demand. In the second part of the year the increase in demand turned out to be much heavier than was expected and the plans for expansion of works capacity had to be pushed forward to meet this situation. New labour had to be trained, additional management had to be found and many improvisations had to be made without as yet any addition to Sales income. The impact of all this on the profits of the Electrical Companies last year was considerable and it has continued into the current year. The efforts being made by all concerned to balance up this so far almost embarrassing load of additional work in terms of staff, factory capacity, and workers are now overcoming the difficulties inherent in dealing with such sudden demand when much of it is for special installations in single units tailored to customers' requirements and not capable of quantity production.

In the current year the Electrical Companies are again faced with substantial increases in costs and the inevitable time lag in their recovery, but we are fortunate to be able to operate from the basis of a very full order book and a brisk continuing demand for our products.

ENGINEERING DIVISION

I am not able to report any improvement as yet in the position of Sentinel (Shrewsbury) Limited which again had a difficult year. A great effort was expended in the improvement of management and methods, in the modernisation of plant and systems and in paving the way for increased production for the future. Sentinel depends for its earning power on the maintenance of a high level of activity from its extensive works. We have taken the longer term view that we

must first create the most efficient means of operation and then seek to produce at a high rate to gain full advantage from the considerable expense and Capital outlay involved. Last year bore much of the cost of this preparation and suffered at the same time from a sharp curtailment in the rate of delivery required under Government contracts.

There has also been much activity in the development of new products. A most favourable reception has been accorded Sentinel's introduction of the Renault system of electro-mechanical unit heads of proved design which are of almost universal application in the automatic or semi-automatic factory. A great extension of this interest is apparent following the recent Automation Conference which was widely reported in the Press, and whilst development of this new product is being pushed forward with all speed and the prospects appear excellent, I must warn that there is much to be done before it becomes an established profit-earning product for Sentinel. I mention this one specific item to you to demonstrate that against the disappointing background we have had at Sentinel in recent years, we are very energetically stepping forward and endeavouring to correct our position, not by short-term expedients but by a fundamental rebuilding of the business of the Company, both in its equipment and methods and in its products. The Directors are confident that this is the right course and they hope that the inevitable period of waiting for results from such policy is now coming to an end.

A main part of the business of Fawcett Preston & Company Limited is in the supply of metal enclosures for electrical switchgear to the other Companies of the Group and this activity will continue at a high level. The original purpose of the acquisition of Fawcett Preston & Company Limited was to obtain additional factory accommodation for purposes associated with the Electrical Companies and it has been convenient therefore to house there the business of resistance manufacture acquired a few months ago from The Rheostatic Company Limited. Igranic Electric Company Limited, who are substantial users of heavy resistances in their own business, will handle this resistance business on behalf of the Group and will continue to develop resistances for traction equipment and for other special purposes. This new business is now emerging from the settling-in process with its associated difficulties and cost and should soon pass to the earning stage.

The other interests of Fawcett Preston & Company Limited in hydraulic press work led us to acquire the whole Share Capital of Finney Presses Limited, Birmingham, in December last and a small profit from the first three months of its operation under our control is included in our consolidated profits. The Directors are confident that the combined resources of the two Companies offer valuable opportunities for development for the future although it will be some time before there can be any increase in earnings from this expansion. Fawcett Preston & Company Limited made a loss last year largely as a result of provisions necessary for unsatisfactory contracts taken in earlier periods. Recent strengthening of the management is expected to lead in due time to a greatly improved situation.

Ferrous Castings Limited continued to work last year on inadequate margins and results were disappointing. Some improvement towards the end of the year is being maintained and there is expectation of better results this year.

STAFF AND WORKERS

It will be clear that last year was a year of much dislocation and upset to usual working arrangements. This naturally bore heavily on our staff and on our more experienced workers who have borne the brunt of change and improvisation. I am well aware that the difficulties have often been severe and I should like it to be known that the unsparing effort of those concerned in new management arrangements and the willingness with which skill and experience have been passed on to others are recognised and appreciated.

DIRECTORS

I wish to make reference now to Mr McCrone's retiral from the Board a few months ago. Mr McCrone was one of the three Directors who founded the Company thirty-three years ago with a first issued Share Capital of only £15,150. As many will know, Mr McCrone was closely identified as Managing Director with the original extensive Shipbreaking business, with the extension into Scapa salvage work, and with the pioneering entry into the oxygen field with the then new method of liquid oxygen. These matters speak for themselves and Mr McCrone's continuing practical interest in the more varied activities of today has represented for us a unique and valuable feature which we are sorry indeed to see lessen as Mr McCrone devotes his energies in greater degree to other affairs.

The Directors would very much like to make recognition of the esteem in which the founder Directors, Sir J. Donald Pollock, Bart, Mr S. J. L. Hardie, and Mr R. W. McCrone are held by all associated with the Company by their appointment as Honorary Presidents of the Company. The appointment of Sir J. Donald Pollock was made in 1951 and I shall feel honoured to propose the appointment of Mr Hardie and Mr McCrone later in this meeting.

Last year Mr McCrone made reference in his remarks to the intention to appoint additional Directors as soon as the opportunity occurred. We have been most fortunate in being able to add to the Board in the last few months four additional Directors. Mr J. O. Knowles has been associated with Brookhirst Switchgear Limited for thirty-five years and Mr J. T. Rymer, after a wide engineering experience has been associated with Sentinel (Shrewsbury) Limited for several years. Sir Charles Westlake, who we are glad to have with us on a special visit just now, retires from his Chairmanship of the Uganda Electricity Board in October and will then be able to make available to us his wide experience and knowledge of the Electrical world. Mr E. Bruce Ball, CBE, formerly Managing Director of Glenfield & Kennedy Limited, joined us recently and we are very glad to avail ourselves of his wide experience and knowledge in engineering fields.

I am more than pleased to be able to report to you to-day this significant addition to our existing strength. There can be no doubt but that we have a splendid team at the top, of a breadth and variety of experience that certainly promises well for the future guidance of the Company. I am sure you will share my pleasure in welcoming these gentlemen as Directors.

PROSPECTS

I have endeavoured throughout these remarks to give you a picture of the position and prospects of each of our interests and to bring to your notice the salient features. I should like now to summarise for you the overall position as I see it.

Firstly, we have the conspicuous advantage of a strong and experienced Board and I firmly believe that the strength of any organisation such as ours must be built from the top downwards.

Secondly, we have before us a field potent with development opportunity through, firstly, the natural extension of existing interests, secondly, the exploitation of the avenues offered by recent acquisitions and, thirdly, the bringing to fruition of the steady work of recent years on new products.

These are our solid advantages.

On the other side we have been much embarrassed by thinness of unit management, by insufficiency of factory capacity, by need for extensive modernisation of plant and machinery and by much essential recasting of methods and systems. We have advanced a long way in dealing with these matters and our method of fundamental correction rather than the alternative of first-aid patching which is ultimately more expensive, has had its unavoidable effect on profits. We are making great strides in the improvement of factory capacity and equipment. Our development projects should soon show first indications of the return to be expected for our labour and expenditure and we are overcoming the worst of the difficulties of unit management, of unwise contracts and of initial heavy expenditures on alterations and innovations which have been lacking in immediate return. Our progress is clear but I must not leave you with the impression that we are at the end of these things. The situation rather is that the current year is the year in which I look for a diminution in these special costs incurred to secure the future and a first growth of the additional earnings to be expected as a result. Any improvement however can be no more than modest this year and the balance could easily be upset by any serious variation in general trading conditions. I am obliged to make it plain that I am not able to give any assurance as to recovery in earnings in the current financial year of which almost half has already elapsed.

Finally, looking further ahead than the current financial year, I am glad to say that I am firmly confident as to the future. The difficulties from which we suffer are being steadily overcome. The prospect of recovery in our earnings is good. We have great opportunities and added strength to take advantage of them and I am sure we shall do so.

THORN ELECTRICAL INDUSTRIES

RECORD YEAR FOR FERGUSON TV AND ATLAS LIGHTING

Presiding at the Annual Meeting of Thorn Electrical Industries Limited, held in London on September 2nd, Mr Jules Thorn (Chairman and Managing Director) said:

The trading profit of £1,500,000 represents an increase of almost 50 per cent on last year's trading result.

The proposed dividend of 15 per cent on the doubled ordinary capital is equivalent to 30 per cent in comparison with last year's 20 per cent.

The consolidated balance sheet of the Group, reflecting continued expansion, shows total assets exceeding £9 million—an increase of more than £2 million since March, 1954.

ATLAS LIGHTING DIVISION

In the face of increasing competition the Atlas Lighting Division continues to expand. This last year has seen considerable changes in the trading structure of the industry brought about to some extent by the competitive prices at which we have been able to sell high-quality lighting products. We shall continue to provide the same measure of healthy competition, independent of price rings, to enable the user to buy the

quality lamps, tubes and lighting fittings at fair and reasonable prices.

During the past year the expansion of our main lamp factory at Merthyr Tydfil has continued. The original factory has been re-equipped with the most up-to-date machinery of our own design and manufacture, and a duplicate factory of the same size, now being erected, will begin production towards the end of this year. When completed it will probably be the largest unit in Europe producing lamps of this type. We are the largest producers of fluorescent tubes in Great Britain.

On the commercial side we have been successful in obtaining large contracts from the Government and every class of user. This year we shall be considerably extending our activities in the street-lighting field.

FERGUSON RADIO AND TV

The prominent position in the radio and television industry occupied by our Ferguson Division has been further consolidated during the year, and this mark enjoys high favour both with the distributing trade and the public.

Our production of television receivers has been running at a very high level, and in May last we made our half-millionth set.

Arrangements have been completed with Sylvania Electric Products Inc. to form a joint company for the manufacture of television picture tubes in this country. This ambitious project will naturally take some time to take shape.

It is as yet too early to say very much about "Sylvania-Thorn Colour Television Laboratories Limited," which was formed last year by Sylvania Electric Products Inc. of New York and ourselves.

Our Export Division has shown the largest turnover on record, and in the field of fluorescent tubes your Company has been responsible for more than 70 per cent of the total exports from this country.

Your Company has brought into this country from the United States alone more than 1,800,000 dollars during the year under review. We are making a constantly growing contribution, and in some of our products we have built up Britain's position more than any other company in this country.

The report was adopted.

ASSOCIATED WEAVERS LIMITED

(Manufacturers of WEAVERCRAFT Carpets & Moquettes, Dyers and Spinners)

ANOTHER RECORD YEAR

MR MAURICE D. ABRAHAMS ON THE GRATIFYING RESULTS

The nineteenth annual general meeting of Associated Weavers Limited was held on September 7th in London, Mr Maurice D. Abrahams (the chairman) presiding.

The following is his circulated statement:

Your Directors regret very much the death on July 10, 1955, of Sir Frank Newnes, our late Chairman. His loss is a great blow to us and he will be very much missed by his colleagues, both as a friend and for his shrewd advice. In his place, the Board has been good enough to appoint me Chairman and I shall do my utmost to justify the confidence placed in me.

It gives your Directors great pleasure to be able to announce that the profits for the year under review are the highest ever, which, coming after last year which was also a record, is very gratifying.

Although the last two months of the year were difficult, the Group turnover, like the profits, was a record despite a decrease in exports caused by import restrictions in our main markets. The present financial year has not started well, mainly owing to the restrictions on hire purchase.

THE ACCOUNTS

If you look at the Consolidated Accounts, you will see that the net profit after all expenses, but before deduction of taxation and the interest on the unsecured notes was £571,555, against £566,281 for the previous year. Of this figure, taxation takes £303,027, leaving for disposal £261,515 as against £149,236 for the previous year.

Your Directors have already paid an interim dividend of 10 per cent on a Capital of £523,200, and they now recommend a final ordinary dividend of 20 per cent, making 30 per cent for the year compared with the equivalent of 26⅓ per cent last year.

We have elected to the Board two executives, Mr H. R. Sewell who has been with the Company since its formation and Mr L. C. Abrahams who has been with the Company for several years. Both these gentlemen have well merited their promotion.

Our Sales organisation has moved into its magnificent new building—Weavers House, Stratford Place, London W1, a photograph of which is included in this Report, and the Annual General Meeting is being held there this year. Those who come to the Meeting will see that they are very fine offices and showrooms, beautifully appointed and which will add to the prestige and efficiency of this Organisation.

THE NEW FACTORY

As was announced last year, we have acquired 60 acres of land near our present Mill and we are building, as our first phase, a large new factory of approximately 320,000 square feet. Work on these new buildings was held up a great deal during the autumn and winter owing to bad weather, but we now hope to be in occupation of our new and much larger Spinning Mill within our present financial year. The extra finance involved in the development of this site will be met partly out of existing cash resources and partly by a loan from the Bank with the approval of the Capital Issues Committee.

SUBSIDIARY—ARMORIDE LTD.

Our subsidiary, Armoride Limited, continued to do well and has maintained its profits; the products which it makes in its up-to-date factory at Earby continue to find a ready market, with the exception of the upholstery coverings which are also affected by the hire purchase restrictions.

In conclusion, I should like on behalf of my colleagues and myself, to express our sincerest thanks to all the staff and employees, whether on the production side or in the sales organisations here and abroad, for all the work they have put in during the year which has enabled us to attain these very satisfactory results.

The report and accounts were adopted.

MUREX LIMITED

STRONG AND HEALTHY POSITION

The thirty-sixth annual general meeting of Murex Limited will be held on September 28th in London.

The following is an extract from the circulated statement of the Chairman, Sir Arthur Smout, LLD:

Your Company is in a strong and healthy position. Your Directors are fully alive to the part your Company must play, as metallurgists specialising in the extraction and production of the more uncommon and refractory metals, in connection with developments arising out of the Atomic Energy programme. Over the past few years Murex has devoted considerable research effort to work in this direction with encouraging results.

Research and development is the lifeblood of a Company such as Murex, and your Directors have during the past twelve months authorised further capital expenditure at Waltham Cross in order to enable a long-term programme of fundamental research to be undertaken on problems associated with the manufacture and improvement in the quality and serviceability of our welding electrodes.

The new Research laboratories at Rainham are now proving their value, and work emanating therefrom is having its influence both on the economics of works technique and on the development of new and improved products. The liquid resources of the Company are strong enough to enable a policy of initiative and enterprise to be carried through without financial embarrassment.

Your Board considered that the greater part of the capital profit arising on the sale of our holding in Hard Metals Limited, South Africa, should be returned to Stockholders, and on July 15th we made a capital distribution of £220,000 out of the total capital profit of £248,000. The original investment of £201,000 is being employed in the further expansion of the Hard Metal Department at Rainham to meet the growing demand for our tungsten carbide products in their several forms.

KEEN PRICE COMPETITION

Price competition continued to be keen throughout the year in some ranges of ferro-alloys, and in particular low carbon ferro-chrome of which your Company is the sole producer in the UK.

Although price competition in welding electrodes was keen, sales for the year showed a satisfactory increase at reasonable margins.

The difficulty in obtaining adequate supplies of raw material for the Copper Refinery at reasonable prices and the prohibitive cost of "hedging" transactions on the London Metal Exchange have made this business unremunerative. During the next few months we shall take steps to close the Copper Refinery, and it is unlikely that we shall re-enter this field.

In addition to maintaining the annual dividend of 15 per cent the Board recommend a cash bonus of 5 per cent, making a total distribution of 20 per cent for the year.

The improvement in the level of our activities in the latter half of the year under review has so far been maintained in the opening months of the current financial year. Price competition continues to be keen, but our technologists, working in close co-operation with the Research personnel, are continually and successfully improving and modernising our production techniques. This offsets, in part at any rate, the inflationary increases in labour and material costs and thus does much to assure the future of your Company.

GAS PURIFICATION AND CHEMICAL COMPANY

PERIOD OF REMARKABLE EXPANSION

The eighty-first annual general meeting of Gas Purification and Chemical Company, Limited, was held on September 5th in London.

Mr P. R. V. Wheeler (the chairman) presided and, in the course of his speech, said:

I think you will all agree that the story of the growth of your Company during the period under review is a remarkable one. Assets employed in the business have increased from £121,270 to £1,046,618, while the trading profit and income from investments has risen from £20,085 to £242,318. Over the same period the nominal capital in issue has been approximately doubled. When I took office on December 16, 1953, the Company had 175 shareholders; today their number has been increased to 1,145.

The reasons for this rapid growth stems from the absorption of other businesses by cash purchase and by the exchange of shares. I believe you will find that our period of growth is by no means over, and will continue not only as a result of further absorptions but as a result of the application of lively management and a policy of co-ordination of effort to the businesses which are already within our orbit. Your Company has in fact been transformed into an Investment Company of a specialised kind. I believe that your Board during the period which we are discussing can be congratulated on resisting the temptation to expand for the sake of expansion, and on maintaining its search for investments in the following fields; the manufacture and distribution of machine tools, instruments and electronic equipment. You must understand, however, that we have no intention of adhering to a rigid formula. Any Company which can make a genuine contribution to the future of the existing Group will be welcomed into the fold.

THE ACCOUNTS

Since the close of the financial year we have increased our investment in Besson and Robinson Limited to 96.3 per cent of its total issued capital. As announced in the Press, we have succeeded in obtaining 89.5 per cent of the total stock-holding of Modern Machine Tools Limited. This latter acquisition transforms our consolidated position to such an extent that the consolidated figures at March 31st have already been materially altered. The main feature is an increase in the total liquidity of the Group. The Group has current assets of £1,198,745 as against current liabilities of £495,819, indicating a net surplus of current assets over liabilities of over £700,000. At a time when credit has become artificially scarce this increase in our liquidity which includes a substantial sum in cash is, of course, a matter of some importance.

The Chairman then reviewed the progress and prospects of the recent acquisitions, namely, Smart and Brown (Machine Tools) Limited, Grundig (Great Britain) Limited, Johnson British Electric Limited, Wolsey Television Limited and Plastic and Metal Products Limited and continued: In the Spring of this year it was decided that it would be necessary to strengthen the organisation by the appointment of a Group Managing Director. I was glad, therefore, to be able to announce on April 26th that we had secured the services of Mr J. R. Sorsbie. In the event of your confirming his election as a Director, I shall have much pleasure in proposing to your Board his election as our future Chairman. I need hardly tell you that my intention to resign the Chairmanship of your Board does not result from any diminution of my interest or confidence in this Group. I shall continue to use my best endeavours to further its interests.

The report was adopted and at an extraordinary general meeting, a resolution increasing the authorised share capital from £100,000 to £500,000 was approved.

B.SC.(ECONOMICS) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE provides postal tuition for the above Degree (obtainable without residence), which is a valuable qualification for executive appointments in commerce or industry, government or municipal posts. The College, founded 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas, G.C.E., etc., free from Registrar, 60 Burlington House, Cambridge.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited, Dept 99, Lenham, Maidstone, Kent. Harrietsham 381

FROTH-BLOWING in the BRIMFULL ECONOMY . . . that is how the leading article in the September issue of *The Banker* styles the Chancellor's latest expedients and exhortations. The slow working of Bank rate, the banks' dilemma in cutting advances, the Government's leanings towards "planning"—are these all merely by-products of the fundamental error of running the economy at an unsustainable rate of employment and demand?

The Banker for September provides in addition full coverage of the reaction abroad to growing inflationary pressures—in *The World's Dearer Money*. Further important articles include *Pakistan Devalues at Last*, *Canada's Floating Dollar*, *Spending £2,500 million on Electricity*—an appraisal of the 10-year programme in the light of the planned contribution from nuclear energy—and *Life Assurance in the 20th Century*. *The Banker* is obtainable from bookstalls or 72 Coleman Street, E.C.2, price 2s 6d, or 30s a year post free.

THE BSc(ECON) DEGREE of London University is open to all, without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations at reasonable fees. More than 1,000 Wolsey Hall Students have passed London BSc(Econ) (Final) exams. since 1925.—Prospectus from C. D. Parker, MA, LLD, Director of Studies, Dept. P17, WOLSEY HALL, OXFORD.

LATE AUTUMN AND WINTER CRUISES

to

Madeira, Bermuda, West Indies and South America.
Write, call or telephone for details :—

WAYFARERS TRAVEL AGENCY LIMITED

Shipping Dept. E.,
20 Russell Square, London, W.C.1.
LANgham 8222.

ENTERPRISING AND QUALIFIED MEN required for responsible posts in Management. Show initiative by working now for a professional qualification, by means of a Pitman Home Study Course.—Write for details to 41 Pitman House, Godalming, Surrey.

THE CHARTERED INSTITUTE OF SECRETARIES.—Directors requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute, 14 New Bridge Street, E.C.4.

WISE INVESTMENT follows wise reading. Weigh up prospects by reading the *Investors' Chronicle*, the best informed and widest read financial weekly. Two issues free from 30 Grocers' Hall Court, London, E.C.2.

PORTUGUESE/SPANISH Evening Classes in London. All grades. From Oct. 3. Details from Educ. Dept., Canning House, 2 Belgrave Square, S.W.1. SLO 7186.

EXPORT

PERSONAL TRADE SERVICES offer a unique Personal Service to existing and potential exporters to the United States and Commonwealth. Managing Director shortly travelling through the major centres of Canada, United States, West Indies and Australasia to consolidate, by personal contact, our growing network of first-class distributors. P.T.S. opens these vital markets to firms of all sizes and obviates enormous costs. Please write Personal Trade Services Ltd., 110 Jermyn Street, S.W.1.

EXPERT POSTAL TUITION

For Examinations—B.Sc Econ., LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS

Or call at 30 Queen Victoria Street, London, E.C.4.

STATISTICIAN, male, B.Sc.(Econ.) 1955, previous continental university education and professional experience, age 41, seeks post.—Box 191.

PART-TIME Lecturer with practical experience of political work and public speaking required for London Secretarial College. Would suit M.P.—Box 204.

NATIONAL FARMERS' UNION has a vacancy for an ECONOMIST (male). Candidates, who should be between the ages of 25 and 35, should possess a first or second class Honours Degree in Economics, Statistics or kindred subjects. Ability to write clearly and concisely essential. Knowledge of British agriculture and trade would be useful. Commencing salary according to age and experience, but will not be less than £750 per annum. Applications containing full details of education and previous experience should be addressed to the General Secretary, N.F.U., 45 Bedford Square, London, W.C.1, by not later than September 26 next.

MARKETING RESEARCH. A well-known industrial company invites applications to fill an appointment involving responsibility for that part of the marketing research function concerned with consumer and retailer research. A good honours degree in Economics with statistics is an essential qualification. Candidates must have extensive knowledge and experience of the techniques of sampling and the organisation and control of consumer surveys. This is a senior post giving ample scope for experimentation in new methods and the imaginative development of existing techniques. A starting salary of the order of £1,250 is envisaged; the appointment will carry pension rights.—Box 202

THE ECONOMIST INTELLIGENCE UNIT invites applications from men aged 22-27 for posts as assistants in its research departments. Applicants should have an honours degree and some experience in industry and commerce. Starting salary will be in the range of £550—£750, according to qualifications. Please send full particulars to The Director, The Economist Intelligence Unit, 22 Ryder Street, London, S.W.1.

APPLICATIONS ARE INVITED for a post offering exceptional opportunities in the field of production with a modern expanding company engaged in the manufacture of fine chemicals and pharmaceuticals in the north of England. A good honours degree in science or technology is required, along with some years' production experience and management in a similar or allied field. Applicants should be about 30 years of age and capable of assuming responsibility and growing within the organisation. Please write in confidence, stating full details of qualifications and experience. Existing employees have been notified of this vacancy.—Box 181.

STATISTICAL ASSISTANT for new Research Department in expanding organisation. Must be responsible and prepared to work at high pressure. Excellent training for executive position. Apply in writing to Box 207.

URWICK, ORR & PARTNERS LTD., Management Consultants, 29 Hertford Street, W.1, invite applications for additional staff in their marketing and selling division.

The normal age bracket will be 30/38 although candidates of outstanding ability and experience may be considered at an earlier age.

Applicants must satisfy the following requirements:

1. Recognised qualification in accountancy, economics or commerce.
2. Several years' responsible executive experience in sales, marketing or merchandising management.
3. Breadth of outlook and active interest in contemporary affairs.

Successful candidates will be trained in general management consultancy at the company's training centre. These appointments offer remunerative and interesting careers both in the United Kingdom and overseas.

Please apply, in confidence, to the company, quoting reference MS/1148/4, on the envelope.

BRITISH NYLON SPINNERS LIMITED, Pontypool, has a vacancy in the LIBRARY AND INFORMATION SECTION, the chief duties of which consist of the collecting and indexing of published information, largely of a commercial nature, and the provision of an information service in this field. Qualifications in Economics, Commerce or Statistics are essential, and it will be an asset if candidates can offer previous experience of a similar nature gained in the library of a financial or commercial organisation. This is a responsible position, with scope for future development. Apply in writing to Personnel Manager.

SALES to U.S.A. Englishman, Sales Director, internationally known company with many years' successful sales record, widely travelled Europe, Middle East, America, desires for domestic reasons to settle in North America. Willing to travel. Company interested in building up their sales in North American markets are being offered the services of a first-class Salesman and Administrator. Write for further particulars to Box 206.

ENERGETIC YOUNG MAN, 30, public school, university, ex naval officer, extensive knowledge all aspects commercial world, requires position of trust and responsibility. Hardworking with plenty of common sense and initiative.—Box 205.

FINANCIAL ADVISER to an Asian Government, retiring shortly, invites suggestions for interesting employment from organisations or firms wishing to avail themselves of his wide experience and high level contacts in India, S.E. Asia and Far East.—Box 169.

A TECHNICAL Electronics Executive, 42, seeks wider management responsibility. B.Sc.Tech.(Hons.), B.Sc.Econ(Hons.). Experienced administration, design of equipment, components, costing.—Box 203.

B.SC.(ECON.), lady, late overseas University staff, requires work at home. Research, surveys, MSS., checking, data. Own typewriter.—Box 194.

UNIVERSITY COLLEGE OF THE GOLD COAST

Applications are invited for Lectureship in Sociology. Salary scale £950 x £50—£1,600 p.a.

Family allowance £100 p.a. per child (maximum £500 p.a.). Outfit allowance £60 on first appointment. F.S.S.U. Free passages for appointee, wife and maximum of 5 children. Part furnished accommodation at rent not exceeding 7.5 per cent of salary. Duties to be assumed in January, 1956. Applications (10 copies) naming three referees and stating full qualifications and experience to be received by October 7, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1 Gordon Square, London, W.C.1, from whom further information may be obtained.

INCORPORATED ACCOUNTANTS

THE SOCIETY OF INCORPORATED ACCOUNTANTS' EXAMINATIONS
EXAMINATIONS, NOVEMBER, 1955

The Society's November, 1955 Examinations will be held on the following dates:—

Preliminary: November 8 and 9, 1955
Intermediate: November 10 and 11, 1955
Final Part I: November 8 and 9, 1955
Final Part II: November 10 and 11, 1955.

The Centres will be Belfast, Birmingham, Cardiff, Dublin, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle-on-Tyne and Southampton.

Applications on the appropriate forms must be lodged with the Secretary, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, W.C.2, not later than Monday, September 19, 1955.

EXPORT MANAGEMENT POSITION

An extensive overseas expansion programme being carried out by a large international chemical and pharmaceutical manufacturing corporation has created several opportunities for pharmaceutical export sales executives.

These positions call for service in the Home Office in London, preparatory to eventual overseas assignment in the Commonwealth. Requirements are a pharmaceutical qualification, preferably with a University degree or equivalent, a sound experience of overseas pharmaceutical markets, and ambition.

Age between 30-40. The candidates should be willing to travel a reasonable amount and to live abroad in comfortable and adequate circumstances.

A properly qualified man with proved performance could eventually achieve a directorship in one of the Corporation's subsidiary companies and could command a very attractive commencing salary.—Box 161.

OLIVETTI—ITALY

ING. C. OLIVETTI & C. S.p.A. of IVREA, ITALY, have vacancies at their research and development laboratories in Italy for qualified engineers with full experience in digital computers. Candidates, aged up to 40, must have a solid scientific and technical background and be keenly interested in all matters relating to electronic calculators. They should be capable of taking an active and creative part in the design of control units for data processing computers. In arriving at the starting salary, consideration will be given to experience in this specialised field and to previous career. Renewable two-year contracts are offered.—Write, giving full details of education and previous experience, to the Personnel Manager, Ing. C. Olivetti & C. S.p.A., Ivrea, Italy. Replies should reach the advertiser not later than September 30th and will be dealt with by October 15th.

EXECUTIVE OFFICER required by the TANGANYIKA GOVERNMENT DEPARTMENT OF COMMERCE. Post is pensionable subject to initial two years' service on probation. Salary scale (including inducement pay and present 10 per cent temporary allowance) £1,069 rising to £1,544 a year. Outfit allowance £45. Free passages. Liberal leave on full salary after tour of 30-36 months. Candidates, not over 30 years of age, must have good general education with sound practical knowledge of commerce including import and export. Possession of Degree in Commerce or recognised Accountancy/Secretarial qualification an advantage. Write to the Crown Agents, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience and quote M1B/42781/EN.

PUBLICIST to take over and develop Sales Promotion and Market Research Department required by well-known Manufacturers of specialised light engineering products with established world reputation and selling organisation. Applications for this key appointment are invited from Sales or Publicity men of outstanding ability and experience. Age 35 to 45. Commencing remuneration about £3,000 p.a. Outstanding prospects. Foreign travel. Good pension scheme. Car provided. Applicants should be fully conversant with all aspects of marketing and publicity both at home and overseas. Urge, flair and ability to publicise and sell, coupled with initiative and drive conditioned by careful analysis and planning are essential.—Applications, which will be treated in strictest confidence, should be made in the first instance to Harold Whitehead & Partners, Management Consultants, 33 Palace Street, London, S.W.1. Applicants should mention in a covering letter any company or group of companies to which they would not want their applications submitted.

BRITISH NYLON SPINNERS LIMITED.—Applications are invited from men aged 30 to 38 for an appointment on the commercial side of the company. The appointment calls for sound commercial experience, gained preferably in a manufacturing organisation; as the successful candidate will be required to absorb some technical knowledge a degree in Science or Engineering would be an advantage. A period of specialised training will be given. The work will concern the commercial development of end-uses for the company's products and offers considerable scope for initiative and original thought.—Applications will be treated in strict confidence and should be addressed to the Personnel Manager, British Nylon Spinners Limited, Pontypool, Mon.

SENIOR EXECUTIVE required by leading company in motor vehicle manufacture to take over responsibility for buying and supply function. Wide experience (preferably but not necessarily in motor industry), with ability in negotiating contracts, scheduling materials, material control and management of staff, essential. The appointment, which will carry a salary of not less than £2,000 p.a. (with superannuation fund), calls for a first-class man capable of acting on own initiative and there are excellent prospects for advancement. Applications will be treated in the strictest confidence.—Write with full particulars to Box 193.

FIRST-CLASS WRITER required by national industry to prepare annual reports and other publications. Permanent (and pensionable) post. Please write in confidence to Director of Public Relations.—Box 208.

THE AUSTRALIAN ADMINISTRATIVE STAFF COLLEGE

APPOINTMENT OF PRINCIPAL

Applications are invited for the appointment of PRINCIPAL. Salary will be up to £A6,000 per annum, with appropriate allowances, including board and suitable quarters at the College. The College is being established to provide training for persons already holding senior executive positions in industry, commerce and government and is to be situated in the vicinity of either Sydney or Melbourne. The Principal will be the chief executive officer of the College, responsible for both internal control and external relations; for the organisation of the courses and other appropriate duties; and for taking some part in the work and instruction. Among the qualifications required are capacity for leadership, experience and theoretical and practical knowledge of organisation and administration, suitable academic and cultural background. Further particulars can be obtained from the Secretary of the Executive Committee, G.P.O. Box 2154, Sydney, New South Wales, Australia.

DIRECTOR OF RESEARCH

The David Brown Group of Companies desires to appoint to its Head Office Staff a Director of Research.

This is a new appointment, and the successful applicant will have the opportunity of establishing a new department to carry out this work. Responsibilities will include long term research into new fields, and in addition the co-ordination of the research work already being carried out in Foundry, Gear, Tractor, and Automobile Groups.

This is a Senior Executive post, and the salary offered will be in keeping with the importance that is attached to the appointment.

Applications, giving full details of qualifications and experience of present and previous posts, are invited from men who have held appointments of similar type and status.

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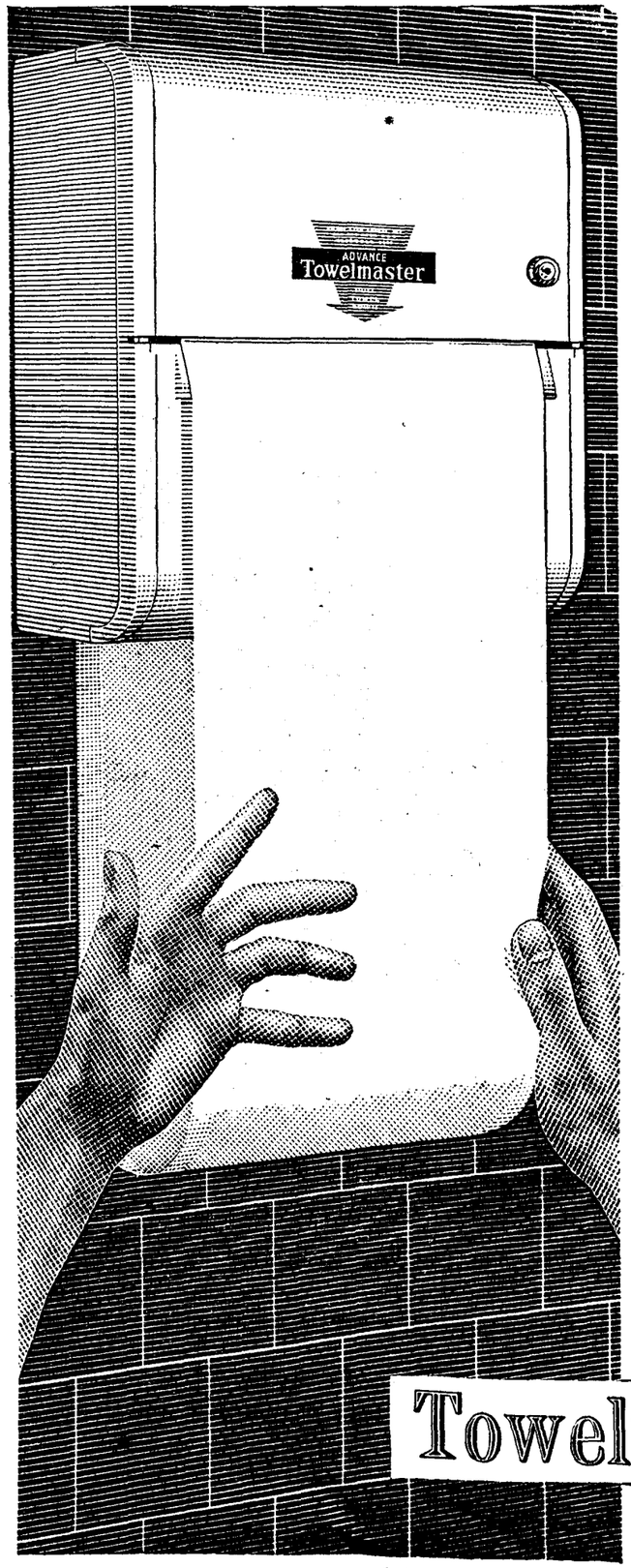

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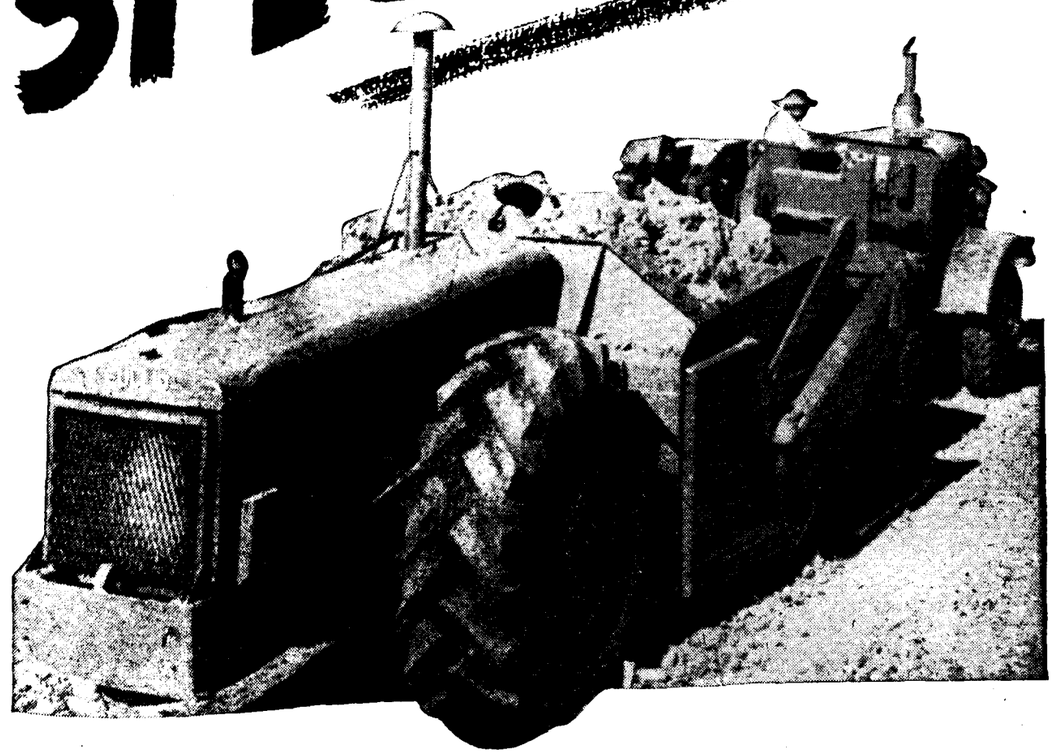

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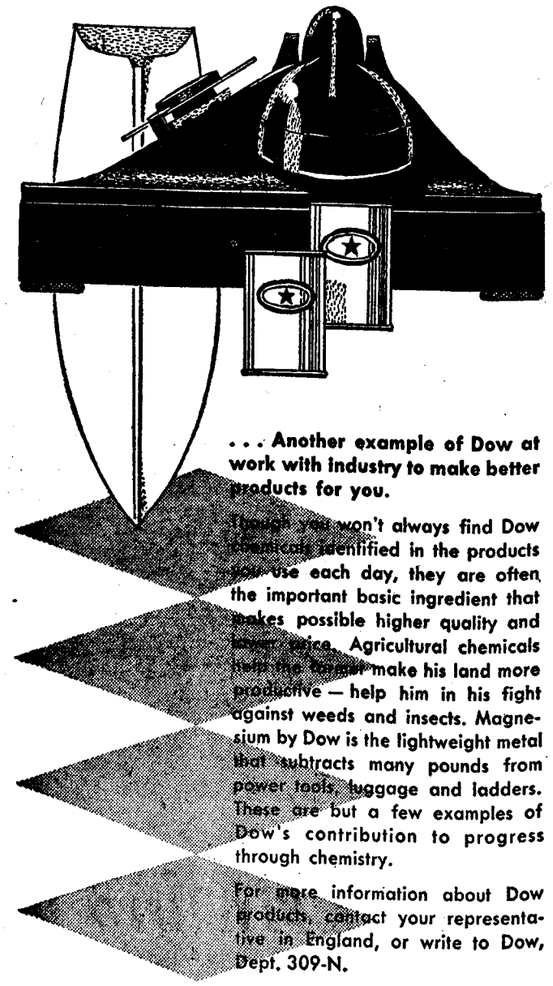

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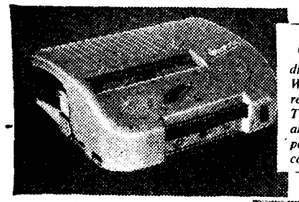

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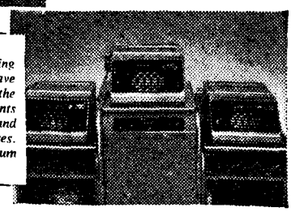

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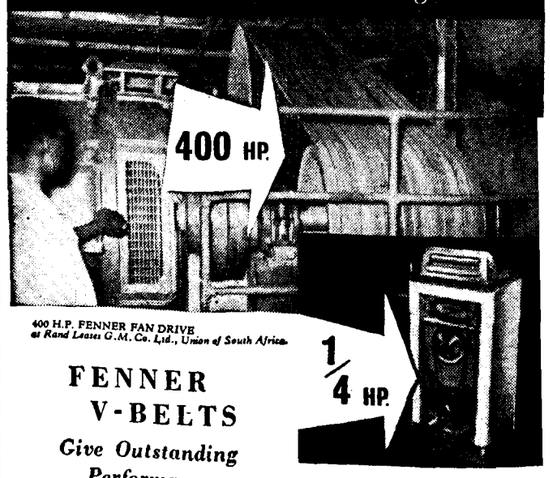

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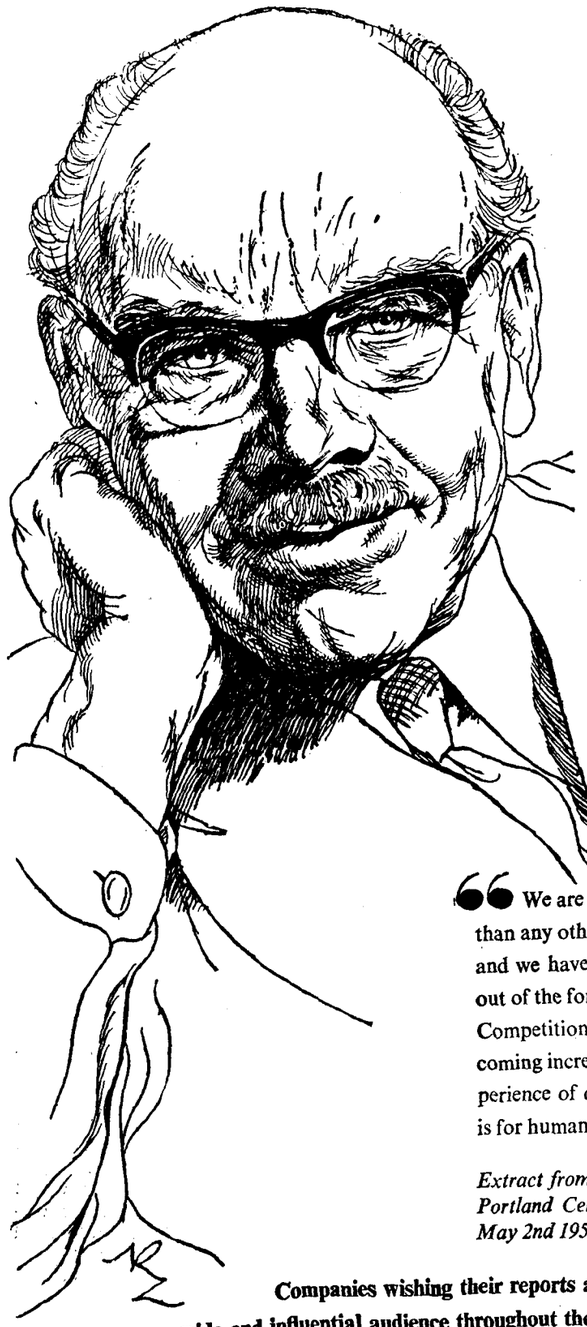

'Pricing ourselves out of foreign markets is an ever-present danger'

SAYS HALFORD REDDISH

"We are dependent in this island, probably to a greater extent than any other nation, on the export of our manufactured goods and we have to face the ever-present danger of pricing ourselves out of the foreign markets which are so essential to our existence. Competition from other countries, particularly Germany, is becoming increasingly keen. We should indeed be warned by the experience of other nations in the past, but alas! how very rare it is for human beings to learn from the experience of others."

Extract from the Annual Statement of the Chairman—The Rugby Portland Cement Co. Ltd. Published in 'The Birmingham Post' May 2nd 1955

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This man helped Ferguson to organize their hire-purchase accounting

Ferguson's new Hire-Purchase Accounting Department is working smoothly, using one Sensimatic. Here is Mr. R. R. Paterson, the Burroughs man who helped Ferguson to put their new system into operation. (Right) *Part of Ferguson's Enfield factory.*

THIS STORY is about Mr. R. R. Paterson, one of Burroughs' team of mechanized accounting consultants.

Ferguson Radio Corporation Limited are famous makers of radio and television sets. Increased business meant a new accounting job for them recently; they planned a new department to deal with hire-purchase, and decided to call in the Burroughs man, an experienced consultant on all mechanized accounting and record-keeping systems.

The Chief Accountant discussed the requirements of the job with him, and he suggested one Sensimatic Accounting Machine to handle the majority of the hire-purchase accounting.

The Sensimatic is now used to raise debit on the payment and ledger cards—showing cash price, hire-purchase price, deposit and account number, and *automatically* printing a diminishing balance. The same machine fills in arrears letters—also automatically—with the balance due, the amount of arrears, account number and date.

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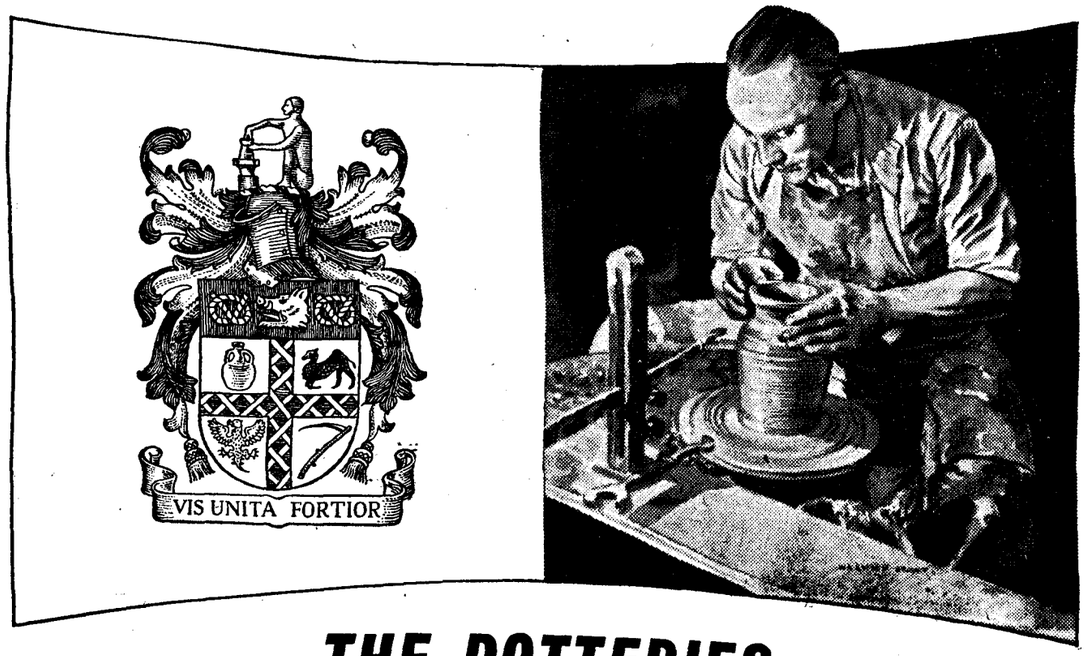

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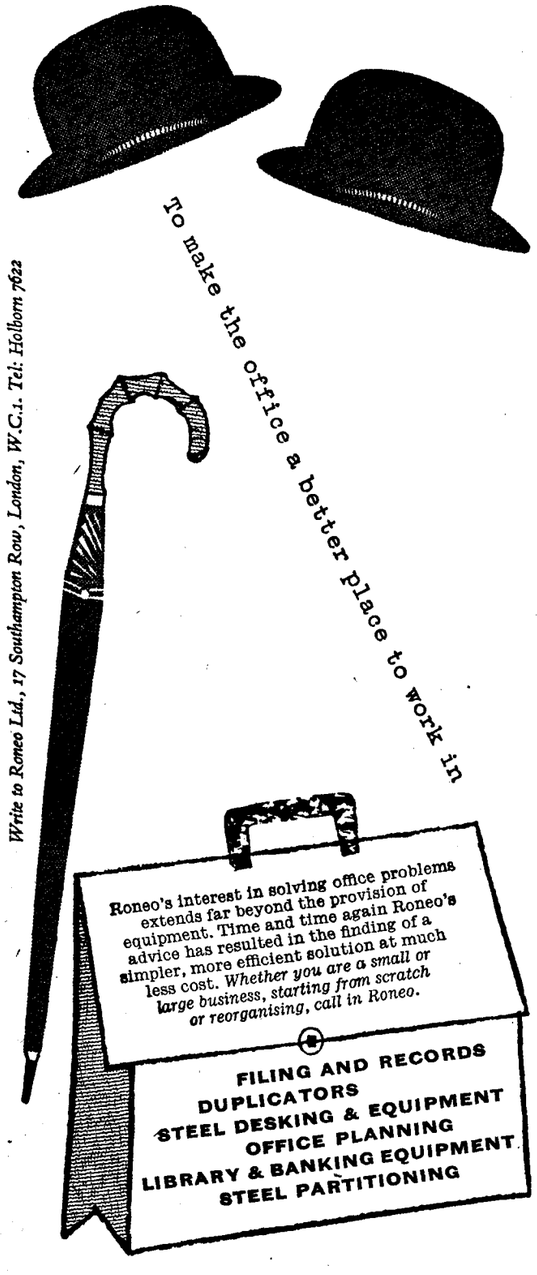

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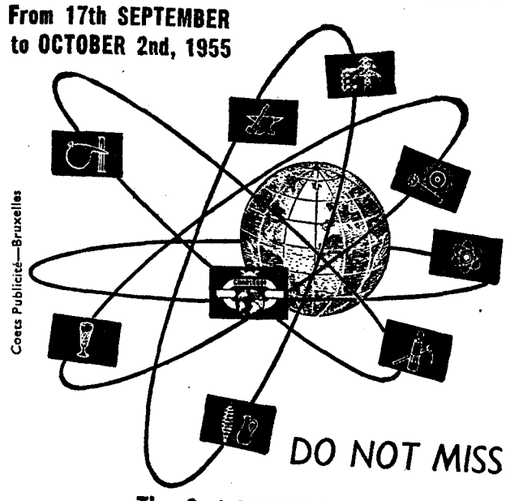

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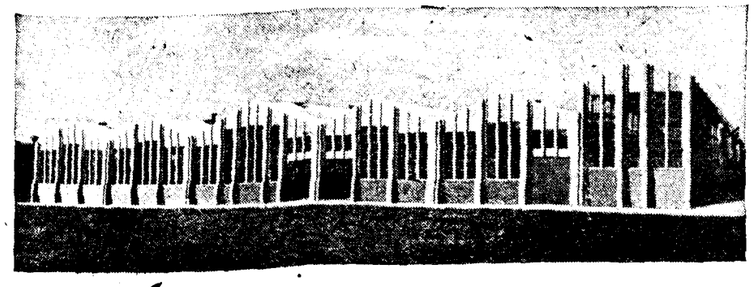

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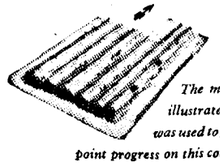

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Why Wait for Germany?

ELEVENTH-HOUR efforts avoided the appearance of complete deadlock in the negotiations between the German Chancellor and the Russian leaders at Moscow, and there is some substance in the communiqué that was finally drafted. It records Dr Adenauer's main concession, his agreement to open formal diplomatic relations between the Federal Republic and the Soviet Union. This is a real concession, which will enable the Russians to make trouble in the future; but it is hardly the defeat for western policy that it is being called in some quarters. What Dr Adenauer got in return was a verbal assurance from Marshal Bulganin that the cases of German prisoners in Russian hands will be re-examined, that an amnesty will be declared for some while others will be handed to the Federal Republic for trial in German courts. This, if it is carried out, is a substantial achievement for Dr Adenauer, the more so since he succeeded in sticking to his contention that he would not deal with the puppet government of East Germany. But on the main issues of high European politics, and particularly on the methods by which the reunification of Germany is to be sought, the deadlock was complete. Both sides simply repeated their previous stands. The Russians declared once again that they would not agree to the union of the two Germanies until after a satisfactory security system for the whole of Europe had been set up. Dr Adenauer replied that Germany would willingly enter a European security system, but only on the prior condition that the country was unified by free elections and in full sovereignty. There the matter rests—just where it has rested for some time past.

Thus Dr Adenauer has demonstrated his complete loyalty to the policies on which all of the western governments have been proceeding. The Russians have failed (if that was their object) to drive even the entering point of a wedge between the western Foreign Ministers before they meet in New York in ten days' time to consider what they shall say to Mr Molotov in Geneva next month. But if the Russians have failed in this, they may have succeeded in something else. They may have succeeded in making it appear that all that stands between the world and peace is a rather tiresome disagreement over the order in which certain topics shall be discussed. Dr Adenauer's German critics did not even await his return from Moscow before accusing him of sacrificing German reunion by rejecting the Soviet security plan. In Britain and France—and before long no doubt in America too—voices are being raised to enquire whether it is really wise to throw away the chance of a general agreement with the Russians for the sake of a pedantic insistence on a particular order of priorities. Must peace wait upon German reunion?

This is a powerful and popular cry, even more speciously attractive than the objection to German rearmament, for the concession that it asks of western policy appears to be not one of substance at all (as German rearmament clearly was), but simply one of procedure.

Communist and near-Communist propaganda—and even not-so-near-Communist but merely wishful thinking—can be counted on in the coming months to make the most of it. Those who believe that the order of priorities really represents a quite basic principle will do well not merely to keep their own minds clear, but to go on preaching and re-preaching the elements of the problem.

★

In this process the first point to be kept clear is that the object of the whole diplomatic business is not to make an agreement with the Russians but to forge a stable, honest and enduring peace—which may not be at all the same thing. Paper guarantees of "security" are to be had very cheaply at any time. But the inter-war years, and particularly the fiasco of the Briand-Kellogg "pact of peace" and of some attempts to present the Covenant of the League of Nations as providing a mystical "collective security" which called for no military effort from member nations, ought to have taught the world that peace cannot be protected by scraps of paper. Security, which means the protection of peace, needs organic roots; it must arise from realities, not from mere words. The Russians themselves admit this at times; the statement of aims they issued on May 10th last gave warning that mere "formal agreements" can "only lull the vigilance of the peoples" and "create a false sense of security." When, in due course, a real and stable settlement is achieved between the free and the Communist worlds, it will probably (not certainly) be recorded in formal documents. But it will be the reality of a settlement that neither side wants or dares to upset that will guarantee the peace, not the document. Since neither a world government nor a fully effective United Nations seems to be practical politics at present, the next best way of guaranteeing that aggression will get a bloody nose is the armed but pacific alliance of the free nations. In short, for the moment, it is the fact that the western countries have refused to agree with the Communists that has created the prospect of real peace, and a "settlement" that weakened Nato would diminish real security.

How very deceptive words can be is easily seen by examining what the Russians mean by "security." They mean a promise by everybody to protect everybody else (a scrap of paper), in return for which all partial alliances (i.e., Nato and Western European Union) shall be abandoned. When they say that a "security system" must be created first, German reunion following after, they mean that it is only after the Americans have been driven out of Europe physically and invited to return to isolation mentally that they will take the risk of allowing a reunited Germany, which might (in spite of all their stratagems) be non-Communist, to come into existence.

Now clearly this might mean security for them, but it would not mean security for anybody else. The whole of Europe would then lie at the mercy of the Red Army. It is beside the point to say that the Russians might in fact have no aggressive intentions towards the countries of western Europe. The Communist system being what it is, nobody could be sure of their good intentions. This would not be a stable situation of peace but a chronic state of incipient terror.

This then is the first part of the answer to the question that has been put as the title of this article—that what the West is offered in return for dropping the German question is not worth having. Let this basic truth be repeated over and over again: our present security (and though it is imperfect, it has brought us a long way) rests absolutely on the North Atlantic Treaty between the free countries of the North American and West European regions. If that real protection is ever voluntarily abandoned, it can only be for something equally real and organic, based on facts and the acceptance of facts, not for the mere promises of any government.

★

But it is still only half the answer. Even if the Russians are not offering a good enough price for abandonment of German reunion, it still remains to explain why any price at all should be demanded. Why should we care so much about whether the Germans are reunited? What is there in German reunion for us?

The answer runs along two lines, general and particular. The general answer is that the existence of so gnawing a grievance to a numerous and powerful people, situated so dangerously on the fault line of the twentieth-century world, must, as long as it persists, be a source of disturbance and a temptation to corrupt bargainers. Since, in a word, it is an inherently unstable situation, resolving it must be desirable in the interests of stability and peace.

The specific answer is similarly related to the concept of stability. There is at present an uneasy but real balance of power in Europe, which was openly recognised at Geneva. So long as it lasts, it is an assurance of peace. If Eastern Germany were absorbed into the Federal Republic on Dr Adenauer's terms, the balance of power would be affected hardly at all; the Red Army would not be much worse placed either for offence or for defence. But if the opposite were to happen, if all Germany as far west as Aachen were to fall into the Communist sphere, the balance of power would be so profoundly disturbed that the gravest international crisis would arise at once. That is why it is better to have no "agreement" than one which would run the risk of delivering Germany to the Communists. That is why the reunion of Germany as a free democratic country is necessary before a state of real security can be achieved, because it is the only way by which an organically stable basis for agreement can be

reached. Indeed, the more Germany becomes integrated into the western system, the greater the security for the Russians, since there will be more restraints upon any eastward-looking nationalism among Germans (the French can be counted on for that). It may be difficult to persuade the Russians of the truth of this. But it is true none the less, and it is the purpose of the British proposals for a treaty of assurance to the Russians (to which the Americans, after some hesitation, appear to be lending their support) to try to convince the Kremlin that Nato, so far from being aggressive, has built-in provisions against the aggressive tendencies that any of its members might show. It is a pity that this plan also bears the "security" label, since if the international debate is formally concentrated on "security pacts," the Russians may be able to make some progress with their own proposals. The difference is that the British are trying to provide some security for their opponents; the Russians are trying to take away such security as their opponents already have.

Insistence on the importance, and on the priority, of Germany being reunited in freedom before "security" can be achieved, therefore does not arise from pedantic obstinacy or from any particular desire to please the Germans. It arises from the fact that until the German question is settled, and settled properly, there cannot be any stable, soundly based, organic security, whatever documents might be signed. The western governments are right, for all the Geneva spirit in the world, to stand fast on this cardinal issue. But if they expect their electorates to understand it, they will have to take much more trouble than hitherto to make it clear, and keep it clear, in their minds.

The Future of Television

PANDORA'S box is to be opened on Thursday, and afterwards television—which may well be the most important social influence in the second half of the twentieth century—can never be quite the same in this country again. This is a matter on which it is impossible to write quite without prejudice; it is a constant surprise to find that some of the most thoughtful people in the country do not harbour precisely the same prejudices about it as one does oneself. But there is one prejudice that needs to be cleared out of the way if the real issues are to be soberly discussed. It is not sensible—whether or not it is tempting—to range one's views openly or secretly around the thought that the best policy for television would be one which would cause it to be as largely as possible suppressed. There should be patience with most views about this complicated subject, but none at all with that.

The real issues are whether the country is wise to break the BBC's monopoly upon this particular form of entertainment and upon this particular medium of propagating discussion about public affairs; and also whether it is wise to rely upon advertising revenue as either an auxiliary or principal means of financing an expansion in television that was always inevitable, even although it might otherwise have been less abrupt. There are three quite separate issues here; and on the first of them, namely the monopoly over broadcast entertainment, most people who have been lucky enough to have enjoyed an extended education should start with their prejudices engaged upon the BBC's side. The idea of the monopoly was to use this heaven-sent pipeline of entertainment into several million homes to inculcate among the masses the heightened sense of appreciation that is the principal boon of, and principal reason for, post-primary education. Let it be emphasised that this is an admirable and simon-pure motive; the only doubts are about the instrument of monopoly that was designed to bring it into effect.

There was room for several such doubts from the beginning. First, there was the nagging thought that it was dangerous to put into the hands of one institution, however *gleichgeschaltet* with one's own views, the power of decision about what sort of broadcast entertainment is advisable or even respectable. There was also a fear, over a much wider field than that of partly "cultural" entertainment, that the monopoly might dull the impulse to innovation in this new medium; no doubt the sheer excitement of the job would serve for a time as an adequate substitute for competition, but it was hardly possible to introduce a rule that each producer or executive who fell into a groove should move on to new pastures, especially when there were no pastures for him to go to. Finally, there was the doubt whether the BBC's educational mission really would be sprinkled as an intellectual seasoning over all broadcasting outlets, as the demand for more outlets grew.

It is this last doubt that has proved to be abundantly justified in the event. What has happened in sound radio—regrettably or otherwise—points the way. There the educational mission has been largely hived off on to a small and subsidised third programme—as an alternative to being squeezed out altogether. Nobody who has watched the pressure towards a light programme pattern upon the BBC's television service in the last few years, not under the threat of a commercial rival but under the fortune of becoming the poor man's conventional necessity instead of the rich man's occasional toy, can doubt that this is now the best that can be hoped for on the screen as on the air. As the number of television stations with different programmes grows—and it has always been certain that it will grow—any educational mission that remains is bound to

be concentrated upon the most heavily subsidised of them. The question at issue is whether the BBC should control this subsidised programme or programmes, and perhaps one or two others, or whether it should control the lot. If the door is to be opened to new blood and new ideas, which system seems the better? If the question is put in this way, the initially strong case for the BBC monopoly as an educational force seems to fall to the ground.

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The case for the BBC's monopoly over broadcast discussion of public affairs has always been much weaker; the difficulty for a newspaper should not be to understand the argument against it, but avoid making it sound too shrill. One consequence of the monopoly is that the BBC has found itself obliged to propagate the idea that there are two sides to every controversial question, an idea that is quite untrue; there are, of course, many sides to most of them, and often the side that men of independent judgment believe to be most realistic is the one side that the BBC cannot publicise, because it is impossible to find an equal and opposite antidote to it. Another consequence has been that "awkward" questions of public moment are played down. It would be quite impossible for the BBC to emulate upon any British political issue—for example, upon the fomentation of any current strikes or party splits over Suez and Bevanism—Mr Murrow's famous television programme on Senator McCarthy. Yet another consequence is that although programmes are never biased in favour of any party, they are often biased in more conventional ways. For example, to end a programme, amid stirring music, with the call that "British farmers have served the country well in the last fifteen years" is regarded as uncontroversial; if any BBC producer had wanted to make the slightly (even if only slightly) truer statement that "the failure of British farming since the war to increase its efficiency has been quite appalling," that would have been regarded as very controversial indeed.

These may seem to be only isolated impediments to intelligent democracy, but they are insidious impediments that need to be swept away. Will the new order sweep them? The Postmaster-General's recent activities do not suggest so, but it is surely possible to be more hopeful about Thursday's long-term effect. The present blight on broadcast discussion can be lifted only when several programmes are on the air in each area, so that in no evening will an impossibly large proportion of the population be looking at the same picture on their screens. But, when and if this variety of programmes is achieved, under which circumstances is progress towards free speech more likely—if all the different programmes emanate from one institution upon which pressure groups can still concentrate their attack, or if there are a number of programme companies which might eventually come to be tolerated in the same way as politicians are obliged to tolerate independent newspapers now? Once again, the answer seems obvious. The new order does not represent a jump to freedom, but it does provide an opening towards it.

The third—and quite separate—question is whether it is wise to finance the new programmes by advertisements. It is still probable that the revenue that can be yielded by advertising has been exaggerated; in particular, it is a reasonable guess that some of the companies that will carry commercial television outside London next year will have to rely largely upon relaying other people's programmes, because they will not get enough money to put on sufficient programmes of their own. But it is obvious that advertising will bring some revenue, and will thus make the establishment of new stations much speedier than if reliance were placed on licence fees alone; the economic case for bringing in advertising to help the spread of television is simply that a justifiable supply and demand exist.

The dangers of advertising—although there are some—have probably been as much exaggerated as its paying power. The main danger is not that free speech about individual industrial enterprises will be impaired; the too strict British law of libel already impairs that beyond rectification. Nor is there as much substance as is generally supposed in the argument that advertisers will push programmes down towards the entertainment level enjoyed by the thickest stratum of population; in the newspaper world it is the struggle by the circulation departments, which count heads, rather than the pressure by advertisers, who count spending power, which does that. The argument against the advertising basis of the new scheme is more subtle and less overwhelming: the division of revenue, whereby the independent service will rely almost wholly on advertising payments and the BBC wholly on licence fees, is uneven and silly—and it could put the new producers, especially but not only in the timing of their programmes, more completely at the advertisers' mercy than any self-respecting newspaper editor would consent to be.

★

The new order, therefore—to put it mildly—is by no means perfect; and there remains one final question around which the whole balance of the debate deserves to swing. What eventual sort of television service does one think would suit this country best, and how can the country shuffle towards it? It will be wise to be specific about this. The ideal system surely—a generation or less hence—would be a small number of national stations, a larger number of short-range local stations (which would relay, at the station manager's choice, the programmes of a few big companies plus a few local offerings of their own), and one or two stations of a "third programme" type. Each station would draw part of its revenue from advertisements and part from a division of licence fees; this division of fees

would depend principally on the audience that each station attracted (i.e., on the stations' "circulation rating"), but there would also be special arrangements to keep one or more "third programme" stations alive. Discussion in programmes from all these stations should be absolutely free, and the right to set up stations should be as free as possible also; it would be an excellent thing if universities and educational foundations could be attracted into the field.

There are two barriers, apart from the strain on investment resources, in the way of any such development. First, there are a number of technical problems about wavelengths, but almost every technician agrees that these will be surmountable within a few years. Secondly, there is a national attitude of mind that has come to regard monopoly as the national framework for broadcasting. As the lights go up on screens all over London next Thursday evening, there is at least a chance that a significant step will have been taken towards conquering this second barrier. And that is the main reason for saying that the new order carries with it much more hopeful possibilities—and, on balance, very slightly smaller risks—than the system of broadcasting that this country has known before. Look, there are good fairies at the christening; never mind the Carabosse.

Malaya Bids for Peace

THE decision to declare an amnesty for all who have taken up arms against the government in the Federation of Malaya has so many advantages for the government that it may be hard to see the Communists surrendering in force unless they are indeed at the end of their tether. When the Alliance party put the negotiation of an amnesty into their electoral programme, fears were expressed that this would give the hard-pressed Communists the chance to "win the peace after losing the war," by marching out of the jungle with promises to co-operate, only to infiltrate the trade unions, Chinese schools and estates, where they would pose as the victors and heroes of the shooting war and as Malaya's rulers-to-be. But the terms of the amnesty should put most of these fears to rest. The planters who felt them most keenly seem to have been reassured.

In fact, the amnesty goes only a little further than the existing and profitable surrender policy, under which hundreds of Communists had already given themselves up because they knew that no one has been actually prosecuted on a capital charge since 1949. No undertaking not to prosecute was ever given, but in practice hard-core terrorists were quietly shipped to China while the redeemable fellow jungle-travellers were redeemed with an astonishingly low rate of recidivism. The amnesty now declared—not offered or negotiated—adds a specific undertaking not to prosecute; and it confirms, though in veiled language designed not to offend the Peking authorities, that the irreconcilables will be deported as before. The rest will have their brains gently washed before being introduced to the "Malayan way of life." Unprecedented efforts are being made to get the offer across and to provide temptingly accessible surrender areas—but the war goes on elsewhere. There is no pardon, no face-losing offer to treat, no recognition of the Communist party. If the amnesty fails, the one serious disadvantage seems to be that when it is withdrawn, confidence in the former policy might be undermined and the flow of surrenders lessen.

But the countervailing merits of the move are many. While the government is making almost no concessions, the amnesty gives it the moral initiative after its refusal, in which Malayan political leaders concurred, to take the bait offered in the Communist approach for a negotiated peace last May. This is important, not only in order to strengthen the leadership of the Alliance in Malaya, but to secure the approval of India and other Asian countries. The amnesty redeems the Alliance's promise, proves that it is an effective policy-making government, and at the same time tests the realism of its ideas. Still more important, it involves the Federation's leaders—Malay, Chinese and Indian alike—in organising an all-out attempt to throttle the terrorists if they fail to come out and promise loyalty to the new "people's government," led by the Tengku. In it the British authorities and the new government are as one. It presents the Communists with what they detest—a united front.

If the Communists wish to carry on the fight, they are now forced to tell their followers that the government elected by a million votes is not the people's choice, and that the Chief Minister is a stooge. There have been criticisms of the way in which the amnesty has been put over, but the Communists will have to talk fast as leaflets signed both by General Bourne and by the Tengku fall like leaves in the tropical forest. There is no longer any immediate hope of a Chinese or even Viet Minh advance to their aid; the news is all of conferences and co-existence between West and East; the parallel with the long, slow struggle of China's Red Army in the thirties must now be hard to put over to hungry men. To stay in the jungle is to declare war on the Malayan people in just the way Chinese directives have always deprecated.

The decision may be taken in Peking. If the terrorists fight on, it will be an indication that the Chinese Communist regime has not relinquished, only postponed, its designs on South-East Asia—and that would be an admission which the Malayan leaders will

resent, and which western propaganda should play up. It would reveal a cynical disregard for the well-being of the people of the Federation and a resolve to keep the embers hot. It would frustrate the new government's plans, keep large British forces in the country, and perhaps point up Malay suspicions of the reliability of the Chinese element in the population. It would, admittedly, be a mistake to underrate the terrorists' powers to hold out even against a new drive given impetus by the fury of the Tengku scorned. The four or five per cent of the population which rejects the British and local nationalism alike will continue to afford them aid and recruits. To the embittered, the disgruntled, and rebellious youth, they will always make their appeal; but it will be the appeal of a lost cause to everyone except those who are convinced of the inevitable triumph of world Communism.

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But Peking may well find solid reasons for recommending surrender. The main battle is hopelessly lost. Half of the Federation's inhabitants live in "white" (cleared) areas, and for them the Communists are defeated. The chain of command has been cut and the Johore terrorists must operate independently from those in the north. The new villages are settling down happily as part of Malayan life; the aborigines, too, are defecting; allies are increasingly hard to find and the hunters grow more skilled. The surrender rate, which fell heavily after Dien Bien Phu, has already been restored. On the other hand, though the Emergency still absorbs nearly a third of Malaya's revenue, the rise in rubber prices has stopped the anæmia which was setting in during 1954. There may be a revenue surplus this year; and better trade gives the young Chinese something important to think about—the prospect of making money. Malaya can stand much more easily, at least for the time being, the survival of the hard core in the jungle. And their survival not only hardens the newly elected government against Peking, it keeps the British in the country. If the Tengku means what he says—that his programme is self-government in two years, independence in four—Peking may well conclude that the quickest way to get the British out of Malaya is to liquidate the revolt. A small "liberation army" could in any case be kept in being in Siam until and unless the Thais decide to do something about it.

Even so, the terrorists will have to surrender on the government's terms, which are designed to reduce to a minimum the danger of their setting their best talents to subversion. They will have to renounce Communism and show proof of loyalty before being allowed to take part in civic and political life. The Alliance ministers have shown that they are fully alive to the risks. "The Communists," said the Tengku at the opening of the Federal Legislative Council, "have already infiltrated into rubber estates, mines, towns, villages, and what is even worse, into our schools. Unless this infiltration can be checked in time, the Communists . . . will constitute a real menace to Malayan peace." He made it clear that the government intended to remain on the offensive against militant Communism; and that certainly means no hurried dismantling of the country's defences. The Colonial Secretary insisted that before further constitutional changes could be made, the elected council's ability to deal with defence, security and subversion, as well as with finance and the public services, must be proved; and there is reason to think that the new ministry, many members of which have had a good deal of administrative experience, now accept this. The Commonwealth strategic reserve will be built up in Malaya—the Anzac vanguard arrives this week. Thus heavy costs will still be incurred—though the less is spent on ammunition, the more can be put into the all-important plan for giving Malaya a nation-building system of multi-racial education.

The Tengku has declared that the real answer to Communism is nationalism—but by implication a multi-racial nationalism. The difficulties of building a unified nation in Malaya remain what they were; but at least the new government is committed to it, whereas the Communists are demonstrably communal. They can only exploit the stresses in the multi-racial government. These will be many; to take a single example, the Tengku seems to be retreating from his undertakings to speed up the granting of citizenship to the Chinese. But in nation-building it should be clear that the Alliance is fully backed by the British authorities; the problem is only to keep the transfer of power in phase with the creation of a Malayan nation. It cannot, perhaps, be done completely. Independence (within the Commonwealth) may come while Malaya is still three nations rather than one, but at least in the past three years much progress has been made in bringing the Chinese into the "Malayan way of life" under stress of war and danger. And there is plenty of evidence that the federal leaders see that they have in Malaya potentially one of the best and richest states in South East Asia—and are no keener to be under Chinese than under Indonesian hegemony.

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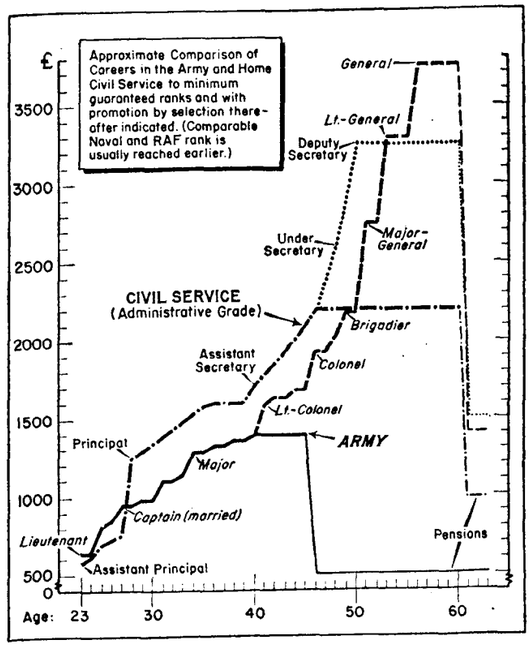
Their other weapon against subversion is economic progress. It is to be hoped that ministers have found time to think over the implications of the World Bank Report as well as those of "*merdeka*." If so, they will have much to contribute to, and much to gain from, the conference of Colombo Plan countries which by a happy chance is taking place in Singapore just as the situation in the Federation of Malaya is looking more hopeful than it has done for four years. The Tengku and his colleagues will be able to meet the ministers of the other Asian states with all the right answers about Communism and colonialism. They have made a fair start.

Officers and Gentlemen

THE conditions of national service are under constant review, and the problems of recruiting "other ranks" for service with "the regulars" attract periodic attention. But it is only very rarely that anything is heard of the position and prospects of the truly professional cadre of the armed services—the officers who hold permanent commissions and on whose leadership and efficiency the services, however manned, depend. Yet the British social revolution has rolled over and flattened out this section of the professional classes fully as much as any other, and more than most.

It is not easy to compare the officers' lot with that of the civilian salariat—though it is noteworthy that since 1946 officers' pay has risen by about 35 per cent, which is little more than half as much as the national income figures suggest for salaries in general. Nor can officers readily be compared with business executives who, in addition to their more elastic salaries, have greater hope of relief from expense allowances and other perquisites. The fairest analogy is presumably with the civil service, and in particular with its administrative grade (though in some cases with the executive or scientific grades); the former comparison is attempted in the accompanying chart, which takes the Army as roughly representative of its sister services as well. The comparison to the minimum guaranteed rank which all should reach (major, lieutenant - commander, squadron - leader or assistant secretary) should be fairly accurate; but promotion above these levels is by selection, and in these ranges only an approximate picture can be given, since, for example, some officers reach the rank of full general before others reach that of brigadier. Because the age for promotion and retirement is earlier in the RAF, and naval promotion also tends to be earlier, a comparable chart for them would shift their line to the left; but the pay reached at comparable ranks is the same. It has here been assumed that the term "officers' pay" should include marriage, ration and lodging allowances.



The main disadvantage of the services emerges at once: while the pay of junior officers is closely comparable with that of civil servants, unless an officer gets promotion to lieutenant-colonel (or commander or wing-commander) in the critical promotion age "zone" of the late thirties and early forties, he soon falls behind—and he then faces the grave additional hazard that the services may retire him in early middle age on a pension that needs to be supplemented to meet even the most modest family responsibilities. Whereas a member of the administrative civil service earns in his working lifetime approximately £65,000, and thereafter receives a pension of "37/88ths" or around £1,000 a year from 60, a "passed over" major who leaves the service at 45 earns about £28,000 in all and then receives a pension of £500 a year. (A major can stay on in the Army until the age of 55 at the same pay and pension, but infantry officers rarely do.) Even if a man is promoted to full colonel, or to senior captain in the Navy, and so is elegible to retire on £1,000 (equivalent to an assistant secretary's pension), he may have to retire on it well before he is 50.

A civil service pension of £1,000 a year is roughly equivalent to a capital sum of £12,000 invested as an annuity to start payment at age 60—it is this pension which, in times of high taxation, must be taken into account when comparing a civil service career with any non-pensionable employment. If a serving officer, retired at 45 on £500 a year, is to settle down at 60 on a civil service standard for old age, he must find a job which between 45 and 60 will enable him to save £300 a year to obtain a life assurance which would give him an annuity of a further £500 a year over and above his pension. Only the very lucky are likely to achieve this. Officers retired at higher rank do correspondingly better—except that their chances of getting a civilian job may be prejudiced by their age (especially in firms with contributory pension schemes).

What, then, are the prospects for promotion, and thus for avoiding the plight of the "passed-over"? Between 35 and 40 per cent of Army officers never rise above the rank of major. Majors eligible for promotion have a 65 per cent chance of becoming lieutenant-

colonel, a 36 per cent chance of becoming full colonel, and a 5 per cent chance of becoming major-general. This is how promotion has worked out in recent years. In the Navy, on the existing officer structure, it is said that a lieutenant-commander has a 52 per cent chance of becoming commander, a 23 per cent chance of becoming captain, and a 9 per cent chance of becoming rear-admiral ; but in fact the chances since the war have been less favourable than this. The RAF's theoretical promotion rate is considerably higher than in the other services, and probably the actual rate has been higher also ; it is favoured by wastage and a shortage of entries to Cranwell. In the civil service, by contrast, employment at the rank of assistant secretary on £2,200 a year is guaranteed to the age of 60, and an assistant secretary (by direct entry) has had a 30 per cent chance of rising to under-secretary, and a 15 per cent chance of rising to deputy secretary.

It is true that the pace of service promotion is faster than it was before the war, when it was possible to be a captain in the Army for fifteen years. But in those days even a captain's pay went further ; and far more officers had a private income, or married one. When contributory pension schemes were a rarity in business employment, the service pension also meant more in relative terms. But it must be remembered that one reason why promotion is more rapid is that junior officers' duties can be undertaken by national servicemen, of whom 5,000 have army commissions. A cut in the call-up, let alone a "return to a professional army," would disastrously upset this development and make rapid promotion more difficult.

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Junior officers also bring trouble on themselves by marrying far younger, in all three services, than before the war, when commanding officers commonly frowned on their officers undertaking family responsibilities below the rank of major. In refusing so to espouse their profession, young gentlemen today are following the example set by their working-class equals in a democratic age ; this may be satisfactory to theorists, but it means that they are apt to be overtaken by acute financial embarrassment when they reach the rank of major or lieutenant-colonel, and face early retirement. The tradition of sending children to public schools is still strong in the Navy and Army (and in the past has produced a new crop of officers and gentlemen in each generation) ; in any case, constant service abroad often makes expensive boarding school fees and holiday arrangements inevitable. It also means, in most cases, a separate establishment at home, and agonisingly long periods of separation from wives.

These constitute a heavy financial liability, and there are others. For most officers a car is essential—RAF stations, for example, are often in inaccessible places, and army and naval officers posted overseas find a car almost indispensable. There is, further, a tradition of hospitality in messes, while the Navy carries out many semi-diplomatic duties which involve senior and junior officers alike in heavy mess bills when visiting foreign or colonial ports. The entertainment allowances given to commanding officers rarely meet the cost. The maintenance of the country's prestige by shipboard entertainment was, before the war and even more before 1914, conveniently met out of the private pockets of wealthy officers ; but important appointments are now not infrequently declined by senior officers, who frankly admit that they cannot afford the £3,000 or so a year needed to hoist their flag in this or that station ; and the other services do not admit that the Navy bears the whole burden. In Shape and other international organisations, the problem is even more pressing, and Britain constantly suffers in comparison with other nations, owing to the lack of means among its naval and military representatives.

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These disincentives are reflected both in voluntary retirements and in recruiting. The rate of voluntary retirement, though above the normal prewar rate, is not high ; but a frequent reason given for it is that the officer concerned could not afford to turn down a reasonably paid and secure civilian appointment. With the aid of national service commissions, and a run-down of forces, both the Navy and the Army are said to be getting nearly enough entries, though the quality is not uniformly of prewar standard ; the RAF is very short of flying officers, as well as technical officers, and two short-service schemes have not brought any significant reinforcement. Meanwhile, the home civil service still gets all the recruits it needs.

In many families officering is still a vocation, which a father expects his son to follow ; but a combination of lower pay, poorer prospects, greater discomforts, and a more impoverished old age than are offered by other careers could undermine the incentive to serve, and must certainly lower standards in the end. Many senior officers see the symptoms of decay already. What is needed to arrest them ? Clearly a review of pay is due ; but this alone will not be enough. A committee is examining the services' educational problems ; it will be interesting to see if it makes suggestions for direct financial help on a larger scale than is given by a few local authorities with boarding schools. The Treasury will some day have to face the facts of life about entertainment and expenses allowances in a competitive world. But perhaps the most valuable relief to serving officers' anxieties would be the knowledge that a sure bridge existed between a service career and a worthy job in civil life ; at a time of brimfull employment it should be possible to supplement the efforts of officers' associations. Retired officers do get jobs ; but the eagerness with which brigadiers accept Grade III RO staff jobs at £770 a year hardly suggests that the training and experience of responsibility which the services retire at the prime of life find a very easy market. This certainly calls for an urgent enquiry.

Notes of the Week

The Right Speech

MR BUTLER'S speech at Istanbul this week had other virtues besides those of elegance. On convertibility and exchange rates he must have been tempted to say nothing at all ; but since he could hardly do this, he did the next best thing by repeating what he had said already ("I have made it clear that we do not contemplate any early move on any—I repeat any—aspects of the exchange front"). His strictures on America's recent "back-pedalling" from good creditor policies had the right seasoning of both pepper and salt, besides showing that he has read the right newspapers ; and he followed these with more open support than usual for South Africa's customary plea that there should be an increase in the dollar price of gold, "provided that we choose the right moment" for action. The hope that the Americans will ever agree to this lies a long way at the end of the rainbow, but it is wise that a British Chancellor should point to the case for it at least once a year.

On the home front, Mr Butler insisted that he is taking and will continue to take "all necessary measures." He is "examining the whole field of public expenditure," and "we shall also have to take whatever steps are necessary to free goods to meet export demands." Above all "it is not by physical controls that we intend to solve our difficulties," but "by getting to the heart of the matter, the balance of supply and demand for labour and materials at home." These are the right things to say. It remains only to fulfil them. On the inflated housing and agricultural subsidies first.

Employers' Recipe

THE Chancellor has not been the only one to review the economic situation this week. The long mimeographed statement on economic policy which has been issued by the British Employers' Confederation—the confederation's first such statement since 1931—is difficult to review because the manner of its compilation is so obvious: it bears all the hallmarks of a reasonable economist's draft, which has been carefully edited by a cautious committee. The basic economic assessment of "our changing position" is better and fairer than is usually to be found in a survey of this kind ; the confederation is at great pains to show that on many matters its views mirror those of the Trades Union Congress and of Mr Gaitskell. (After Istanbul it can add the Chancellor to the concert.) Its main conclusion is the obvious and correct one that internal demand is now too high for the maintenance of economic equilibrium, but it is a travesty to say that its views of what "equilibrium" should mean are of a hard-faced or hard-hearted type ; in particular, its most publicised statement—its recollection that "Lord Beveridge's criterion of full employment . . . involved an unemployment rate of 3 per cent, nearly four times as many persons as are at present unemployed"—was thrust deep into the hedgegrowth of surrounding caveats.

The employers' main candidate for disinflation is inevitably, and rather vaguely, a cut in Government expenditure: but they are also surprisingly—and hearteningly—frank in recognising that Bank rate and the credit squeeze should be used as a tougher rod on their own backs if necessary. There are more references to the virtues of competition, at one stage even to price competition, than might have been expected in a statement from an organisation of British employers ; and restrictive practices come under attack (in a passage that has been edited just carefully enough—but only just—to allow some employers in certain trade associations to pretend that the strictures do not apply to them). At the end, however, there is a less welcome statement that employers should not "extravagantly" bid up wage rates against each other when they have signed a national wage agreement with a trade union ; and the confederation's director has said that his principals "are quite prepared to discuss with the TUC the dividend position in relation to the wage position . . . to see if we could evolve some method of stabilising or reducing prices."

It would be a pity if the employers were to get into a muddle about these last two points. In them the confederation comes dangerously close to advising particular firms not to bid up for workers, or for risk capital, if they can use them more efficiently than their rivals. In conditions of inflation this may seem to be a counsel of restraint ; in conditions of equilibrium it would be a counsel of restriction. And the whole point of the sager part of the confederation's statement is that this country must and can now move from the one set of conditions to the other. It would be a mistake to carry any restrictive ideas with us.

China's Prisoners

SIX weeks of polite but firm negotiation have secured a promise from China that all American civilians held in that country will be freed either at once or "expeditiously." Permission for twelve to leave was conceded on September 6th ; four days later the Chinese undertook to release ten more within a few days and the nineteen others whose identity is known at some later date. If the Peking govern-

ment does not drag its heels over releasing the third batch, an end will be made of one of the most unsavoury chapters in its record. The majority of the men and women concerned are missionaries, doctors or teachers, who, along with others from Britain and other Commonwealth countries, were rewarded for years of service to the Chinese people by being jailed by the People's Government, after cruel mockeries of "trials" on trumped up charges of espionage, mass murder and so forth.

Peking has insisted that its "face" be saved by a formula which equates the plight of these unfortunate people with the position of 129 Chinese students in the United States who, after China attacked the UN forces in Korea, were prohibited from returning to their country because they had specialist qualifications of value to the Communist war effort. The Americans have accepted this whitewashing formula gracefully, although they had already lifted all restrictions on the students; considerations of humanity outweigh pride in Washington, a fact of which Americans can be proud. They have, however, still reason for disquiet over the fate of a number of airmen and soldiers posted "missing" in the Korean war, who may still be in Communist hands. It is a painful recollection that the airmen recently released were not even known to be alive for over a year after the exchange of prisoners in Korea, although Peking now admits that it had held them ever since their aircraft crashed in Korea in 1953.

If the matter of the civilian prisoners is now cleared up "expeditiously," the road will be open for Sino-American discussion of broader issues; but it will hardly be surprising if the Americans show no haste to tackle these before the freed men and women have actually crossed the frontier. Their experience in the negotiations so far has reinforced their reluctance to be blackmailed—a point directly relevant to last week's Russo-German negotiations in Moscow, where another Communist government showed equal lack of scruple about seeking to buy concessions with the bodies of living men.

The Balkan Tripod Wobbles

THE Balkan alliance has been seriously—perhaps even critically—damaged by the upsurge of illwill between Greece and Turkey. Ironically, if not symbolically, King Paul of the Hellenes and Marshal Tito have meanwhile been exchanging toasts in Belgrade and pledging their respective countries to uphold and strengthen the same alliance. The friendship between Greece and Turkey was in any case a young and delicate plant, ill-equipped to survive the cold blasts of bitter disagreement over the future of Cyprus. (Paradoxically, both governments are united in opposing the new British proposals for Cypriot self-government, but for completely contradictory reasons—the Turks because they might open the path to self-determination, the Greeks because they make no provision for self-determination.) The violently destructive rioting in Istanbul and Izmir last week made matters very much worse. The methodical destruction perpetrated by the Istanbul mob last week—when two international conferences were meeting in the city—evidently caused as much shocked surprise to the Turkish government as to Turkey's friends and allies abroad.

Both the Greek and the Turkish governments, however, have taken commendably firm action to prevent any further outbreaks in Turkey or reprisals in Greece. But neither government can ignore the inflamed state of public opinion. In particular the Greek government is under strong pressure both from the press and from opposition politicians to consider a drastic re-orientation of its foreign policy. "A thousand friendly Turkeys are not worth more than one Cyprus as far as Greece is concerned," sums up the emotional attitude of much of the Athenian press. So far, Marshal Papagos's government has kept its head and made only a few limited gestures, such as the withdrawal of Greece from some forthcoming Nato exercises.

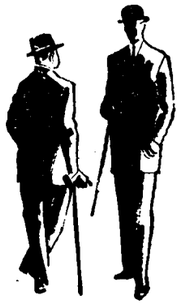
It would be quite unrealistic to suppose that the now yawning gulf between Greeks and Turks can be easily and quickly papered over. But it would be a pity indeed if Greece were to jeopardise its own best long-term interests, to say nothing of those of its Nato partners, by walking out of the Balkan pact and disrupting all the patient defence planning that has been going on in the eastern Mediterranean under the ægis of Nato. It would also be a great pity if Greece were to stay in the Balkan pact but let itself be won over to the Jugoslav interpretation of the alliance as a mechanism for economic and cultural co-operation rather than for defence. This would, in fact, amount to much the same thing as leaving the alliance; for if Greece and Turkey cannot co-operate in vital defence planning, there is little likelihood that they can co-operate to any purpose on anything else.

After the Congress

THE Trades Union Congress was peaceable and moderate to the end. The excitement never reached a higher pitch than when the vote of the National Union of Mineworkers, to the furious indignation of some of its delegates, was cast against a resolution which called for "a drastic reduction of systematic and excessive overtime and a vigorous campaign to achieve the forty-hour week." That nearly led to blows, for if the miners' vote had been merely withheld, let alone cast against the general council, the resolution would have been carried. It might have been carried even without their vote if it had stuck to the forty-hour week, and not been tied up to overtime which many workers would hate to reduce.

On nationalisation Congress was cautious and noncommittal. It was not disposed to harry the general council to follow up its "Interim Report on Public Ownership" with a final report, at least before it is ready to do so. And it remitted to the council a resolution instructing that body to formulate a plan for public ownership of the engineering, chemical, building and building materials industries. To "remit" is to leave the council freedom of action—or inaction. Enthusiasm for doctrinaire socialism is on the wane.

In the interests of peace and good manners there were one or two rude words which everyone tried to avoid. One was "Italians"—perished the thought of them as Congress unanimously passed a resolution condemning racial



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discrimination. (That same evening the National Union of Mineworkers announced a new excuse for not having Italians in the pits: it would hold with the National Coal Board a pit-by-pit inquiry into low productivity.) Another rude word was "Communist." Even Mr Arthur Horner preferred "revolutionary," and other speakers spoke darkly of "influences outside the trade union movement"; but on the whole they chose to ignore the topic. They are, of course, overwhelmingly anti-Communist. An attack on the comrades would always produce loud noises from the parts of the hall where the electricians, some miners or boilermakers were sitting, but such protests were always drowned in applause. And when a seemingly innocent resolution was put forward by the mineworkers, asking the general council in the interest of workers' solidarity "to initiate discussions with the appropriate organisations," Congress smelt the rat of the Communist World Federation of Trade Unions, and rejected it by a million votes. There was nothing naïve about the Southport bonhomie.

Reflexes, Not Resolutions

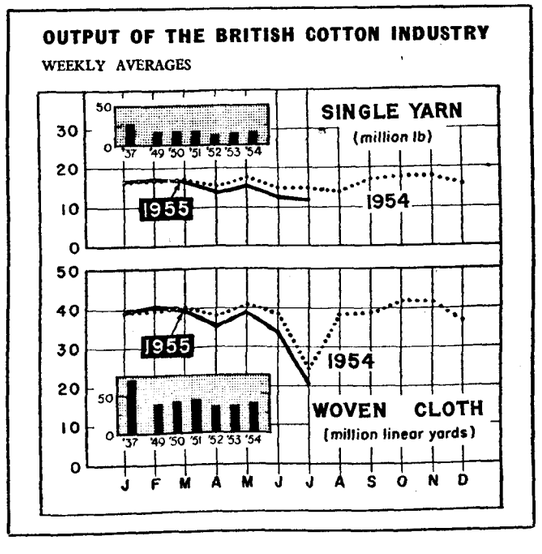
THE agenda for the Labour party conference includes 418 resolutions, which will of course be greatly reduced by the standing orders committee before the delegates are allowed to debate anything. Inevitably, the bulk of the resolutions reflect the distress of party workers at Labour's defeat in this year's general election, and the largest group of resolutions (73) deals with party administration. There are 52 resolutions on "future policy," but they speak mainly of the need to return to the faith of the founding fathers—back to "true Socialism," and so on. On many topics, the constituency parties seem to speak in the same voice—on atomic warfare ("abolish it"), on national service ("shorten or end it"), and on pensions ("raise them"). Perhaps the most striking shift in emphasis in Labour opinion, shown by a comparison of this year's resolutions with those of last year, relates to foreign policy. It is possible to make a total of 70 resolutions on foreign affairs, but to do so one must include 25 on atomic warfare and 22 on national service. The problem of Germany, which beset the Labour conference last year, has so shrunk that there are only three resolutions on the topic for Margate; they manage to be verbose at the same time as being weedy. The main aspects of economic affairs that interest the resolution-makers are automation and the application of nuclear energy to industry (19), the nationalised industries (13), and the right to strike (13). Many of them reflex actions rather than resolutions.

How the Labour party organises itself is largely its own affair, but one aspect of the matter is of general interest. This agenda suggests that the swelling call at Margate will be for a more efficient and thorough agency service, and the only man who can make that possible is the party's treasurer. If Mr Gaitskell, who this year will make his first annual report as treasurer, satisfies the delegates that he has made good progress in raising the money to finance a better service of full-time agents, his popularity with the party as a whole will increase. The right opportunity seems to be coming along at the right moment.

Due for Absorption?

THE tone of most of the resolutions for Margate suggests that the heart of the constituency Labour parties is still very much on the left; and this would normally be taken as a sign that the constituency parties will return the usual slate of Bevanites as their representatives on the national executive. But the list of candidates for their favour, published this week, is a very interesting one. Fewer anti-Bevanites have been nominated than last year, and it looks as though the right wing of the party hopes, by concentrating its vote, to get Mr Gordon Walker on to the executive in place of the last of the successful Bevanite candidates in 1954, Mr Mikardo. This would be a considerable achievement both for Mr Gordon Walker and the right wing. In the ballot for the seven constituency representatives last year, Mr Gordon Walker was thirteenth. Among the runners-up he came after Mr Callaghan, Mr Harold Davies, Sir Frank Soskice, Mr Emrys Hughes and Mr Sydney Silverman. In this year's ballot at Margate, Mr Gordon Walker will no longer have to meet the competition of Mr Callaghan and Sir Frank Soskice. Why either of them should have withdrawn from the race is not clear. Mr Callaghan's standing in the party varies more than that of most of his colleagues; but when the Parliamentary party elected Labour's Shadow Cabinet in June he came third after Mr James Griffiths and Mr Gaitskell, having been tenth at the previous election. Sir Frank, of course, is no longer in the House; but neither is Mr Driberg, who has again been nominated as a candidate for the national executive by the Maldon constituency party.

Last year there were twenty-two candidates for the constituency representation on the national executive, and it would just have been possible, if the right wing had been strong enough, to elect seven members who were either hostile to Bevanism or not finally identified with it. This year there are only sixteen candidates, and the right wing could not pick seven such members from the list. But the



prospect opened up is intriguing. Mr Harold Wilson, who topped the poll as a Bevanite last year, is now working in perfect amity with Mr Gaitskell. The other Bevanites on the executive will again lack the inspiration of their leader, for Mr Bevan has exiled himself from the election by continuing his hopeless fight for the treasurership. The Bevanite rump may also suffer the disappointment of seeing Mr Gordon Walker replace Mr Mikardo ; and some of them have been having a great deal of fun, without doing any real harm, by working with their right wing colleagues on different policy committees. All this could be a powerful influence towards absorption.

Around the Moroccan Throne

It would be an exaggeration to say that the exhibition the French cabinet made of itself over Morocco earlier this week disquiets the whole of France, but those Frenchmen who do understand North African affairs were, throughout Tuesday and Wednesday, aghast at the proceedings in Paris. For certain ministers, sitting safely in Europe, seemed prepared to expose life and limb in Africa to the danger of an explosion while they haggled and dallied not even over ends, but over means. However, as *The Economist* goes to press, a more sober mood seems to have set in, and prophets forecast a speedy announcement of "package" solutions to the conundrums still unsolved.

The course of events was enough to confuse even connoisseurs. On Monday, M. Faure had secured a virtually unanimous, though grudging, cabinet consent to the plan he has been fostering for over a month. This plan entails three preliminary steps: first, to secure the blessing of ex-Sultan Ben Youssef to what is in effect a regency council, in order to make the device palatable to Moroccan nationalists ; second, to secure the voluntary withdrawal of the present Sultan, Ben Arafa (the word "voluntary" is important ; to depose a second Sultan would not do) ; thirdly, to select a three-man council agreeable not only to the retiring Sultan and his die-hard cronies, French as well as Moroccan, but also to Moroccan nationalist opinion.

The first objective has been attained, thanks to M. Faure's discerning choice of General Catroux as his emissary to the ex-Sultan in Madagascar. This wise and liberal old servant of France returned from his errand on Sunday bearing ex-Sultan Ben Youssef's consent to the formation of a Council of Guardians. It was the second objective—the withdrawal of Ben Arafa—which raised a storm that is not yet quelled. His consent was to be sought by means of a soothing letter from the President of the Republic meeting certain conditions that Ben Arafa had murmured would be his price for retirement: no abdication, no restoration of Ben Youssef, a comfortable retreat in Tangier. When an emissary sped to Rabat early on Tuesday bearing this letter, it seemed that M. Faure had steered round another bend of his adroit but devious course towards compromise.

But he had not adequately squared his right wing colleagues. General Koenig, his Defence Minister, had been against the original cabinet decision, and though he has refrained from resigning for reasons of military exigency in North Africa, he let people outside the cabinet know his mind. And M. Pinay, the Foreign Minister, though agreeable to the dispatch of a letter, was not shown the text till it was on its way and, upon seeing it, objected to its terms as being coercive. His objection was, it seems, less to what it said than to the embarrassment in which ignorance of its exact terms placed him *vis à vis* the right wing of his party. So the letter was stopped. Justifiably enough, its interception created the impression that those who stopped it were unaware of the pitch to which tempers, both French as well as Moslem, are mounting in North Africa. It is daily more difficult for leaders to hold these passions in check in the streets of Casablanca, let alone in rural Morocco.

The Real Issue in Rabat

To soothe the fears and still the rumours to which cabinet quarrels over Morocco were giving birth, M. Faure issued a communiqué on Wednesday warning the public not to jump to conclusions, and announcing that cabinet consent to his plan still held good. Before he did so, he had received from the Resident-General in Morocco a request for a few days' grace in which to prepare local opinion for the changes involved—in particular, opinion among the French settlers. One wing of these is urging Ben Arafa to stand firm ; its extremist members have even been picketing his palace to prevent his departure. Possibilities of disturbances still abound.

M. Faure, who at last grasps the urgency of the need for firm decisions and their rapid execution, is now seeking simultaneously to announce a bunch of related solutions—the consent of Ben Arafa to withdrawal, the composition of the three-man council that will guard a seat which neither of two Sultans is entitled to occupy, and the terms on which France is ready to open negotiations for a new relationship with the French zone of Morocco. What the government that is responsible for the Spanish zone will say remains to be seen.

There is just a chance that the opponents of the Faure plan, if given so much to swallow at a single dose, will be forced to let the question of the throne slip, the better to prepare themselves for the real struggle—the struggle over the legal rights to be retained by French residents when Morocco gets home rule.

A Bolster for Ulbricht

It was an obvious, if not essential, move for the Russians to whistle up Herr Grotewohl, the East German premier—a "running dog," in the Chinese phrase, if ever there was—from the lair outside Moscow where he had apparently lurked throughout Dr Adenauer's visit. He and Herr Ulbricht, his Party boss, must have been shaken by the Chancellor's revelation that the Soviet leaders have promised to return the 9,600 German prisoners whom they admit holding and to look into any other cases presented by Bonn. Only last week Marshal Bulganin was insisting that the Federal government must parley with Herr Ulbricht on this

question. The East German régime seems to fear further concessions at its expense, for throughout Dr Adenauer's visit it has been denouncing the "arrogant and provocative conduct in Moscow" of this "unregenerate chauvinist," even while he was being embraced by Mr Khrushchev and cheered by Muscovites. With *Izvestia* hailing "a great day," the Ulbricht propagandists have had to agree that the talks were successful ; but they ascribe this success to the Chancellor having "dropped his cold war language," thus falling foul of *Pravda*, which dwells on the value of "both sides expounding their views with absolute frankness."

Herr Ulbricht's ambassador, although humiliatingly shut out of all the festivities during Dr Adenauer's visit, will of course be able at least to embarrass any Federal envoy posted to Moscow. But the Chancellor, in his Parthian letter to Marshal Bulganin, flatly reaffirmed that the Federal government is the sole legitimate representative of Germany ; and even the marshal did not venture to answer Dr Adenauer's exposure of the East Berlin régime as a fraud by citing the 99 per cent poll in its last "elections" as proof of its popular basis. The Chancellor, cruelly impaled on the problem of extricating the prisoners without acknowledging Herr Grotewohl, appears to have overcome the problem by skill and firmness. It may be taken for granted that the Russians will now make sizeable face-saving gestures in the direction of East Berlin, but they risk losing such new German goodwill as they have obtained if they do so too obviously. The hysterical virulence of the East Berlin régime in the past few weeks seems likely to reinforce the Germans' support for Dr Adenauer's refusal to treat it as an equal. And their response to wooing words such as Herr Dieckmann addressed to them last week—"We have no intention of forcing our economic system upon Western Germany"—may be conditioned by the recollection that only a few weeks ago the Ulbricht press was insisting that a reunited Germany must be "democratic," and that "its foundations have been laid in the German Democratic Republic."

Next, Please, in Moscow

Political traffic to and from Moscow is now becoming so dense that it may have been honest coincidence that brought the Finnish leaders in just after the West Germans left. But it may not. The Soviet rulers may have foreseen the awkward possibility of ending their talks with Dr Adenauer and Herr von Brentano with nothing to show for their pains, and one way of distracting public attention from such a failure would obviously be to arrange that a second foreign mission should arrive in Moscow at the right moment for the spotlight to be switched to it. The hasty look of the Finnish visit, which was announced only ten days ago, suggests that it may have been pushed forward in the calendar.

Mr Kekkonen is hardly in a position to turn down a pressing invitation to Moscow, for the prime minister has long relied on his reputation as the man who can get along with the Russians better than anyone else in Finland—apart, of course, from the local Communists and fellow travellers. But his arrival together with President Paasikivi and his defence minister lends support to speculation that the Russians have held out some new and sizeable inducement to the Finns ; a Soviet evacuation of the Porkkala base near Helsinki, or at least the fixing of an early date for its evacuation, may not now be as improbable as it seemed only a couple of months ago, when Mr Kekkonen was rebuking the Finnish opposition for dropping hints that the "Geneva spirit" had made the base an anachronism. To pull out of Porkkala, which is now the Russians' only base in non-Communist territory, would make it easier for them to keep up the pressure for abolition of all Nato bases. It would doubtless also be drawn to the Germans' attention that Finland had secured the withdrawal by embracing neutrality and minding its p's and q's in its dealings with Russia.

Yet there was one curious personal aspect to this week's coming and going. Soviet policy in regard to Germany rests partly on a waiting game ; and when Mr Khrushchev, last week, intervened in the discussion in the Spiridonovka Palace with the blunt comment that Russia could afford to wait, he evidently had in mind the Federal Chancellor's advanced age. But the arrival in Moscow of the 85-year-old Finnish President, whose active political life may not even yet be nearing its end, prompts the reflection that Dr Adenauer is six years younger than Mr Paasikivi, and that his arduous activity in the past few days has revealed him on the top of his form. It was not, presumably, any part of the Russians' design to evoke such thoughts.

Mr Prain's Victory

This week's agreement between the Rhodesian Selection Trust group and the European Mineworkers Union may well break the industrial colour bar in the copperbelt. The veto on African advancement beyond the newly agreed categories of jobs, which was appended to the agreement between the other group—the Anglo American Corporation—and the union, does not appear in the Trust's agreement. Moreover the Trust has won some further concessions from the union that will be extended to Anglo American. Not only is the whole question of promoting Africans to further categories of skilled work to be re-opened in three years' time without the white unionists having the final word, but after the independent job analysis which is to be made immediately, the union will apparently be ready to discuss further promotions of Africans to jobs that the analysis shows to be suitable. In effect, therefore, while the companies have granted safeguards to the union, they have won freedom of action in the advancement and training of Africans.

If this does not create the ladder of advancement that Mr Prain and his colleagues have demanded from the first, it comes near to it. It would now be natural to expect the African union to endorse the settlement—and it is hard to see how the veto that the other group's agreement gave to the white union can become anything but a dead letter in time. The directors of the Trust have won a notable victory, for they—and their stockholders—were prepared to risk a strike to win their fundamental point of principle. But the European union, too, should be congratulated for taking the further steps incorporated in the agreement with the Trust. Some of their leaders are privately grateful for the stand the Trust has taken, and for the counsels of moderation given behind the scenes by visiting representatives of the

British TUC. Nothing is certain in Africa, but there seems real ground for hope now that race relations on the copperbelt will develop harmoniously.

Very Rough Justice

THROUGHOUT this week the Third International Congress on Criminology has been in session at Bedford College in London. The main subject being discussed by delegates from forty nations is "recidivism"—in laymen's terms, relapse into crime. Recidivists form the hard core of the criminal population in almost every country, harder perhaps than most published figures indicate; official statistics are concerned only with re-convictions, and an arbitrary figure of five years freedom from further convictions is usually taken as indicative of "success." Although a good many discharged prisoners do in fact become law-abiding citizens and can therefore be counted as "successes" by the prison authorities, there must be others who merely become more careful not to be caught. And among acknowledged recidivists there are wide gradations before one reaches the eventual category of the professional crook who will invariably use any and every opportunity for crime.

These are some of the questions that have been under discussion by the four hundred lawyers, doctors, prison and police officials present at the congress. Perhaps the most important point to emerge is the need for more information. There is both a national and an international need for careful and prolonged studies following up the careers of convicted offenders, and for comparison of the effects of different forms of treatment on similar types of offenders. Britain should have a particular interest in this, for a recent Home Office study has drawn attention again to the wide divergence of sentencing policy pursued by different courts. The same type of individual, guilty of the same offence, gets sent to prison by one court, and put on probation by another. Perhaps the mere fact that a congress has been held in London will help to remind some of those who have to deal with offenders that a science of criminology does exist, and thus indirectly to speed reforms in our present system of judicial hit and miss.

Manchester's Schools

A BATTLE about comprehensive schools has broken out in the north that makes the Kidbrooke affair look like a friendly tussle. Representatives of Manchester Education Committee (Manchester, of course, is Labour-controlled) this week decided to try to see the Minister of Education in person about his refusal to approve their plan for comprehensive schools in Wythenshawe. There are three separate points at issue. First, as to the nature of Sir David's decision: this seems to be amply justified. The schools that are due for conversion into three comprehensives were built for other purposes and are not really suitable; two which it is proposed to amalgamate are separated by over half a mile. The new schools would also be too small to have an adequate sixth form.

The timing of the Minister's decision is another question, and Manchester feels aggrieved that it was received only four days before term began; two of the comprehensives have in fact been opened and are now in operation. On this point the only possible conclusion is that both council and Ministry have been remarkably inflexible. Sir David's views on suitable conditions for comprehensive schools are well known, and the council could have foreseen his answer; in any case it was warned that it would not receive the answer in time for the beginning of term. But if the council had a fair idea what Sir David would say, so had Sir David. He should have said it at the end of July, as soon as the time limit for objections to the scheme had expired.

The third question is: what happens now? The situation is not really as bad as some Manchester partisans have made out. The two schools that have been opened are comprehensive only in name. Of 348 children in them, only two qualified for a grammar school education in the eleven-plus examination, and twenty-two for a technical course; the other successful candidates all chose to go to grammar schools outside Wythenshawe. This should not be hard to unscramble. The possibility remains, however, that Manchester may decide to stand pat. It would then have to carry the schools on the rates without benefit of the Ministry's grant. Moreover, there is an untried Section 99 (1) of the Act which says that if a local authority has failed to discharge a duty imposed on it the Minister may direct it to do so, and that his directions shall be enforceable by *mandamus*. It would be foolish if the council decided to fight to this sort of death.

Planing Down India's Plan

INDIA is having second thoughts about its second five-year plan. This is only due to be presented to parliament in November, and is not yet final, but a draft "frame" has been under criticism since April. The draft assumed a total investment over five years of £4,200 million, of which £2,550 million would be public and the rest private; in addition there would be £675 million of public development expenditure of a revenue nature. Criticism has been mainly of two opposite sorts. On the one hand it is said that the resources will not be available for a programme of this size. The planners assumed that taxation could go up from 7 per cent to 9 per cent of the national income; it is argued that 8 per cent is a more likely figure—it is already clear that the states are going to raise less than they were supposed to. The planners assumed that 30 per cent of the extra income the plan would produce would be saved; the *Eastern Economist* argues that 15 per cent would be a more reasonable assumption. Finally, on the planners' own assumptions, there is £600 million unprovided for.

On the other hand, it is urged that the programme is too small. The Minister for Planning has himself said that closer investigation shows that the draft plan will not produce the 11 million jobs and the 5 per cent increase in the national income per year it promised; yet Congress back benchers demand that the 11 million jobs must be treated as sacrosanct, even if much of the work is not very useful and the money has to be found by nationalisation of banking and insurance, or extensive state trading. The bureaucrats, too, have been asking for more. The plans of Delhi state are eleven times as big as any reasonable allocation for Delhi; the Education Ministry wants three times as much as it was given; the railways say they cannot carry the extra traffic the plan will produce unless the money they are to get is more than doubled. Finally, private industry has been protesting loudly at the way the draft envisages squeezing it between state industry and the handicraftsman.

The first impression that the plan has run into very heavy weather indeed is, however, incorrect. These are the natural pulls and pressures which always arise when any statement of general principles has to be turned into an operating plan. What will, in fact, happen between now and November is that the more far-fetched schemes will be dropped; a little more leeway may be allowed for private industry; and more pressure will be put on the states and the Finance Ministry to agree to increase taxation and intensify borrowing. The final investment programme may not be exactly £4,200 million, but it is not likely to be far from it; the national income may not increase quite by 25 per cent, but it will still increase by more than the first plan's 13 per cent. But of the 11 million jobs, some have vanished for ever.

Holland Presses a Claim

A SIZEABLE row is blowing up over the question of German *Auslandsbonds*, restitution for which is claimed by the Dutch government. In recent weeks the Dutch press has been angrily accusing Bonn of bad faith in the matter. Ever since January 18th, when a meeting in The Hague between representatives of both sides was adjourned to allow the Germans to consider their position and seek further advice from Bonn, progress has been stalled. Strong diplomatic pressure by the Dutch has failed to get the Germans to make a direct answer.

These *Auslandsbonds* have a curious history. During the Nazi occupation the Dutch were forced to exchange unlimited amounts of guilders for Reichsmarks at an exchange rate that favoured the Germans. At the end of the war the Dutch government found itself the unwilling possessor of a hoard of six billion useless Reichsmarks, while the Germans had used the guilders they had obtained to buy up from their Dutch owners large quantities of *Auslandsbonds*, debentures issued by German debtors. When Germany was overrun by the allies, numbers of these bonds were looted, a substantial quantity by the Russians. But the Dutch managed to identify about 200 million guilders worth of these still in Germany (the Russians, through indirect channels, offered their looted bonds at a cut price which was not accepted); and it is for this amount, plus interest, that the Dutch claim restitution from the Federal Republic.

It was because there was no settlement of this issue that the Dutch did not accede to the London debt agreement of 1953. But earlier this year, on hearing that the Germans were prepared to negotiate, the Dutch government prepared a Bill approving the settlement of German debts. This is likely to be withdrawn and the whole tangled question thrown open again unless the Germans come to terms. Meanwhile tempers are rising in Holland, where the mood has not been improved by a hint that the Federal Republic is going to offer a meagre ten per cent of the Dutch claim in final settlement. The Dutch have declared themselves ready to be reasonable, and it is now up to the Bonn government, in the interest of good relations with its small neighbour, to stop dragging its feet.

Historians at Grips

THE 1,800 historians from both sides of the iron curtain who met in Rome last week might have profited if they had taken as their text, or sparking plug, the address given to the British Association by Professor Douglas just before they met. The abuse of history in the modern world, the professor argued, is plain for all to see. Ignorance of it provides the basis on which totalitarian regimes build up their perverted dogmas; and an age in which vast numbers of people have achieved literacy without achieving a corresponding ability to make political judgments offers a particularly fertile field for such perversions. The Rome congress, whose distinguishing feature was the appearance of strong Soviet and satellite delegations, might have provided as rousing a debate on these issues as any of Luther's disputations. It seems a pity that the opportunity was missed.

On the other hand, there is everything to be said for encouraging Russian participation in gatherings of this kind. The thrusts, for the most part gentle ones, made at them by scholars from free countries may have had some effect, and the professors from free universities were undoubtedly given much food for thought by their encounter with men who seemed able to combine deep specialist learning with docile blindness to all facts which did not fit in with their rulers' creed. The lot of an honest historian remains a hard one in Communist countries. Year by year, the "facts" about recent events have to be changed to suit the Party's changing needs. But this mishandling of truth will become more difficult if free contact and debate with scholars from other parts of the world are to be increasingly permitted to Soviet writers and teachers; and it is surely in just such a widening of the present chinks in the barrier to free exchange of ideas that lies the world's main hope of ending its great division.

No Peace in Chile

A RACING inflation, the dissatisfaction of senior military and political figures with the encumbrances of a parliamentary system, and the complex hostilities of nineteen political parties have combined to give Chile a long period of unrest. President Carlos Ibañez, who ruled the country as a virtual dictator during his first term nearly thirty years ago, is once again moving towards absolutism tempered by occasional rebuffs from a divided parliament. • Faced with

a succession of strikes, President Ibañez, in close collaboration with his autocratically inclined minister of the interior, Sr Osvaldo Koch, asked the Chilean chamber of deputies for broad emergency powers. By a vote of 69 to 57, the government was given last week the right to declare a state of siege anywhere it desired during the next three months, to arrest suspects and banish them to remote areas without trial, and to dismiss summarily any civil servant who goes on strike. President Ibañez's request for the right to impose strict censorship on press and radio was, however, rejected.

Two waves of strikes brought the present crisis to a head. A transport and communications stoppage involving some 60,000 workers nearly paralysed the country during the first nine days of July. It ended when the government announced its willingness to meet most of the strikers' terms. But inflation continued unchecked and in August unrest spread to the civil service. The government responded with mass arrests and the Central Workers' Union, which had threatened a general strike, backed down. The present situation can develop in either of two directions. President Ibañez, supported by members of his cabinet and army officers associated with what is known as the "Straight Line" movement, may continue to impose his will with diminishing recourse to Chile's parliamentary institutions; or the government may awaken to a sense of the economic disaster that is threatening the country, and face the necessity of stringent deflation.

Fundamentally, Chile is a rich country. Owing to continuous pressure from Santiago, American copper producers have agreed to sell in Europe up to two thirds of their Chilean production and have increased the price of copper in the United States so as to bring it more into line with world prices. At the same time, the Anaconda Corporation, which already mines 26,000 tons of Chilean copper a month, has announced that it has found important new deposits. But the copper industry is both Chile's greatest industrial asset and its political danger spot, for it is among the miners that unrest tends to be most violent. If Chile wishes to restore industrial peace and a healthy climate for badly needed foreign investment, it will have to choose monetary restraint and free discussion rather than the printing press and Sr Koch's police.

Holiday Tasks

UNDUE economic ambition was pilloried in two quarters last week. At Betteshanger, in Kent, miners who spent some days of their holiday unloading a stranded ship were expelled from their union and, as a necessary consequence, sacked from their jobs. They had offended against union morality, first, by taking extra employment at a time when there were local unemployed available (hefty young men, one wonders, or less suitable temporary stevedores?); and secondly, by not holiday making at holiday time. So the mines will presumably know them no more. It is demonstrated that surplus energy and willingness to use it are as unwelcome to the National Union of Mineworkers when displayed by Englishmen as when offered by Italians, and that union censorship extends to what a man does with his free time outside his trade. Those who automatically cheer the phrase "the right to work" should meditate both propositions.

There is much more excuse for the other complaint about holiday work, that of the Norwich Education Committee. This body is preparing, according to a circular letter sent to university students receiving its grants, to deal sharply with those who spend their vacations in an "unsuitable type" of employment, or even an undue amount of a suitable type; on pain of losing their grants, would-be employees must get the committee's approval of their working plans. This is the wrong way of working towards the right end. Many university authorities, who recognise the case for occasional holiday work to finance a trip abroad or some other educational purpose such as no conceivable increase in grants could cover, have lately become worried about an entirely different character: the student who, merely for the sake of extra pocket money, drops clean out of the world of study throughout each vacation. The latter needs pulling up. But it is his tutor, not the holders of the county purse-strings, who should do the pulling; and the compulsory approval plan is a bad mistake. It is administratively awkward—few students know beforehand just what job will be available, nor can they be expected to have their vacation plans cut and dried for three months; it gives an undue hold over student employees to the approved employer; above all it constitutes one more nibble at individual initiative, one more substitution of official authority for the use of adult judgment. There is more in common between Betteshanger and Norwich than the differing purity of their motives might lead either to think.

Making Railways Pay

The commercial condition of our railways, with generally declining dividends in spite of increasing traffic, with generally raised fares and decreasing accommodation, is exciting the alarm and indignation of shareholders and the reprobation of the public. . . . A great extension of railways and an increase of the accommodation they afford are essential to their becoming universally useful and proportionately remunerative, but they cannot be extended with profit under the present system. More acts of Parliament to regulate private enterprise are more waste and more restrictions, more blind confidence, more irresponsible power, more mismanagement, and more loss. The heterogeneous Legislature, overwhelmed with duties, not one of which is adequately performed, cannot possibly regulate successfully such a great undertaking. To be well done, it must be done, as other great works are successfully done, by private enterprise, which the Legislature ought to facilitate, and to which the recent law of limited liability opens the path. Or it may be wholly done by the Executive Government using its own discretion, if it has nerve enough to assume, in addition to its other manifold and ill-executed duties, the entire management of railways. It is a great system of communication which must be extended to every parish, and almost every homestead, to give individuals and districts equal advantages. It is a rapidly growing part of society, of which we are as yet ignorant of all the bearings, and ought less to be surprised at than instructed by failure.

The Economist

September 15, 1855

Letters to the Editor

Trade Backpedalling

SIR—One wonders how many times Britain needs to peer at the trade barometer before she will believe her own eyes. British bicycles were no test case (*The Economist*, August 27th). The test case was over a year ago when the United States raised the tariff on Swiss watches by 50 per cent.

Switzerland's economy, so largely dependent on the skill of her watchmakers, was jeopardised far more seriously than Britain's can be by the more gentlemanly treatment of her cycle industry. But its troubles were thought by Europe's ostriches to be only local. They even gave credence to America's excuse of having to protect a strategic industry—and presumably felt as foolish as President Eisenhower and his advisers did when only a few months ago the US Department of Defence published what had hitherto understandably been kept secret: its own year-old survey which showed that no special or preferential treatment for the watch industry was necessary.

Yours faithfully,
London, W.1 HUGH SAMSON

Goa in the News Again

SIR—I would like to tell you how much I appreciated the fact that you seem aware that there is a great distinction between the Portuguese people and Dr Salazar's regime. Many of us Portuguese know that the Goa issue is another bad service rendered by Dr Salazar to Portugal. Although Goa has a deep meaning to us Portuguese and our present obstinate position has some moral value, for we are not defending material interests or fighting for oil, rubber or raw materials, we do agree that Dr Salazar has forgotten to take account of current realities.

It may be of interest to you to know that trouble over Goa has only been publicised in Portugal in 1954. Now there is not much we can do but to remain united, not around Dr Salazar, but around Portugal and our moral and historical rights, which are, however, I believe, as complex and much more sympathetic than those of Great Britain over, say, Gibraltar.

I would like to take this opportunity to ask you and your readers not to believe too much in Dr Salazar. One of his favourite remarks about Goa, inspired by Professor Toynbee, is that Goa cannot be handled or negotiated as if "it was a farm and cattle, for this is rejected by democratic conscience." He has treated us Portuguese as cattle during the last 29 years, in which we have not enjoyed the most elementary rights of political freedom.—Yours faithfully,
A. FERREIRA
Lourenço Marques, Mozambique

Restrictions Within the Sterling Area

SIR—In the supplement on British banking contained in your issue of June 25th it is stated that, in the Federation of Rhodesia and Nyasaland, all capital repatriations—and the context makes it clear that only movements within the sterling area are under discussion—must be notified to the authorities, and that there is power in the regulations to limit them to a reasonable level.

Neither of these statements is correct. There is no more control on the movement of capital to and from other sterling area countries than in the United Kingdom itself. I hope that no one will be deterred from investing in the Federation on the mistaken idea that the repatriation of their capital is subject to any form of restraint. The Federation compares very favourably with most of the Dominions in this matter; and in view of our need of funds for capital development, we like to be given credit for it.—Yours faithfully,
A. P. GRAFFTEY SMITH
Office of the Financial Adviser to the Federal Government, Salisbury

An Egg Monopoly

SIR—In your issue of August 27th, you note that even producers are opposing the egg marketing scheme. May I point out that every marketing board foisted on farmers by the NFU has been strenuously opposed from within the industry, but the NFU, by means of its "steam-roller" propaganda organisation, has usually succeeded in crushing opposition; the exceptions being its plan for a marketing board for apples and pears (which was voted out by producers) and a plan to control all livestock by a so-called Fatstock Marketing Board which was dropped in view of heavy trade and producer opposition.

Each board, once in being, is nurtured and controlled by the NFU, which goes to great lengths to see that only NFU official candidates are elected to it. Every one of these boards takes power over a review commodity and effectively nationalises that branch of the home industry—with the inevitable hoard of officials with dictatorial powers, and at no small cost to the branch of agriculture affected.—Yours faithfully,
Winchelsea JACK MERRICK

by GERALD BOWMAN

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Books & Publications

The Reign of the Jackboot

THE POLITICS OF THE PRUSSIAN ARMY, 1640-1945.
By Gordon A. Craig.
Oxford University Press. 556 pages. 50s.

PROFESSOR CRAIG'S account of the Prussian, and finally the German Army, in politics is both scholarly and concise. It draws freely upon the new material provided by the Groener, Seeckt and Stresemann papers, and also upon the fine perception of Ossietzky's articles in the *Weltbühne* and other evidence of the kind. In view of the dominant role played by the military leaders this book embodies the essentials of modern German history, and is perhaps the best general study of this subject so far published in English.

At first it seems profoundly perplexing that the plans of Scharnhorst and his friends for a resurgent Prussia in which the military duties of the citizen should be linked with his political rights should have ended in the re-enthronement of a military caste which was as much concerned with stifling political liberty at home as with the winning of power and territory abroad. Although the programme of a citizen army was defeated when Boyen resigned and Humboldt was dismissed at the end of 1819, the liberal revolt against the army in 1848 was genuine; and from the time of the *Landtag* elections of November, 1858, until the middle of the following decade, the Prussian liberals were astonishingly successful in spite of the handicap of the three-class franchise. It was only with the victories which began with the Danish war that their resistance to militarism melted away.

With the defeat of the liberals a struggle for control of the state began between the soldiers and the civilian authority in the person of Bismarck, whose point of view was fundamentally the same as theirs. Not even Bismarck, however, could keep the Army in its place, and with the accession of William II the elevation of the Army to a position of political despotism was assured. Even so Waldersee (who became Quartermaster-general in 1882 and Chief of the General Staff in 1888) was dissatisfied; and he constantly planned a *coup d'état* to end the constitutional farce performed by the Reichstag where, as Professor Craig shows, the very Ministers of War eagerly divested themselves of their authority in the interests of the power of the Army. How pernicious—and in the long run disastrous for Germany—these developments were Professor Craig makes only too clear. On the one hand, through the German military attachés abroad Waldersee began the direction of an independent foreign policy: on the other, uncontrolled operational planning by the General Staff made war more probable, while the retention of the Schlieffen Plan put Germany at a serious diplomatic disadvantage in 1914. Professor Craig attaches great importance to the orders of March and May, 1883, by which the War Ministry, Military Cabinet, and General Staff became "mutually independent agencies," an oddly anarchical state of affairs which impaired military efficiency.

The Germans did not invade Belgium by accident in 1914; indeed it is remarkable to find how determined the General Staff was that the independence of Belgium, like that of Poland, should never again be permitted by Germany. It is not until his narrative is concerned with the annexationist programme of the German ruling classes during the first great war that Professor Craig pays much attention to the alliance that had developed between the Army Chiefs and the captains of industry. This is perhaps the only weakness of his book. For should it not be emphasised that the military triumph of 1870 was intimately related to a peak period in Germany's industrial revolution and the development of her transport system? Thus the new industrialists could identify their interests with those of the Army, and were as eager as the military leaders to cajole the Reichstag into acceptance of long-term military budgets to pay for the new weapons produced in their factories. Where the industrial revolution in Britain strengthened a new liberal middle class against aristocratic privilege, in combination with military victory it helped to crush liberalism in Germany. At the same time it created a socialist urban working-class, which brought a disturbing element into the conscript army, and which seemed at last to sweep away the old military order in 1918. The Army was, however, saved when the working-class was split between socialism and communism so that Ebert accepted the support of Groener and later of Seeckt. Finally, the power of the German Army was destroyed by its protégé, Adolf Hitler, with unmitigated ruthlessness, and after his downfall the very name of Prussia was erased from the map. The new army of the Federal Republic has been planned along lines which, it is claimed, constitute a complete and deliberate break with the evil traditions of the past, the traditions which Professor Craig has analysed with such mastery.

Discourse on Manners

GOOD BEHAVIOUR.
By Harold Nicolson.
Constable. 293 pages. 21s.

MANNERS are a wonderful subject for unsystematic treatment. Like man, they are a "sujet merveilleusement vain, divers et ondoyant." They are close to the heart of all of us, and if we had not our own strong preferences, unjustified by reason, manners would not be manners. In any precise and detailed treatment the shape of the wood is apt to be lost while the trees are dismembered. Without belittling the necessary work of sociologists, the ordinary reader prefers the more subjective and old-fashioned treatment which Sir Harold Nicolson gives it, in the tradition of Montaigne: an intelligent man, after a life in the world, sits back in a large library and writes a general history of good manners on the basis of his own observations and past reading.

What emerges, of course, is less a picture of steady historical development, objectively described, than of Sir Harold, the manners he has experienced, his likes and dislikes, and the lessons which he draws from the history of the theme, from the Greeks downwards, judged firmly by a contemporary eye. He limits his subject to suit his taste. The East is blandly dismissed, the new world less blandly. This is a European study of a European subject. And among Europeans, the people with the best manners are the British—a very natural and proper conclusion. British manners now are more sympathetic than they were a couple of generations back; British manners in a restricted circle at the end of the eighteenth century, seen as an ideal forerunner of Sir Harold's own tastes, are best of all. Even today, France is not natural enough; but the Gemütlichkeit of nineteenth-century Germany receives unexpectedly high praise.

Sir Harold opens few new vistas; he concentrates rather on tracing with elegance a well-known pattern. One concept is unfamiliar and interesting: the comparison between Castiglione's concept of *sprezzatura,* or careless ease, as the mark of the polite man, and the native British virtue of naturalness in good manners. There is much to be said for the view that the English gentleman has concentrated almost all his aesthetic sense into freehand courtesy.

This book is a delight, and it is as well-written as one would expect. Only two faults can be found with it. The sub-title is "a study of certain types of civility," and Sir Harold treats good manners in post-homeric times solely as a sophisticated art; one would have liked to see some mention of the exquisite manners of many uneducated peasants in stable societies. The other fault is Sir Harold's brief treatment of the United States, which proves nothing but shows, most untypically, some tip-and-run discourtesy. Silence would have been better.

Evans and Christie

THE MAN ON YOUR CONSCIENCE: *An Investigation of the Evans Murder Trial.*
By Michael Eddowes.
Cassell. 280 pages. 12s. 6d.

MR EDDOWES did not write this book as part of a campaign against capital punishment. His purpose was to prove that in January, 1950, Evans was wrongly convicted of the murder of his child (and therefore by implication of his wife) and that the real murderer of both was Christie, his fellow-tenant of 10 Rillington Place, who three years later was found to be a mass-murderer of women and who "confessed" to having murdered Mrs Evans —though not the baby.

Mr Eddowes certainly makes out a good case for Evans's innocence, though he sometimes spoils it by over-confident assertions; and one cannot help feeling that it is quite wrong that Evans's conviction, and therefore his life, should have depended so largely on what was and was not said to him by the police in Notting Hill police station the night he was brought back to London and made his "confession." Mr Eddowes's case is that the apparent first-hand knowledge of the crime contained in this "confession" was in fact a repetition of what the police officers concerned had said to him—but of what they actually said there is no independent testimony. Mr Eddowes also throws considerable doubt on the adequacy of Mr Scott Henderson's inquiry after Christie's conviction. The inquiry claimed to have established, beyond doubt, that Evans, not Christie, murdered Mrs Evans and the baby, but it obviously left some important and highly relevant aspects of the case, which pointed to Evans's innocence, totally unexplained.

However, even if all readers are not quite so convinced as Mr Eddowes about Evans's innocence, they must feel that his book is a powerful contribution to the case against capital punishment. Supporters of it have always asserted that there is no possibility of an innocent man being hanged. The Evans case shows that the possibility exists. If Evans had not been hanged, but sentenced to life imprisonment, he would be a free man today, for, once the facts in the Christie case were known, no Home Secretary could have kept him in prison. There would then have been no need for an inquiry to still an uneasy public conscience—which, Mr Eddowes's book shows, has every cause to continue to feel concern.

International Economics Without Tears

INTRODUCTION TO INTERNATIONAL TRADE AND FINANCE.
By Lorie Tarshis.
Chapman and Hall. 546 pages. 48s.

IN this book Professor Tarshis includes the whole range of topics usually covered in a modern university course on international economics. The analysis of international trade in terms of the allocation of resources according to the principle of comparative cost is followed by a discussion of international capital movements. There is a fairly lengthy treatment of the balance of international payments. The author sets out the alternative methods of controlling a country's balance of payments: manipulation of exchange rates; tariffs; direct control of imports and capital movements. The last part of the book is concerned with the international transmission of economic fluctuations, and with national and international measures for controlling them.

The author has on the whole succeeded in his aim of giving an objective exposition. This has, however, happily not prevented him from taking a definite position in reference to the power and duty of the United States to take measures to improve world conditions. Professor Tarshis shows an almost Marshallian agility in presenting simplified expositions of complex problems, without actually saying anything which is wrong. "I have also made a very real effort to simplify the presentation without vulgarising it" (p. vi). The text is indeed written in a very easy style—almost suggesting that the student is meant to approach the problems in the frame of mind "it's just too easy." Unfortunately the present reviewer favours the opposite approach: in teaching economic *principles* we should promise our students "blood, sweat and tears" and give *rigorous* analysis. To fail to do this is to blunt rather than sharpen the student's reasoning faculty. So many of the propositions made and conclusions drawn in the book depend upon a complex system of interrelationships. That the author is fully aware of the relativeness of his conclusions to his chosen framework, and of the exceptions to his propositions, does not help. The intended readers will be in no position to appreciate the gaps in the reasoning. If full rigour is too much for the intended readers, it would seem preferable to concentrate upon an orderly exposition of the factual aspects of the subject. Some of the stimulating factual passages in the book would have been well worth developing; and in some cases fuller development would have obviated the danger of dullness which attaches to over-brief treatment, such as a bare listing of direct controls in different countries (Chapter 30) or a half-page on Britain's income-elasticity for imports in the interwar years (p. 447).

There is occasional unevenness in the level of exposition. Exactly what kind of student can grasp readily (pp. 44, 427) the fact that the sum of an infinite convergent series is finite, but has to be told (p. 343) that when the number of francs that can be bought for a dollar falls "the franc thus becomes more expensive, and not less"? It is a pity, too, that no bibliography is given. However, the main point is that the book gives the student international economics without tears. Does it give him a sound intellectual training?

Tudor Homes and Gardens

TUDOR FAMILY PORTRAIT.
By Barbara Winchester.
Cape. 330 pages. 25s.

THE memory of the merchants of the Staple, the great medieval corporation handling English wool exports, has been preserved not only in the brasses of Cotswold churches but also in their business and family papers. The Stonors and Celys, prosperous fifteenth century staplers, have had the good fortune to have their papers carefully edited; while their business techniques and personalities were illuminated by an economic historian as distinguished as Eileen Power. The Johnsons, merchants of the Staple in the days of its decline, were unlucky both in their own times and now in their reappearance in the diffuse and uncritical pages of Miss Winchester's book. The Johnsons, trading to Calais in the latter part of Henry VIII's reign, did well enough to settle in a Northamptonshire estate. The family was firmly protestant. John Johnson was eager for chantry loot and acquisitive over tithes. But his dream of life as a country gentleman was shattered by trading losses, the result of war, privateering and plague. The business crisis of 1551, brought on by devaluation, found the firm dangerously under-capitalised. Attempts to exploit new lines such as French and Spanish wines were unsuccessful. In 1553 came bankruptcy, and the impounding and consequent preservation of the Johnson papers.

Miss Winchester rashly claims that these are "the most magnificent collection of Tudor letters yet to see the light of day." But she prints only a selection, and her extensive use of extraneous material obscures and diminishes the interest of her discovery. She is less concerned with the details of business than with showing how these letters reflect "all the fire and darkness and life of Tudor England." So we are treated to platitudinous disquisitions on the period, far different, it seems, from the "careless, extrovert, sunlit world of the Middle Ages."

When the evidence on topics which interest Miss Winchester is missing, she takes refuge in "undoubtedly," and the descriptive flow is unbroken. Thus Glapthorn manor was "undoubtedly a rambling, comfortable place"; Sabine Johnson "no doubt had her ivory combs," and "doubtless grew as many flowers as she could." Knowing little of the interior of the Johnson office she infers that it must have resembled one painted by Holbein. Miss Winchester is not only exasperating in her concern with domestic details but also confidently dogmatic on feminine tastes and needs. She is sure that "marriage was then, as it is still, the best possible career for a woman," and that "sewing has a calming effect on the nerves." Sabine, "like most women, loved flowers and gardening." Miss Winchester's capacity for the trite can be appreciated

from the opening remark of one chapter: "food is a magic word, for it is the means whereby life is sustained." All this is redolent of the fashion magazines and the women's weeklies. Even if the Johnsons did go bankrupt, they deserved better than this.

Missionary Daughter

MY SEVERAL WORLDS.
By Pearl S. Buck.
Methuen. 468 pages. 21s.

THE purpose of autobiography is self-revelation. Mrs Buck has taken a scalpel to herself. She loves all the world; but she did not love her father until he was 70 and she shows a restraint when talking of her ex-husband which is worse than the wildest of abuse. Her style is sentimental to sloppiness; but she seems to have no friends who are not either famous or illiterate. She pontificates on American errors in China; but what she has to say about Dutch success in Indonesia, or even the bringing up of American children, makes one wonder about her judgment. To her the villain of the Asian piece is colonialism; yet she knows so little that she thinks the British ruled India for three hundred years.

Mrs Buck has laid on her own smugness and ignorance with a generous brush—468 pages for what could have been said in 122. Yet, underneath, there are in the book, and in her, qualities of value. She has her missionary parents respect for human beings as such, regardless of colour or race. She feels for unwanted children, and Negroes, and Chinese; and she does something about her feeling. She runs an adoption agency; for ten years she conducted an East and West Association. She understands the Chinese culture in which her parents took care to bring her up. She can translate a Chinese novel; she feels in herself the humiliations Western arrogance has inflicted on China; she sympathises with the odd explosions to which that arrogance has given rise; her description of the massacre of foreigners in Nanking in 1927, in which she herself lost all her possessions, is a model of charity. It would be wearing to live with the Pearl Buck of this book; but one can learn a good deal about China from reading her.

Seeking Harmony

SCIENCE AND CHRISTIAN BELIEF.
By C. A. Coulson.
Oxford University Press. 127 pages. 8s. 6d.

OVER many generations attempts have been made to fit science and religion together. Professor Coulson makes a determined and to some extent successful attempt in this short book. He quickly disposes of the idea of conflict as obsolete and makes short shift of the temptation to divide experiences into two parts, one in the control of science, the other of religion. He then proceeds to build.

In the first two chapters, packed full of quotations from a hundred or so people, he brings out the dynamic character of science, "the order and constancy of nature" and the personal side of the scientific method, and comes to the conclusion that science is basically a religious activity. The reconciliation with religion using the analogy of a plan and elevation drawing of a building then follows easily. One expects Professor Coulson to complete the link with the Christian religion, which he does by momentum rather than logic; but his enthusiasm for this last step must be tempered by the fact that the religious experiences of scientists are, as his quotations prove, just as prominent among Jews and are no doubt universal.

This method of reconciliation based on emphasising the points in common has its virtues but it is liable to rebound if overdone. There are basic differences between the disciplines of science and any religion one cares to choose, but the author ignores these except for a few which he attempts to obscure. For example, the ultimate authority in science is the experiment, and this makes science distinguishable from any other discipline. Yet in a whole chapter on the scientific method, this point is ignored and indeed by implication denied.

Some readers will explain this attitude by saying that the author has rather special views on science. They will point to the sweeping way he lumps together as "presuppositions" not merely working hypotheses which are used by individual scientists to help to plan advances, but also basic concepts. For example, one such concept is that one action cannot cause another unless there is some physical connection between them. Yet Professor Coulson tramples on this by accepting telepathy as an "established" fact.

Another explanation of his attitude is that, having rejected any idea of conflict betweeen science and religion, the author was bound to exclude from his argument the differences that have led to so many misunderstandings in the past. Many readers will consider that he need not have been so afraid.

Correcting a Distortion

A HISTORY OF SOUTH INDIA.
By K. A. Nilakanta Sastri.
Oxford University Press. 498 pages. 21s.

THE history of South India is little known. The Hindus did not write history or even chronicles; and the Moslems penetrated very little into the south. One is, therefore, largely dependent on inscriptions, literary references and the eulogies of court poets. The result has been a severe distortion of the Western, and, indeed, of the Indian view, of Indian history. India is seen, for example, as a country repeatedly conquered from outside; yet, in most of South India, there has been no successful invasion in historic times. The Moslems are thought always to have defeated the Hindus with little difficulty; yet in South India, outside Maharashtra, the Moslems never established their rule, except for short periods or in limited areas; on each occasion they were swept away again by a Hindu revival, notably under a succession of great kings in Vijayanagar. Even in Maharashtra, once Shivaji had aroused Maharatta feeling, the Moslems disappeared more quickly than they had come.

Europeans think, too, of India as a place where the north has always dominated and influenced the south. Yet much of central India was for long periods under southern rule; several southern kings raided the country to the Ganges; and Pulakesin II or Govinda III were great conquerors. Above all, culturally, much of what gives modern Hinduism its character originated in the south. The initial impulse, the Vedas and the Upanishads and the great epics, came from the north; but nearly all that has followed has been southern. The philosophers Sankara, Ramanuja and Madhva were all southerners; most of the great exponents of Bhakti, the mystic devotion to God, which has been at the heart of every Hindu revival, has come from the south too; and most Hindu art is southern.

Professor Nilakanta Sastri presents the history of the south up to 1650 at once coherently and briefly. He picks his way lightly through the confusing chronology; he is enlightening on religion, and succeeds in presenting the main lines of artistic development in 50 pages. Only on literature is he dull; and even here one can see how much greater is the literature of Tamil than that of any other Indian language; it must indeed be one of the great devotional literatures of the world. Anyone wishing to understand the historical background to modern India, from the demand for linguistic states to Mr Nehru's foreign policy, should read this book.

Books Received

MINIMUM PRICE FIXING IN THE BITUMINOUS COAL INDUSTRY.
A Report of the National Bureau of Economic Research, New York, in co-operation with the Industrial Research Department, Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia. By Waldo E. Fisher and Charles M. James. *Princeton University Press.* (London: *Geoffrey Cumberlege.*) 523 pages. $10.00.

REPERTORY OF PRACTICE OF UNITED NATIONS ORGANS. *Vol. I. Articles 1-22 of the Charter. Department of Public Information, United Nations, New York.* London: *Her Majesty's Stationery Office.* $3.50. 25s. Sw. Fr. 14.00.

SAFETY IN COAL MINES: *Vol. II.* Studies and Reports, New Series. No. 33, 1955. *International Labour Office,* Geneva. 647 pages. 21s. $3.50.

SOCIAL SERVICES IN BRITAIN. *Central Office of Information Reference Pamphlet. No. 3. Her Majesty's Stationery Office.* 75 pages. 2s. 6d.

A MINORITY IN BRITAIN: *Social studies of the Anglo-Jewish Community.* Edited by Maurice Freedman. *Vallentine, Mitchell.* 295 pages. 21s.

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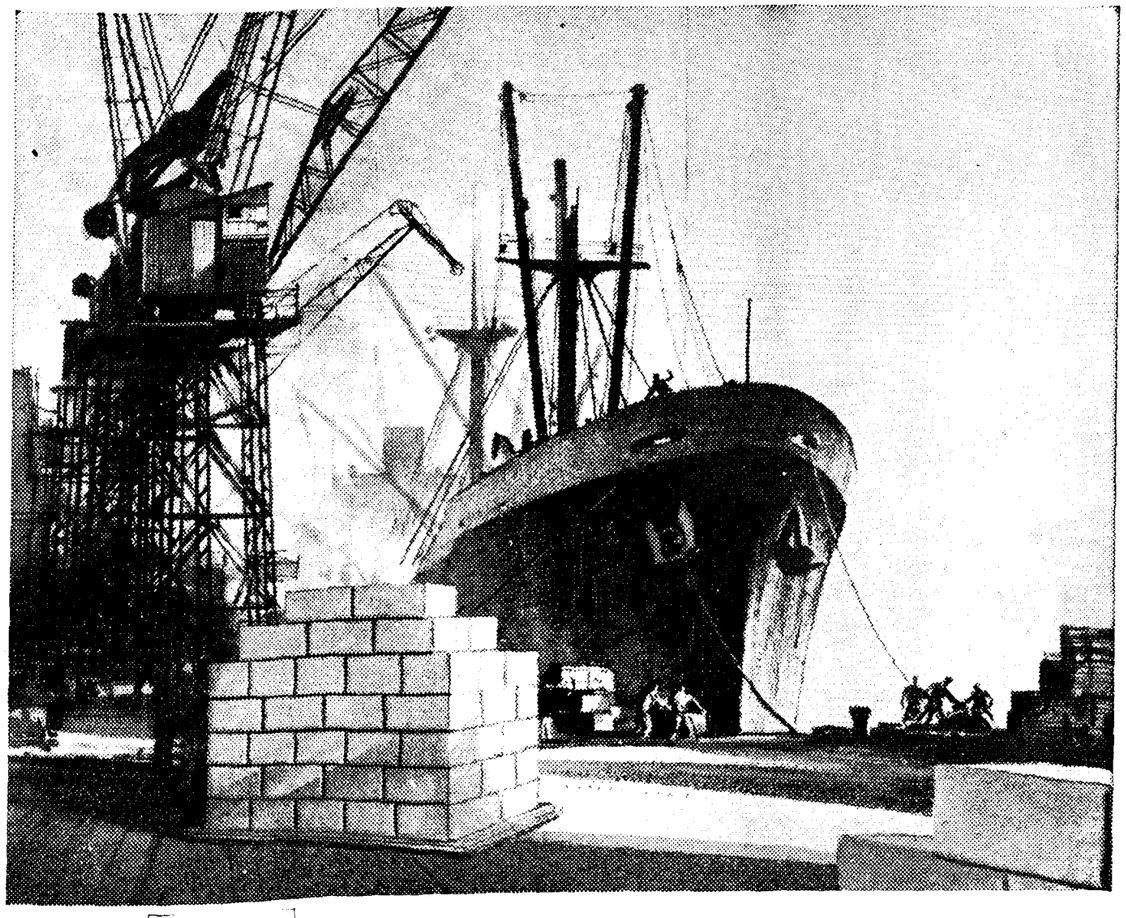

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American Survey

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Mixing the Schools

Washington, D.C.

THIS week and last American children began a new school year, the second since racial segregation was pronounced unconstitutional, the first since the Supreme Court issued its implementing decree. Progress towards wiping out the colour line in the schools has been made in most of those border and southern states where the apparatus of state government favours compliance with the ruling, or is at least neutral. Opposition seems to be stiffening in the seven states of the deep South where the defiant words of office-holders give an edge of legitimacy to the recusant spirit of the white citizens.

The best examples have been set by the cities of Washington and Baltimore. Washington, where a concerted effort has been made in the past few years to purge the federal capital of its former air of being the northernmost southern city, now has mixed classes throughout its schools. Two bites were taken at the cherry, the first last year, the second this week. The change has helped to solve a major problem of space: many of the white schools in the District of Columbia were half empty, the result of emigration to the suburbs in Virginia and Maryland, while the coloured schools were bursting at their seams. But it has created a serious problem of standards: uniform tests taken throughout the city show that Negro children are, on average, at least a year behind white children of the same age. Fortunately neither in Washington nor in Baltimore, Maryland, the largest purely southern city, where the authorities switched to mixed schools in one bold move last year, do many people seem inclined to point to this difference as proof of the inferiority of the Negro race. It is recognised instead as a substantiation of the Supreme Court's contention that segregated schooling cannot be equal.

Both in Washington and Baltimore there were demonstrations in the streets when the schools reopened last year. But the authorities stood firm, people soon calmed down, and there has been no repetition this year. The National Association for the Advancement of Coloured People claims that these examples prove that the quick change is the best. The association holds that delays, on the ground that public opinion must be gradually broken into the idea of so sharp a reversal of accustomed manners, are dangerous since they give opposition a chance to crystallize.

A study which has just been published in Maryland suggests, however, that Baltimore's example has unhappily only a very limited application to the South. There were many favourable conditions: previous interracial contacts since the war between professional groups, an exceptionally enlightened press, a resolute, united school board with a Negro member, which declined to think about evading the law or to look supinely to the state for guidance, and a firm, tactful police force which gave the school board complete support. In addition Baltimore's housing segregation, combined with regulations that do not compel parents to take their children to the school nearest home, reduced the amount of mixing to manageable proportions. No white children were forced to enter a coloured schoool as "odd men out" and only 1,500 Negro children, three per cent of the total, turned up at schools which had formerly been white.

Carried out in this tactful and limited way, but apparently in complete conformity with the Constitution, the Baltimore experiment appears to have worked. There have been no special problems of health or behaviour. Although the children get on well enough together, the broader social effects will take much longer to appear. To all intents and purposes Baltimore remains a segregated city outside of the schoolrooms. The children attend classes together and then go their separate ways. At the high school dances the Negroes come with coloured partners and stick with them. The demonstrations broke out in areas where groups of white families, who own their houses but whose incomes are too low to permit an escape to the suburbs, are being engulfed by Negroes. The police stepped in just at the moment when the demonstrators were beginning to realise how isolated was their protest, and dispersed them without difficulty.

★

Outside these two cities, the most progress has, naturally enough, been made in those areas, such as northern Delaware, western Maryland, eastern Kentucky and western and southern Texas where there are relatively few Negroes, and in towns such as Oklahoma City and Lexington, Kentucky, where the residential pattern is similar to that of Baltimore. From the remaining parts of such states there come promises that all will be according to the law by the time the schools open in September, 1956. There is similar news from West Virginia and Arkansas, and from at least one county in both Tennessee and North Carolina, but in Florida there is profound silence. And in those states which form the deep South, legal weapons are being prepared to fight the battles of evasion.

The expedients that are being canvassed for defying the Supreme Court fall into two broad classes: those which involve the abolition of the public, that is, the free, tax-

supported school system and those which do not. Negro lawyers, and many of their opponents, are convinced that every move in the latter class will be struck down by the courts. Louisiana and Alabama are, however, resolved to try. Louisiana has adopted a constitutional amendment giving the state, under its "inherent police power," the right to assign pupils to schools in such a way as "to promote and protect public health, morals, better education and the peace and good order of the state and not because of race." Alabama, with a statute passed without the Governor's consent, is also trying to interpolate the power of the state between the local school boards and the federal courts.

South Carolina, Georgia and Mississippi regard such moves as wishful thinking, which they probably are. These three states are prepared to go to the ultimate point of abolishing the public schools, since they maintain there is nothing in the Constitution forcing local communities to maintain an educational system. The present state government in Virginia would like to head in the same direction but, while it would be backed by the "black belt," it would hardly get support from the western counties where there are few Negroes, from the city of Norfolk, or from the Virginian suburbs of Washington. But in the deep South the threat is actually being made: if the Negroes will not call off their lawyers, there will be no schools, supported by the white taxpayer, for their children and no jobs for Negro teachers.

There has been little news of violence but many suggestions of intimidation on both sides, and white spokesmen hold that local coloured people are being misled by outside agitators. But in present political conditions in these states, where the electorate's only choice is between a number of candidates all fully committed to racial segregation, and where legal devices are being twisted to keep Negroes from voting, there is no way of discovering what the Negroes want.

Republicans in Training

Washington, D.C.

LAST week's battle school for the Republicans, conducted in one of Washington's best-upholstered hotels, was meant to tighten the squeeze on the President's conscience. Seizing on an old remark by Mr Eisenhower that the party ought to work harder at the local level if it expected to remain in power, the Republican National Committee mustered its forty-eight state chairmen to attend classes in campaign techniques and strategems. The implication was that, since the party was carrying out its side of the bargain it would be morally indefensible for President Eisenhower to let the team down by not declaring himself ready for a second term in the White House.

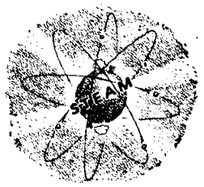
Contrasted with the violent divisions caused within the party by Mr Eisenhower's candidature only three years ago, the full turnout of chairmen was a tribute to his absolute ascendency today. By treating it as unthinkable that anyone but Mr Eisenhower will be their man next year, and by publicly parading their nakedness, Republican officials hope to make the President commit himself. Where Congress is concerned the eager students were allowed no illusions about 1956. They were told bluntly that arithmetic was not on their side. Of 94 marginal districts in the House of Representatives, in which the incumbent got in last time by a majority of less than five per cent, 63 are held by Republicans and only 31 by Democrats. Of the Senate seats to be filled in next year's election, 17 are Republican, some distinctly shaky, while only 15 are Democratic and of these seven are in the "safe" South. Senator Goldwater of Arizona, who is in charge of the Republicans' senatorial campaign, tried to keep spirits up by insisting that the

"Confidentially, He Hates It"

Herblock in the *Washington Post*

Democrats were more vulnerable than they seemed. But few of the potential Republican candidates are likely to commit themselves to the hazards of an uphill congressional fight unless they know that Mr Eisenhower will be leading the party. This is one of the main arguments being used to persuade the President to make an early declaration of his intentions and to take less reluctantly to the muddied water of politics.

Although the lobby-talk was full of these speculations, the formal classes concentrated on technique. Here one of the star attractions was undoubtedly Mr Nixon, the Vice-President. Recently there have been ugly rumours that, if Mr Eisenhower did risk a second term at his age, Mr Nixon would be replaced by some weightier figure as heir apparent. The thought has now perished, and the state chairmen showed by a unanimous vote of confidence that Mr Nixon's knowing professionalism had won their hearts. Mr Eisenhower appears to feel the same way and when campaign time rolls around he will most probably make some variant of his classic remark: "Dick's my boy."



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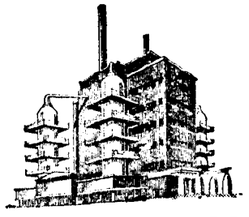

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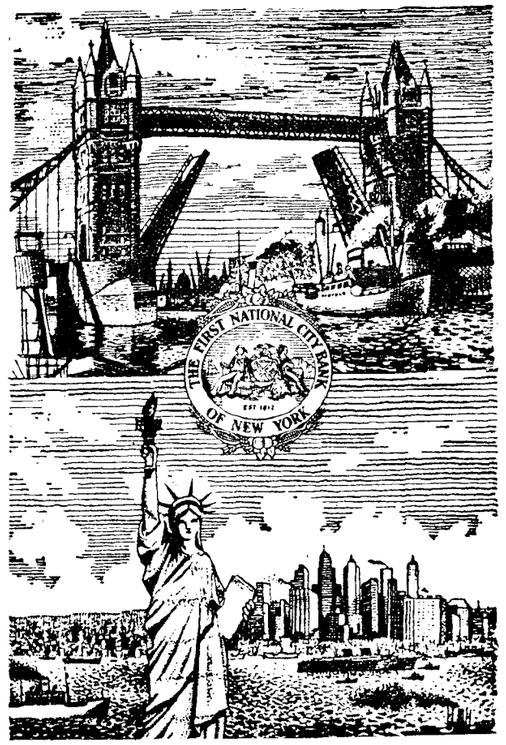

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Defiance on the Docks

New York

THE recent illusion of peace on the New York waterfront has been shattered by one of the most unprovoked strikes this unhappy port has yet endured. Ostensibly, the dockers have walked out in protest against the "inhuman action" of the Waterfront Commission—the joint authority set up in 1953 by the State Legislatures of New York and New Jersey to clean up the crime-ridden docks—in refusing to allow a man to work on the piers because of his criminal record. But the real motive for the seven-day strike is to be found in the struggle of the leaders of the International Longshoremen's Association, many of whom are closely linked to notorious gangs, to retain their control over the waterfront against the commission's vigorous administration of the law.

The Waterfront Commission has done seveeral things that have particularly discomfited the trade union. The most important of these has been the revocation of the right to register for work of men considered by the commission to be a threat to law and order on the waterfront. Although the great majority of the 7,000 odd dockers with criminal records have been permitted to remain, the commission has now removed 650 of the hardest cases, and has thus deprived the ILA bosses of reliable allies. Secondly, the commission has made progress in "decasualising" the dock labour force. During the last year the registrations of 7,600 men who failed to report for work regularly have been revoked, and another 6,000 are under notice to go. The ILA has no quarrel with this principle but, at the same time, the commission, anxious to avoid a closed shop on the docks, has insisted on keeping the register open for new men who meet the attendance qualifications. And while many of the dismissed men were known ILA supporters, the union cannot rely on the loyalty of the "new mickeys."

★

A third quarrel is over the reform of the daily hiring procedures under which permanent and mobile reserve gangs of longshoremen, registered with the commission, are engaged directly by the employers and no longer selected each day by union agents. Pervading all of this is the need of the union's leaders to strengthen their position with its discontented members; they are using the commission as a scapegoat to divert attention from their own failure to keep extravagant promises and to improve the lot of the men on the waterfront.

By appealing over the head of the commission to the Governors of New York and New Jersey for the setting up of a buffer body between the union and the commission, the ILA evidently hoped to discredit that body. Both Governors stood firm, but a face-saving compromise was arrived at providing for the creation of a "citizens' fact-finding committee" to hear the union's grievances. This has ended the strike and saved the ILA leaders from court action; but once again they have shown that they have both the will and the power to close down the Port of New York and to curtail work in harbours along the entire Atlantic seaboard.

Robots in the Plant

THE age of automatic factories and "thinking" machines seemed nearer this week as Chicago played host to the National Machine Tool Show, the Production Engineering Show and the Metal-working Machinery and Equipment Exposition. Wafted from one to the other in helicopters, more than 100,000 manufacturers, businessmen and engineers could see for themselves the impact of electronics and automation on the assembly line. Giant lathes, cutters and presses, with built-in "electronic brains," showed their capacity to perform as many as 100 different tasks in automatic sequence, demonstrated their ability to discard products not up to minute specifications and to correct themselves without human interference. In terms of the acceleration in production and the decreasing need for labour, some of the results achieved in Chicago were truly staggering: one automatic hardness-testing machine examines parts at the rate of 1,200 an hour as compared with a rate of some 200 to 400 an hour achieved by a skilled human inspector.

Machine tool producers were frankly jubilant about the strides taken by their industry since 1947, the date of the last show, and about their present prospects. With a booming economy in which the two main problems are the ever increasing cost of labour and the necessity to produce as rapidly and cheaply as possible, automatic assembly lines are one of the main answers. Prices for the items on show—ranging from desk-size control units, permitting foremen to survey each step in a complex series of widely scattered operations, to 108-ton presses—average 20 per cent above previous models. As one spokesman for the industry put it, however, "this is easily offset by the increased productivity"; it is expected that over the next eighteen months the metalworking industry alone will spend $2 billion in capital expenditures, much of it for machine tools. Sales will be spurred, moreover, by a provision written into the 1954 tax laws allowing machine tool buyers to recover three-fourths of the cost within the first half of the depreciation period.

Oil to Ratio

New York

MR ARTHUR FLEMMING, the Director of Defence Mobilisation, had in practice no alternative but to order eighteen major petroleum companies in the United States to reduce their imports of oil voluntarily or become subject to government regulation. For an attempt to write mandatory restrictions on oil imports into the Trade Agreements Act, as a result of pressure from domestic oil and coal producers, was only defeated last June by the Administration's acceptance of an amendment giving the President authority to take "such action as he deems necessary" if imports of any product are arriving in large enough quantities to "threaten to impair the national security." It was understood that, in the case of oil, such a threat would be recognised by Mr Flemming, whose duty it is to advise the President, should the ratio between imports and

domestic output exceed that which prevailed in 1954, when imports provided about 15 per cent of total supplies. In the first seven months of this year domestic production went up by 5 per cent, but imports of crude oil rose by 15 per cent and of residual fuel oil by 23 per cent.

If the criterion is accepted, as the facts of political life demand that it should be, then a threat clearly exists. Whether it does in real economic life is another matter. The national security certainly requires the maintenance of sufficient proven reserves of oil, and of extra productive capacity, for use in an emergency. This requires in turn a continuously high rate of petroleum exploration and development. The current rate of imports has not diminished the incentive to explore, for new wells are being completed at record rates. But, although rising imports have limited the drain of current production on domestic reserves, those reserves have not risen nearly as fast as has consumption. Moreover, when output of both crude oil and coal is rising, and when the shortage of fuel oil has forced several electricity companies to switch from oil to coal, it is difficult to affirm that either the domestic oil producers or the coal companies are being injured by imports of oil.

The major integrated oil companies, who are also the chief importers, argue that the same standards should not be applied to fuel oil, which is in short supply, as to crude oil which is in surplus. They are, however, expected to submit to Mr Flemming's order; he leaves it to them to recommend how this should be done. The main difficulty is that over half this year's increase in imports of crude oil has come from companies which imported little or no oil in 1954. Should all companies reduce their imports by the same amount and should new entrants be barred? Or should the established importers be forced to "move over and make room" for newcomers? This would mean that the major companies would have to keep their imports to the 1954 level and forgo the increase to which the formal ratio entitles them as a result of this year's rise in domestic output. The cost of doing this would be more than most of them would want to pay; for oil from the Middle East can, at current freight rates, be delivered to their refineries on the east coast of the United States at a lower price than can domestically-produced petroleum.

Moms in the Pink

WHEN the government security programme ran head on into the American mother, it naturally ceased to be an irresistible force. The case which made the heaviest impact, that of Mr Landy, the graduate of the Merchant Marine Academy who was refused a commission in the Naval Reserve because his mother had been a Communist, has not yet been settled. But it will be surprising if the Secretary of the Navy takes a stricter view of Mr Landy than did the Daughters of the American Revolution; no one is less ready to excuse a Communist than they, or more ready to accept "guilt by association," yet they gave him their award as the best science student of his year in spite of his relationship with his mother. Other young servicemen suspended because of their "close associations" with suspect parents are being cleared: Mr Gaston is to have his commission in the Coast Guard even though his mother has belonged to allegedly subversive organisations; Mr Branzovich is to remain in the Air Force Reserve, as a result of the personal intervention of the Secretary of the Air Force, even though his father has been a Communist.

The attention being attracted by these and a number of other similar affairs is evidence of the increasing sensitivity of the public to the injustices and inconsistencies accompanying the government's attempts to check on the loyalty or possible future disloyalty of its employees. And the speed with which these cases are being settled is evidence of the increasing sensitivity of government departments to the criticism of these attempts. What a Senator has called the "slipshod" manner in which the security programme has been conducted was recently documented in a special report on a large number of individual cases, prepared by a Washington lawyer, Mr Adam Yarmolinsky. He studied not the tribulations of the famous but those of the little people, the clerks and boilermen, whose lives have been disrupted by the dilatory probing into vague allegations, which had little or no bearing on whether the government employee was in fact a security risk, and by the poor judgment of inexperienced investigators.

The Fund for the Republic, an offshoot of the Ford Foundation, which financed this report, has also instituted a study of the whole question by the New York City Bar Association. All this information is to be made available to the special bipartisan commission on the security programme, set up by Congress at its last session, but not yet appointed. It is not to report until after next year's election, in order to keep the issue out of politics. Meanwhile, however, a whole series of congressional committees, including a Senate subcommittee on the erosion of civil rights, will be bringing the issue into politics—and seeing that it stays there.

Meet Me in St Louis

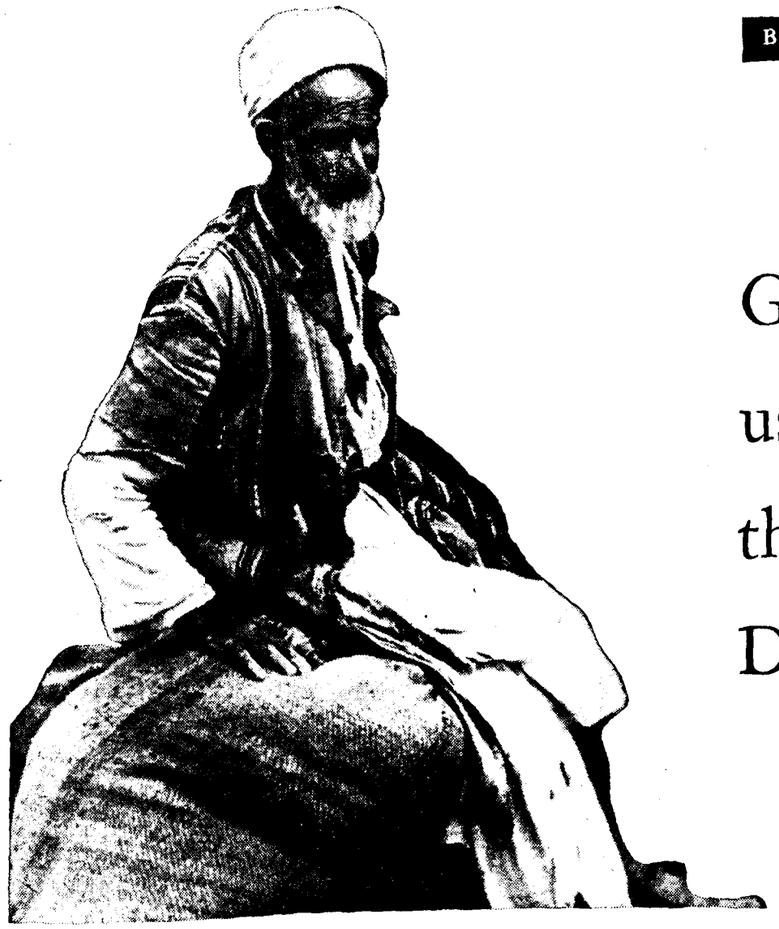
FROM A CORRESPONDENT IN MISSOURI

IS it possible for an American city to be both booming and gracious? There are those who consider the two qualities mutually exclusive. A choice must be made, they say, between the "go-getting," lively spirit that characterises the fast-growing new cities of the frontier, and the atmosphere of settled culture, relaxed good living and faintly self-satisfied resistance to change that is to be found in the older community which has already carved out its niche.

Kansas City, for example, builds express roads, bridges and parking places with vigour and vim, while St Louis, on the other hand, acknowledges the need for such improvements but is still debating how to make them. "Everything's up to date in Kansas City," said the song, and so it seems. Older, bigger, more charming, perhaps more sophisticated, St Louis has looked at its brash western neighbour with mingled amusement and envy. Lately, however, St Louis itself is trying to prove that urbanity and an aggressive civic spirit can, after all, be combined.

Last May, the voters, by an overwhelming majority, approved a $110 million bond issue to finance an impressive list of public improvements ranging from new traffic

BRUSH in MOROCCO



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Over seventy per cent of the world's population live in under-developed regions. To provide enough food for everybody, world food supplies will have to be doubled within the next twenty-five years. To do this vast quantities of new machinery and power equipment are needed for irrigation schemes; to reclaim once fertile land now destroyed by soil erosion. Each country will need special equipment which can only be developed through experience.

MAKING WATER FLOW UPHILL

For example, at Domaines de Missouri, a farm in French Morocco, 430 acres of rice were planted beside a river. The difficulty was that the level of this river, the Oued Beth, was over 6½ yards below that of the rice fields. The problem was to get the water to the rice. 5,135 gallons a minute were needed to flood the fields for planting. Then 2,200 gallons a minute to keep a constant water level throughout a four-month growing season. To meet these requirements four identical pumping sets were installed — each with a maximum capacity of 1,289 gallons a minute. These engines had to withstand continuous running at high temperatures for weeks at a time. Four National engines manufactured by the Brush Group were chosen. This Brush installation has now been busy pumping water to these rice fields in Morocco without breakdown or mechanical fault of any kind for over three years.

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throughways and wider streets to a planetarium, more libraries and an auditorium for the Art Museum. This was the most extensive programme of improvement undertaken since 1923, and its approval by the citizens, who already carry a considerable burden in local, state and federal taxes, was generally taken as the sign of an awakening community spirit.

This bond issue was voted just five years after the late Joseph Pulitzer's *Post-Dispatch* published a frank, even brutal, series of articles under the general title, "Progress or Decay? St Louis Must Choose." The constructive campaign of a newspaper distinguished for its "crusading" made a deep impression upon the community, even though such exhortations to civic self-improvement are not infrequent in American urban life, and often strike little response in a jaded public. But this one somehow "took"—partly because it was done well and partly because it came just at the time when many local leaders were beginning to notice that St Louis was, indeed, decaying.

Though the city retains its place as the ninth largest metropolitan area in the country, it has not been keeping pace with the booming cities of the Southwest and Pacific coast. St Louis is a major point for the final assembly of motor cars; it has a thriving chemical industry; and it is a railway, warehousing, road transport, food processing, shoe manufacturing and beer brewing centre of first importance. Yet during the postwar decade new industries, which once would have come to St Louis automatically, too often went elsewhere. Mindful of the historical tradition that St Louis lost out to Chicago because it did not believe the railways were here to stay, and to Detroit because of a similar reluctance to accept the coming of the automobile, community leaders began to consider what was needed to make their city a more attractive place in which to live and work.

*

One of the first specific results of this awakening was the formation of the Urban Redevelopment Corporation by business firms, banks, newspapers and real estate owners in downtown St Louis. They subscribed $2,000,000 of their own money to assist in the physical reconstruction of slum areas immediately surrounding the central business district, the blighted heart which is found in many American cities today. The corporation proposed to build a series of modern buildings containing flats for rental to people of medium income in this slum area. The city agreed to develop part of the district as a park, and finally last spring, after many legal and bureaucratic delays, the wrecking crews moved in and began clearing the site.

The "Plaza project," as it is called, will make a striking change in the face of the city. At one end of a square eight blocks long is the Union Station, a fine example of "19th century American Gothic" which has even drawn the praise of Mr Frank Lloyd Wright. Opposite, on Market Street, stands the handsome fountain by Carl Milles, "Wedding of the Waters," depicting the junction of the Mississippi and Missouri rivers. At the other end of the plaza may be found what some St Louisans think one of the ugliest structures anywhere. This is the Civil Courts building, a tall shaft surmounted by an Ionic temple topped by a pyramidic roof on which lie two aluminium griffins. This strange headpiece is said to be a replica of the tomb of Mausolas at Halicarnassus, but what it is doing in St Louis has never been explained. Other buildings contribute to an architectural chaos which will be completed by the skyscraping apartment houses. If the Plaza project and other improvements financed by the bond issue prove to be the start of St Louis's renaissance, much of the credit will go to its Mayor, Mr Raymond Tucker, who has rallied long dormant civic energies. He is a Democrat, but plays a limited role in state and national politics and relies upon broad, non-partisan support to assert his leadership.

Equally important in the revival of St Louis is an organisation called Civic Progress, Inc., founded two years ago by twenty leading citizens, and dedicated to mobilising public opinion behind worthy enterprises such as the bond issue. Its chairman is Mr August A. Busch, Jr., the fabulous beer baron, who also owns the St Louis Cardinals—not a college of church dignitaries but a well-beloved baseball team—and the roster of Civic Progress is the roster of the city's top business leaders.

The organisation has no staff, no office and no agenda. It works informally and without publicity. Yet in two years its achievements have been impressive. It played a key role in persuading the state legislature to give the city permanent authority to levy an earnings tax on all who work there; this makes it possible for St Louis to derive some of its support from people who use its facilities but live in "dormitory" suburbs. Civic Progress also stimulated action towards the construction of three modern expressways to handle congested traffic, and it helped to put firmly on its feet the musically renowned but financially insecure St Louis Symphony Orchestra.

Civic Progress has been so successful that it receives a constant stream of inquiries from other communities facing the same problems as St Louis—problems of inadequate physical facilities for the automobile age; of an inadequate governmental structure for the new metropolitan community that has grown up around the old city; of decay at the centre and new development on the unplanned periphery; of the demand for new public services set off against an inadequate tax system. As the *Post-Dispatch* recently noted, all these queries ask the same question: "Is it true that St Louis has a group of business leaders who are devoting to public affairs the same kind of thought and effort they put into their private affairs?" The answer, says the newspaper with pride, is "Yes."

SHORTER NOTES

It was reported last week that the Defence Department was being required to cut its spending during the current fiscal year by $1 billion or more, in order that the Budget might be balanced. This immediately and naturally brought charges from the Democrats that the safety of the country was being jeopardised by the drive for economy, followed by official denials that any substantial cuts in defence spending were in fact being considered.

*

All twelve of the Federal Reserve Banks have now raised their rediscount rate to 2¼ per cent, an example set by the Cleveland Bank when the others went up to 2 per cent from 1¾ per cent early in August. It had been thought that the Boston Bank might cling to the lower rate, in order to keep the cost of money down in an area where the recent flood disaster has forced many people to borrow who would not usually do so.

The World Overseas

Canada Looks at TV

FROM OUR CORRESPONDENT IN OTTAWA

THE Canadian government recently decided to establish a committee of investigation and inquiry into television policy. Superficially it will be concerned with the same problem of public *versus* commercial television which exercises British viewers. Proponents of the two doctrines of control—and they are all too ready to treat it as a doctrinal matter—sometimes find it convenient to draw carefully selected parallels from British or American experience. Last year, for example, the Canadian association of privately-owned broadcasting stations brought Mr Malcolm Muggeridge to its annual convention to preach the evils of public control. More usually they invite prominent commercial broadcasters from the United States. The Canadian Broadcasting Corporation, on the other hand, preserves closer and more natural links with the BBC.

But the Canadian problem in broadcasting and television is not basically the same as anybody else's. Parallels and contrasts with British or American or even Australian experience miss the real point; and Canada's awkward search for a tolerable solution depends on peculiar Canadian conditions, not dogmatic views about public or private control. The real reason for the new inquiry is not that CBC's present television programmes are proving contentious, nor that the commercial interests are campaigning against it, nor even that the Conservative opposition likes to make a whipping-boy of the CBC. All these things are true, and they have something to do with the government's dilemma. But none of them would have been enough to prompt a new major inquiry into television and broadcasting policy. What makes this inevitable is that television is proving so very costly that the government does not know how to go on financing it.

The licence fee for sound radio, which Canada adopted on the British pattern in the 1930s, proved inadequate to finance the national network services of the CBC, even though it was supplemented by such commercial revenue as the Corporation could get within the framework of its general programme policies. In postwar years, it was first augmented by an annual statutory grant from Parliament, and then abolished altogether. No attempt has ever been made to collect a licence fee for television. Instead, the CBC has been living on a 15 per cent excise tax on radio and TV sets. The tax formed part of the government's general revenues, and still formally does; but an amount equal to its yield is transferred to the CBC. Under the first impact of television, which has been spreading to the larger Canadian cities only in the last two or three years, the sales of sets are so high that this tax makes the Corporation better off than it has ever been. But once saturation has been approached, and the CBC has to depend on replacement sales, it will be totally inadequate. The Corporation, in fact, expects its first operating deficit in the present financial year and much larger ones in subsequent years.

The history of sound broadcasting in Canada started with private commercial stations. They were already established in the larger centres before the Canadian Broadcasting Corporation in its present form was created. The CBC thought this was a mistake which must not be repeated with television, because the powerful established commercial stations made it so much more difficult to establish public acceptance of the programme standards which the Corporation thought proper. Accordingly the biggest Canadian cities, which would provide the best commercial prospects, have been reserved for CBC television. Toronto, Montreal and Ottawa (with English and French language stations), Winnipeg, Vancouver and Halifax all have no Canadian commercial alternative to the CBC television—though they have plenty in sound radio. In smaller places such as Edmonton, Regina, Kitchener, Hamilton, and many others, licences for commercial TV stations have been given to private interests. Television signals from the commercial stations of the United States penetrate into Canada less deeply than sound radio; but there are still important areas, such as the thickly populated part of southern Ontario and the Vancouver metropolitan area, which get good reception from American stations.

Even in sound radio the Canadian commercial stations were never noted for using much Canadian talent. Apart from purely local events or sports, recordings (mostly of American origin) make up most of their programmes. They have often claimed that it would be different if they were allowed to operate networks and spread the cost of producing Canadian programmes; but it is also true that it would then be cheaper and easier to tie on to an American network and to import programmes which might well command a larger audience. Certainly in the television field, with programme costs being what they are, the government is bound to reckon that if Canadian talent is to be developed, if TV is to make any significant contribution to fostering a Canadian culture in any way distinguishable from American culture, then public funds will have to pay for it. It is not likely to be an attractive commercial proposition in competition with all the costly American programmes available at remarkably cheap rates to this overflow market.

The basic problem which the Canadian TV inquiry will have to face is, therefore, what level of taxation the Canadian public is prepared to bear for the sake of bringing distinctively Canadian programmes to its TV screens. A bewildering variety of combinations of public and private initiative are possible. A minimum might be to insist on no more than Canadian coverage of news and public affairs. A maximum might be to maintain the CBC monopoly of all the major cities together with its present authority (which is very lightly used) to regulate the activities of the private stations. One point which will have to be settled for both sound and TV is whether the regulatory authority, which everyone agrees to be necessary, should be left in the hands of the CBC or committed to a new kind of umpire sitting in judgment on both public and private broadcasters. The private stations constantly complain that it is unfair for them to be regulated by their competitor. Previous inquirers, such as the Massey Commission of a few years back, held that this complaint was based on a complete misconception. The private operators, they held, were never meant to compete with the CBC: they were meant to be purely ancillary, local operations, supplementing the CBC's own stations as part of one national system. In theory, that may be so. But the private broadcasters, with increasing support in the Conservative party, hope to show it is not so in practice.

Broadcasting gives a new face to a problem as old as Canada—how to maintain the separateness of this northern nation against the inevitable commercial and economic pulls of its big neighbour. The answer is always a compromise; and in the case of television, as so often, the nature of the compromise will be primarily determined by the annual cash expenditure which is judged tolerable.

Germans' New View of Moscow

FROM OUR SPECIAL CORRESPONDENT

THE Geneva conference of the four powers ended in no particular political result; but it produced an intangible something called the "spirit of Geneva," which has become a political factor of marked, if temporary, importance in Britain. What is the corresponding effect of Dr Adenauer's negotiations in Moscow? The practical results of his agreement with Marshal Bulganin are greater—they could hardly be smaller—than those of Geneva, but will they be outweighed by a change of mind among the Germans towards the Russians? At the moment this seems very possible.

The West Germans did not expect spectacular concessions from the Russians, whom they know to be tough bargainers. The press, following the official lead, had not encouraged any great expectations. The public took the cue. Reunification is, in the general view, above all a matter for the Great Powers to agree upon and Dr Adenauer was not expected to do much about it in Moscow. If he could achieve the release of the German prisoners, this was the most that could be hoped for. As reflected in the reports from Moscow, the negotiations were in the main about the captives, not about reunification; and on this score, Dr Adenauer has won, though the Germans are still keeping their fingers crossed until they know for certain whether the Russians will really drop the East German incubus in dealing with the matter of the prisoners.

The mere effect of the invitation to Moscow enhanced Dr Adenauer's prestige and his firm presentation of the German case sent his stock up higher still. The Russians, it is thought, will note the difference between the free-speaking German Chancellor and the servile Herr Grotewohl—and will one day throw over their satellites for an agreement with the West. The policy of negotiating from equality of strength has not actually succeeded, but it has not been disproved either. With satisfaction, the West German newspapers report that the East German leaders have been highly embarrassed by the publication, on Moscow's orders, of Dr Adenauer's statements in the Communist German press.

There is widespread satisfaction that, after ten years, relations with Russia should become "normal." The embittered nationalists do not share this feeling and the refugees' association has strong reservations, but, by and large, the Germans, while pleased that their country should be an ally of the West as long as the association does not block all hope of reunion, are also glad that they need not fear a hostile Russia. More than this, some Germans have a certain mixture of curiosity, superiority and even affection when Russians are in question. The leading journalists who went recently on a tour of the Soviet Union sent back such favourable reports that political leaders in Bonn were somewhat perturbed.

It is not likely that the Germans will go as far as the British public in their swing towards friendship with Russia. But anti-Communist policies will be harder to follow than before and an army will seem even less necessary than it does now. The symbol of Dr Adenauer's trip was, in the public eye, the ballet of Romeo and Juliet. Reports and photographs appeared everywhere of the moment when, to the applause of the Muscovite audience, Dr Adenauer grasped Bulganin's hand, just after the Montagues and Capulets on the stage had buried the hatchet over the dead bodies of their children. The "Romeo and Juliet spirit" may well be the equivalent in Western Germany of the "spirit of Geneva" in Britain.

Re-equipping the RAAF

FROM AN AUSTRALIAN CORRESPONDENT

"SHOULD Australia prepare against atomic attack?" In spite of the new cordiality between the West and the Communist powers, this remains the most important question now facing Australian defence planners, for with the increase in world atom bomb stocks, Australia now finds itself with a much higher "target priority." According to Mr W. C. Wentworth, Liberal member in Australia's federal House of Representatives and one of its most vocal advocates of civil defence against atom bombing, Australia's major cities should now be considered as within the "higher target priority" danger zone.

This contention was recently given a swift and dramatic illustration by the 7,000 mile Canberra flight to New York and back in 14 hours and earlier by the 4,820-

mile non-stop flight of four United States Airforce Thunderjet fighters from Japan to Australia in "Operation Handclasp." Refuelled in mid-air by tankers placed at three strategic points, the American fighters (each capable of carrying an atomic weapon) did this Asia-Australia journey in about 12 hours. The visiting American Commanding General, Lieut-General Roger Ramey, said that the exercise "definitely established the mobility of tactical aviation" (on an intercontinental basis); but he did not add as he might have done, that in a wartime context, "Operation Handclasp" could become "Operation Clenched Fist."

General Ramey also said: "We strongly advocate complete co-operation between the RAAF and the USAF and will continue with the exchange of officers between the two forces." In fact, co-operation between the Australian and American airforces is already close as the recent visit of the Australian Prime Minister to Washington showed. On his return to Australia, Mr Menzies announced that the United States had agreed to consider supplying military equipment to Australia in return for the increased commitments in the Seato area which Australia has accepted; Australian troops, air and naval forces have already been despatched to Malaya.

Help from America

Although the Prime Minister refused to comment on the types of aircraft which the United States would supply, it is known that the RAAF needs four types: an atom bomber, a large transport, a supersonic (level flight) fighter and an advanced jet trainer. Mr Menzies's statement that he felt assured of complete co-operation between the United States and Australia has been interpreted here as meaning that where items were obviously beyond Australia's dollar resources, such as perhaps the atom bomber, some sort of lend-lease system would be developed. This has a legal basis in the Mutual Defence Agreement signed in February 1951 between Australia and the United States which covers the supply of military equipment.

Present plans are reliably believed to call for the complete re-equipment of the RAAF by 1962. This would mean a truly supersonic fighter force, long-range transports and jet bombers. The aircraft under consideration are understood to be the delta-wing Convair F-102 all-weather fighter, the swept-wing Lockheed F-104 day-fighter and the new CY-130 Lockheed Hercules 4-engined turbo-prop transport. American air force sources have claimed that the latter will open "a new era of airlift speed" on a worldwide basis. It made its début recently but most performance details remain secret. Washington is thought to have offered Australia a first batch of these Hercules, for delivery about March next year.

The significance of such a modern intercontinental transport is obvious in view of the vast expanses that the Australian armed forces must defend both in the Australian continent itself and in its far-flung approaches. As the Air Minister told the House of Representatives some months ago, the whole Australian defence policy "is one of mobility based upon the flexibility of the Air Force." In other words, in Australia, the Air Force has become the "Senior Service" in all but name, in spite of the fact that this is a sea-girt nation with 12,000 miles of coast to defend. The elevation of the RAAF to this eminence is in keeping with the priority given to it in defence expenditure; for the Liberal government, airpower is the foundation of Australian defence.

No one has worked harder to make the RAAF into the dominant airpower in this hemisphere than the previous Chief of the Air Staff, Sir Donald Hardman, RAF. Before he retired last year, he launched a public controversy by declaring in a farewell speech that "the Air Force in this country, for either defence or offence, is the only force worth while." Sir Donald pointed out that specially equipped long-range Neptune patrol bombers (with which the RAAF is partly equipped) could handle sea protection and even convoy work. This view has since been vindicated by the amazingly efficient performance of these "submarine killers" in recent large-scale air-sea defence exercises in Australia's vital northern approaches. The Neptunes ran rings round the opposition, somewhat to the chagrin of the Navy.

The fact that it was American aircraft which put up this highly efficient performance has not made it any easier for British aircraft suppliers to recapture a significant part of the Australian military market. The gap between British and Australian tactical requirements is widening and many British designs are not suitable for use over Australian distances. Before going to Washington for supplies, the Australian government went through what was described here as "the polite fiction" of seeing whether Australia's aircraft needs could be supplied by British factories, and an Australian air mission made a comprehensive tour of Britain before crossing the Atlantic.

But in spite of the present plans to obtain supplies from America, the basic Australian defence production policy can be described as "self-sufficiency." Where the manufacture of increasingly elaborate military aircraft is concerned, "self-sufficiency" will exact a proportionately stiffer price in time, manpower and capital resources. But the policy is consistent with the new theory that national airpower is impossible without a national air industry. Australia now has a small, technically efficient but extremely costly aircraft industry. It began just before World War II and won its spurs in war production and even more notably, in producing the supersonic CAC Sabrejet fighter; powered by a British designed Avon jet engine, this jet fighter is a faster, more manœvrable and more heavily armed version of the North American F-86 Sabrejet. Some RAAF squadrons are already equipped with this CAC Sabre but the government now seems determined to produce the Super-Sabre F-100. In studying possible new types for home production, Australian policymakers must ask: "How fast are they?" But, even more important, they must ask: "How fast can they be delivered?" For in the re-equipment of the RAAF, delivery is what counts.

Sihanouk's Clean Sweep

PRINCE SIHANOUK, the former king of Cambodia, has been even more successful at the polls than his staunchest supporters had dared to hope. Even the most sanguine observers feared that the ex-king's Democratic Socialist Community would be hampered in office by a large Democratic opposition. As it was, Cambodia's one-time national hero, Son Ngoc Thanh, remained silent and ineffectual to the end, and the divided Democrats, though

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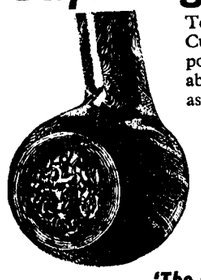

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they polled nearly one-fifth of the half million votes cast, failed to secure a single seat.

The prince's feat in winning all the ninety-one seats in the Assembly makes it sufficiently clear that victory would have been his even if isolated reports of irregularities and intimidation had not marred the general picture of a democracy in action. It is even doubtful whether the apathy of the half of the electorate who stayed at home rather than exercise their democratic rights was responsible for much of his success. It is clear beyond doubt that the Cambodians approve of their ex-king; that they are grateful to him—and to no one else—for having achieved independence; and that they would like him to go ahead with the constitutional reforms to which the international truce supervisory commission objected last February. Since it was this objection which led to Prince Sihanouk's abdication on March 2nd in favour of his father, King Suramarit, it would not be surprising if the ex-king's electoral success were followed by a popular clamour for his return to the throne.

A Retreat to the Jungle

In the immediate future, however, the prince may well discover the disadvantages of too sweeping a success. It would, perhaps, have suited the interests of the country better at this early stage of its democratic development, to have had an opposition in parliament, however small and ineffectual, rather than none at all. As it is, the more dissatisfied Democrats, not to mention the Communists, may feel themselves bound to honour the ancient Cambodian tradition of conducting an opposition from the safety of the jungle. If the recent Cambodian complaints of Viet Minh attacks launched from Laos are substantiated, the eclipse of the Democrats could be the signal for another dose of the terrorism and guerrilla warfare from which Cambodia has so recently emerged.

From the international point of view, the western countries have reason to congratulate themselves upon Prince Sihanouk's success. Although the prince is well aware that the limitations of geography and population impose a neutralist policy upon the Cambodians, he has shown himself equally aware of the need to maintain contacts with the West, and particularly with the United States. In a vigorous pre-election speech, he replied to Communist allegations that Cambodia had violated last year's Geneva agreements on Indo-China by signing a military aid agreement with the Americans last May. He was not responsible, he said, for this agreement, but he felt bound to point out that the Geneva agreements did not prevent Cambodia from receiving military aid from abroad.

The prince added that at the Afro-Asian conference at Bandoeng last April he had spoken with the Chinese Prime Minister, Mr Chou En-lai, and told him that Cambodia, being a poor and small country, needed American help. Mr Chou had accepted this argument when he added an assurance that Cambodia would remain neutral. Prince Sihanouk drew attention to the absurdity of Viet Minh suggestions that Cambodia, with its army of 27,000 men, could threaten northern Vietnam, with its powerful army of 300,000; but he refrained from appealing to his Communist neighbours to drop their constant anti-Cambodian propaganda. Yet while this propaganda continues, the western countries will have every justification for extending the protective mantle of the South East Asia Treaty over Cambodia, as well as over Laos and southern Vietnam.

UN Assembly's Tenth Session

MR. HAMMARSKJOLD said recently that in his opinion two main issues—disarmament and the atom—would dominate the business of the tenth session of the UN General Assembly that begins in New York next Tuesday. The Assembly will, no doubt, have a cheerful and optimistic debate when it considers the Secretary-General's report on the Geneva conference on the peaceful uses of atomic energy. It remains to be seen, however, whether the Disarmament Commission's report on the meetings of its five-power Sub-Committee will generate more optimism than disillusionment. The Assembly will also have to consider whether or not to convene a conference for the revision of the Charter, and this, together with the well chewed-over problem of the admission of new members, should give plenty of opportunity for a fresh airing of old grievances about the great power veto.

For the rest, the Assembly's agenda contains too many old and rather tired favourites—Korea, South-West Africa, Indians in South Africa, human rights covenants—to make very exhilarating reading. It has, however, a sting in its tail. Here, in a supplementary list, are most of the items most likely to provoke discord and provide the best opportunity for what seems to be a favourite occupation of some member states—the needling of the "colonial powers." The French, once again, for the fourth time, will find themselves in the dock for their "attempt to maintain by force a regime contrary to the wishes of the people of Morocco." They will also, for the first time, be hauled over the coals for their policy in Algeria, although here they can put forward a cast-iron plea of domestic jurisdiction. There is also the Greek request for a discussion of Cypriot self-determination. And, finally, the Indonesians are returning to the attack over West New Guinea, but apparently with less bitterness than last year.

More About Self-Determination

The explosive question of self-determination will also crop up in the form of three proposals adopted by the Economic and Social Council last July. Each of these calls for the setting up of a different commission: the first to conduct a "full survey of the status of the permanent sovereignty of peoples and nations over their natural wealth and resources"; the second to examine alleged denials of the right of self-determination when requested to do so by any ten UN member states; and the third an *ad hoc* commission of five to be appointed by the Secretary-General to conduct a survey of the concept of self-determination.

After grappling with this plethora of somewhat academic proposals, the Assembly may well find it a pleasant change to find itself confronted with a practical case of self-determination in action. Last year, the United Kingdom told the Assembly that the people of British Togoland were sufficiently advanced to choose for themselves whether they wanted to join the Gold Coast when the latter becomes independent sometime during the next few years. A mission appointed by the Trusteeship Council is now in British Togoland investigating the wishes of the people as to their future status, and its report should be presented to the Assembly before the end of the session.

Brighter Prospects for India's Untouchables

BY OUR CORRESPONDENT IN INDIA

UNTOUCHABILITY is not one problem, the same all over India and for all sorts of untouchables. It is a whole kaleidoscope of problems, each different and yet running into one another like rivers into the sea. There are areas, like the Punjab and Bengal, where untouchability hardly matters any more there are other areas, notably in Madras, where it retains almost its old severity. There are untouchable castes, like the Mahars of the Malas, who rank only a little below the lower touchables ; there are others, like the Dheds and the Madigas, who are just emerging from semi-serfdom ; there are the Dhoms who are untouchables to the untouchables themselves. In Bombay city an untouchable can go to the same hotel or barber's shop as anyone else, and no one will comment ; but there are villages in Andhra and Rajasthan where he would still not dare to put on a shirt or have his son ride to get his bride. Nevertheless, under all this variety, there are three aspects of the position of the untouchable which are, in more or less degree, universal. First, his touch is ritually polluting ; that is why, for example, he is kept out of temples and not allowed to draw water at the common well. Second, he is poor. In a countryside of small landowners, he is normally a tenant or a landless labourer. Third, he is ignorant. He is much more illiterate than the touchable castes, and he has far fewer people with higher education to lead him.

Discrimination a Crime

Before Independence something was done for the untouchable in all three directions. He was made equal before the law ; for a Brahmin to hit him became just as serious as for him to hit a Brahmin—a revolution in itself. He was given equal rights in public places ; no-one could legally stop him going to the village school or drawing water at the public well, though in practice untouchable children might be confined to the veranda, or economic pressure exercised to ensure that he did not use the well. He was helped economically ; he had jobs reserved for him in the government service, and latterly, he got preference in the allotment of government waste land. The jobs were often junior ones, but in a village even the police constable and the collector's messenger are big fishes. His children were encouraged to go to school, and in the last few years before Independence, a few scholarships were given. Above all, the whole educated class became imbued with the idea that untouchability was wrong. By 1947 it had no defenders, and there were few Hindus of education who did not, in theory at least, accept Mr Gandhi's thesis that untouchability was a stain on Hindu society.

Since Independence, progress has been more rapid. The practice of untouchability was forbidden by the Constitution, and this year this has been followed up by a new law of far reaching implications. Certain States had already made criminal such acts as not letting an untouchable enter a hotel or a temple. The new law makes these provisions generally applicable. All over India, any form of discrimination against an untouchable is now a crime and one against which the police will take action—which happens in India only for serious offences. No barber may refuse to shave an untouchable because he is an untouchable ; no priest may refuse to let him enter a temple, no villager may stop him drawing water, or going to the school, or walking on a road ; and, if anybody does discriminate against him, the onus is not on the untouchable to prove that the discrimination was due to his untouchability, but on the accused to prove that it was not.

The criminal law cannot go further. Laws, however, as the government realises, are not enough. In the village the untouchable may be too timid, or too resigned to his position, or too economically dependent, to assert his rights. But the law has its importance. The orthodox do not want to find themselves in the dock. When the untouchables assert themselves, perhaps under town or communist leadership, they gradually give way. There is now hardly a major temple which an untouchable cannot enter, and more and more are they allowed to draw water at the common well. But the law cannot make people treat untouchables as equals ; still less can it make people eat with them or marry their daughters to them.

More Education and More Land

The Central and State governments are therefore simultaneously following the other two lines of advance—educational and economic. The gradually widening scope of compulsory education and the ever increasing number of village schools, means that the next generation of untouchables will be more literate ; and each year there is an increase in the amount spent on hostels and scholarships so that untouchables can get higher education ; in the next five-year plan several million pounds are likely to be allotted to this purpose. Economically, the untouchable will be a major beneficiary of land reform. The Chamar of Uttar Pradesh, for example, has already been largely turned from a tenant into an owner ; many of the landless to whom Vinoba Bhave gives the land he has collected are untouchables ; and when ceilings on land holdings are in due course enforced all over India, it will be largely untouchables who will get the surplus land. They are to be made economically independent as well as legally equal ; and the process will be the more rapid, the more land reform is accompanied by industrialisation. Because he is the poorest man in the village, the untouchable is often the first to go to town ; and in the factory, for manager and trade union boss alike, touchables and untouchables are both just workers.

A remarkable indication of the improvement in status of untouchables was the decision taken at the end of August by the executive of the All-India Scheduled Castes Federation to press for abolition of all the seats reserved for the "depressed classes" in the Central and State legislatures and on local organs. When Dr Ambedkar, that veteran champion of the untouchable's rights, can declare that the protection afforded by reserved seats is no longer necessary, it is apparent that decisive changes have taken place. But the final ending of untouchability will probably come no more quickly than the ending of segregation in the American South. Perhaps some stigma of inferiority will always remain attached to the untouchable, until marriage ceases to be arranged and people marry across caste boundaries for love ; but each year the untouchable has been moving more quickly towards equality, until now the pace is probably as hot as the social fabric can stand and still survive.

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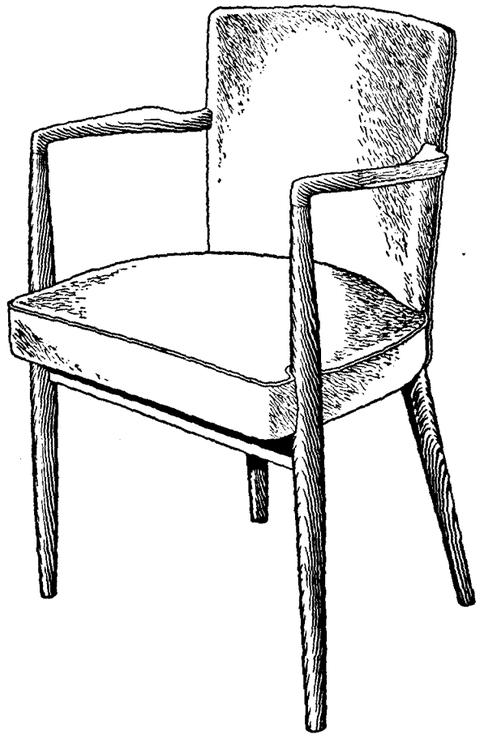

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Fund and Bank Contrasts

THE bigwigs of world finance assembled at Istanbul this week for the annual meetings of the International Monetary Fund and the International Bank for Reconstruction and Development. The two institutions which have drawn these busy men along the air routes of the world provide interesting and instructive contrasts. The Fund, in the sense of doing business, performing specific functions and having results to show in its annual shop window, is a disappointing, inactive institution. The Bank, on the other hand, goes from strength to strength in the loans it makes, the preparatory surveys it undertakes and the results it gets.

The contrast can be measured by that sordid, but always revealing, criterion—the profit and loss account. In the year to the end of last April the Fund earned a total income of $2,346,425, in the main from charges on its holdings of members' currencies in excess of their quotas. That income went less than halfway to meet the year's administrative expenditure and there was a deficit of $2,642,946, which served to swell the excess of expenditure over income since the Fund started business, to the formidable total of $10,512,715. The Bank, on the other hand, made a net profit of $24,679,487 in the year to June 30th last. By the allocation of this and past profit it has built up a reserve of $121,501,401 against losses, in addition to the special reserve of $62,256,741 available for the same purpose and amassed out of the 1 per cent per annum statutory commission which the Bank was bound by the Articles of Agreement to charge on all its loans during a period of at least ten years. This 10-year period is drawing to a close, but it has been decided for conservative but good reasons to continue levying the charge. So far the shadow of default has not touched the Bank.

The contrast between Bank and Fund is also apparent in the record of business done. During its last financial year demands on the resources of the Fund were extremely light. Three member countries purchased currencies from the Fund to the equivalent of $48,750,000, but over the same period there were repayments of currencies previously purchased from the Fund to the amount of $275 million. Viewing this decidedly negative development of its business the directors of the Fund suggest that it must be interpreted "as one indication of the widespread relaxation of balance of payments pressures and the strengthening of the monetary reserves of many Fund members." But it goes on ruefully to add that "it might have been expected that during the past year members that have hesitated to remove or felt obliged to intensify their restrictions (on international payments) would have made more use of the Fund's facilities."

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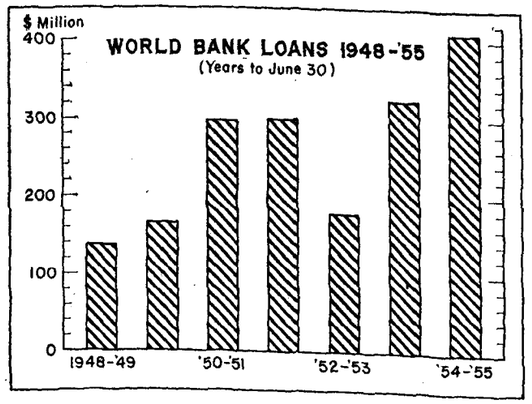
The Bank, on the other hand, has a tale of bustling activity to tell. The twelve months which ended on June 30th were its most active year so far. In the latest year, loans of about $410 million were made, bringing the bank's total lending to date up to over $2,400 million, which has been advanced to no less than forty countries and territories. Not only is the Bank steadily expanding the scale of its operations; it is also dovetailing those operations with increasing success into the structure of the normal international capital markets. Perhaps its most striking and creditable achievement last year was its success in selling nearly $100 million of maturities from its own loans to private investors. The total was nearly three times the amount thus sold in any previous year and 99 per cent of it was sold without the Bank's guarantee. Last year for the first time the Bank raised more funds through the sale of borrowers' obligations than it did from the issue of its own bonds. The Bank was established mainly to satisfy the need for capital in basic investment projects which normally lie outside the scope of private investment. Experience has shown that many projects that

fall well within this sphere acquire commercial attraction when the Bank lends its magic touch. Nothing but good can come of this closer co-operation between the Bank and private capital markets.

The report of the Fund stresses all that this institution can do by way of assisting the march towards convertibility. It points out that member countries can expect a favourable response from the Fund to a request for any drawing within the first credit tranche, i.e., that part of a member's quota which has been paid in gold or dollars. This amount can be counted upon as available almost unconditionally and is, therefore, in effect an addition to each country's gold and dollar reserve. Beyond this the Fund also shows a considerable retreat from the previous attitude of extreme caution in making its facilities available, for its report adds: "Should the need arise members need not doubt that drawings on subsequent tranches will be permitted"—especially for the establishment or maintenance of convertibility. This offer of backing to member countries from the resources of the Fund can be reinforced by the newer technique of standby arrangements under which member countries are given a firm promise that they can draw up to certain amounts over given periods. The Fund means to be so elastic in the interpretation of its Articles that it will grant a waiver to permit countries to draw more than the 25 per cent of their quota which is normally the maximum during a twelve-months' period. But the most striking of all the signs of elasticity is the intimation that a member whose currency fluctuates beyond the tolerated margin is not necessarily to be cut off from the facilities of the Fund. The report also recalls that last October the Fund restored France's eligibility to use the Fund's resources, even though that country has not notified an official parity for its currency. All these are welcome indications of flexibility giving tacit assurance to any country contemplating convertibility coupled with more flexible rates of exchange, that by following such a course they will not be banished from the protection of the Fund.



The principle on which the Bank works is that its loans should be untied, i.e., that the proceeds can be spent anywhere by the borrower, irrespective of the currency in which the loan may have been made. This admirable rule has, on the whole, been obeyed, although there have been some important exceptions. Part of the resources available to the Bank is the 18 per cent of each member's quota which has been paid up in the member's own currency (20 per cent of the quotas have been called up, 2 per cent in gold and 18 per cent in local currency). So far only two countries, the United States and Canada, have made this 18 per cent freely available for loans on "untied" terms. The others, including Great Britain, have imposed conditions both on the rate of releases and on the countries to which they could be lent and have also stipulated that the amounts released should be spent in their own countries, and Mr Butler has this week announced that Britain cannot agree to any new programme of releases at present. Mr Eugene Black, the President of the Bank, speaking at Istanbul this week accepted the fact that the rate of releases might have to be regulated but pointed out that it had never been contemplated that the releases would be used as an instrument of commercial policy. He therefore pleaded with member countries to give the Bank effective use of its paid up capital. A wholly favourable answer to that plea must clearly await the day of convertibility—since "untied" loans involving corresponding freedom for the export of capital are part of that wider concept. With or without free releases of its paid up capital, however, the Bank is likely to go from strength to strength and all the indications suggest that its achievements in the current year will outshine the records set up in 1954-55.

It is perhaps unfair to contrast the results of the two Bretton Woods institutions. The Bank is a long term lender in a world in which there is immense need for capital wisely laid out. If it interpreted its functions correctly and performed them with wisdom and discretion it was bound to be both active and popular. The Fund has to deal with currency and payments and thus touches the most sensitive segments of financial autonomy of its member countries. The days of the Fund may come when the convertibility wagon gets on the move again with fair prospect of reaching its objective. It has kept its resources intact, and they will be needed; for of all the major reservations about the chances of an enduring convertible world the first may be the chronic tendency for the United States balance of payments to show a surplus but the second is the inadequacy of gold and exchange reserves, i.e., internationally in proportion to the value of international trade. In supplementing those reserves the Fund will have a vital role to play and it may well need reinforcement if it is to do it effectively. But to play that role it will need reinforcement not only of its resources but of its techniques and of the personal qualities that will make of it an effective team and the trusted counsellor from whom no secrets are kept.

When Screens Overlap

Commercial television is a family entertainment, too. We think we have broadened the basis of our business. But we do not think for one moment that it is going to displace the cinema.

—Sir Philip Warter.

We are not going to increase the competition against ourselves. We have quite a lot to look after.

—Mr J. Arthur Rank.

THERE are as many opinions as showmen in the cinema trade today about how far—or how much farther—television is going to hurt their business now that the choice of programmes has arrived. Mr Bernstein of the Granada circuit hedged his bet by becoming a programme contractor for commercial television almost a year ago—but none of the cinemas that earned his group a record profit last year is in the "area of coverage" of the Northern transmitter from which Granada television programmes will be broadcast. Sir Philip Warter and his colleagues in Associated British Picture Corporation, which became a programme contractor this week, has a fair sprinkling of his group's 300-odd cinemas in the area to which Associated British (Television) will broadcast, and coolly contemplates turning "certain of our cinemas within the regions" into small local studios. Mr Rank has at present no intention of taking his Organisation directly into commercial television. But his film advertising company opened two sound stages in August specially to make television commercials and now has them booked solidly for a year; while Bush Radio continues to achieve record turnover and profits, and, as Mr Rank says blandly, "Prospects as regards television are good." At the same time Mr Sheckman of Essoldo is prepared to buy extra cinemas or even to build new ones at perhaps three times the prewar cost—and so for that matter are Mr Rank, Sir Philip Warter and Mr Bernstein.

There is more confidence about in the trade—and more money—than a couple of years ago, when the exhibitors were first beginning to fear what mass television ownership might do to cinema attendances. The money, this year, has come largely from a wave of the Chancellor's wand—in the Budget of 1954 Mr Butler reduced Entertainments Duty on cinema takings by about £3½ million a year. The industry's gross turnover has hardly increased, but the Exchequer has been mulcting them of about 32 per cent instead of about 35 per cent, allowing a significant rise in net takings. The industry's confidence has flowed from various springs. Cinema attendances continued to fall in 1954, but not as sharply or at least not as steadily as between 1949 and 1953. Excellent business has been done with outstanding films, particularly in the various wide-screen techniques. And as commercial television has come nearer its competition has seemed slightly less fearsome—its full impact liable to be delayed rather longer than the cinema trade at first believed, and its programmes, on paper, not exceptionally impressive beside what the film industry can line up.

In the trade as a whole, then, confidence seems partly based upon making more money out of doing less business. The major cinema circuits may have stronger grounds. Two months ago Sir Philip Warter was able to boast that the Associated British group had achieved a modest increase in its own admissions—one per cent—during a period in which the total for the trade was off two per cent. No similar comparison for the Rank Organisation is possible. For the first time in some years its annual report does not include figures of total cinema admissions, and in any case figures for the whole trade over the 12 months ending in June are not available; but Mr John Davis said he thought the group was down by rather less than the average. Its gross takings fell by about 1½ per cent on the year, but Entertainments Duty was cut more sharply; as a result, its net takings rose by about 3½ per cent—and its profits from exhibition in the British Isles by roughly 10 per cent. Financially, the Rank results are not as impressive as those achieved by Associated British (over a somewhat different period) which showed a 35 per cent increase in its trading profits, which it does not segregate by different activities; but Rank too may have done rather better than the trade as a whole. Associated British has not directly published figures of its takings in the last few years: the chart on page 964

OPERATING PROFITS OF RANK ORGANISATION
(£'000)

Years to end June	1951	1952	1953	1954	1955
Exhibition in British Isles	3,525	3,203	2,855	3,196	3,498
Exhibition Overseas	269	465	411	419	73
Film Production and Distribution	*Dr 1,315*	*Dr 147*	353	837	734
Manufacturing	890	1,056	1,264	1,276	2,134
Studios and Labs.	232	171	193	141	299
Other Activities	218	299	275	201	282
Total	3,739	5,047	5,351	6,070	7,021

compares rough estimates of net takings in both of the two groups with those for the industry.

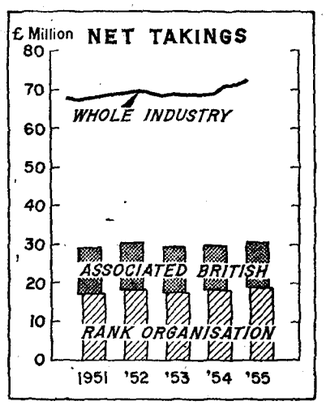
If Associated British has in fact been holding on to its audiences not only better than the trade as a whole but better than the Rank circuits, it might put this down in part to an earlier and more wholehearted acceptance of the best-known wide screen system—20th Century Fox's Cinemascope. Most of its cinemas have now been

re-equipped to show films made by this system, and it has also put in more of the improved sound equipment that Cinemascope is designed to use. The Rank Organisation, which traditionally showed 20th Century Fox films, never took kindly to Fox's original insistence that cinemas must buy a "branded package" of re-equipment if they hoped to rent Cinemascope films, and in particular it still doubts the need for the elaborate sound systems; in this week's report Mr Rank says

> We resisted great pressure a year or so ago to install stereophonic sound at high cost. It is clear that the decisions which we took at that time were the right ones . . .

The Rank Organisation has now re-equipped its cinemas with wide screens and projection equipment that will show Cinemascope as well as other wide-screen films; but it has not been booking the Cinemascope films Fox has to offer.

Most of the major wide-screen features made so far, by all producers, have been in Cinemascope. Associated British has not been booking many of those made by Fox, but it has had a somewhat wider choice of the others than the Rank group, and may well have benefited from the protracted argument between the Rank and Fox organisations. This argument had its piquant side. Twentieth Century-Fox is a significant minority shareholder in the trust through which Rank's Gaumont-British circuit is controlled, and this year it negotiated to buy control of a South African cinema company that holds half the shares (but a minority vote) in the main holding company of the organisation. But Mr Rank's surrender of his controlling interest to a charitable trust of which he, his wife, and some colleagues are the trustees effectively removed any possibility that control of the group would pass out of British hands. Over the last year or so, however, the argument may have cost the Rank circuit some lucrative bookings. Today, box-office success turns increasingly upon booking outstanding films—and Hollywood cannot afford to make as many of these as it used to.



The Rank Organisation has always been larger and more broadly based than any other in the British cinema trade; in recent years, with its years of disaster well behind it, it has been strengthening that base financially. Last year, it continued to buy cinemas in Britain and overseas; it now owns 594 here and 140 abroad. It spent a million pounds — making £10 million since the war—on renovating and re-equipping them. These stand in its books at some £36 million; their current value might be 2½-3 times that sum. Mr Rank reduced the group's total bank indebtedness by nearly a million pounds during 1954-55 (it now totals £4,190,515, against £16,286,581 in 1949). He intends fairly soon to raise about £2,750,000 by a rights issue of non-voting ordinary shares (for which his new trust, which owns more than 50 per cent of the present equity, would not apply) in order to reduce these overdrafts "to a normal level for a group of this size"; and in the meantime to double the existing ordinary capital of £946,991 by a one-for-one free scrip issue.

The group's interests outside cinema exhibition—"we have quite a lot to look after"—are becoming increasingly important financially; for the most part, they are still related to the main business. The Organisation made a profit, though a slightly lower one than last year, from "film production and distribution": it doubled its profit from renting studio space and processing film (some 700 miles a week); and the manufacturing activities—optical equipment, precision instruments, and cinema equipment as well as Bush Radio—showed a rise of more than £850,000 in their profits. This increase contributed the bulk of the increase of just under a million pounds in the group's total operating profits—to £7,020,740 for the year. (Trading profits for the group as a whole amounted to £8,727,635 gross and £6,606,988 net for the year.) The group is probably as widely based as any could be while remaining broadly within the cinema business. But its interests in that business are so massive that one can understand Mr Rank's reluctance to compound—as yet—with even so similar a competitor as commercial television may eventually become.

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The test of this enhanced competition begins next week. About 13 million people in this country live in homes with a television set (though peak audiences are larger); in the periods for which the major cinema circuits have reported this year, that figure probably averaged 9 million or less. On the BBC's latest figures, for the April-June quarter, the number of people "viewing" on any one evening seems to have increased to about the same extent, and only because of this: the proportion of television owners actually looking at broadcasts was slightly down over the year. But that quarter was the beginning of a summer that may have taken more people out of drawing rooms than usual (and out of cinemas). The BBC still feels that its conclusions in 1950 and 1952 hold fairly true: people who own television sets go only two-thirds as often to the cinema as people who have no set. The question for the cinema trade is not whether a second service will induce people who have no television sets to buy them and those who have them to spend more time looking in—but how far it will.

Business Notes

The Chancellor on Sterling

STERLING has made an unaided recovery in the foreign exchange market this week. The rate against the dollar has not moved perceptibly but that is hardly surprising. The earlier weakness of sterling had been most marked against the currencies of Continental Europe and it was against guilders, French and Belgian francs and German marks that sterling made appreciable headway this week, without any assistance from the Exchange Equalisation Account. Sterling indeed was oversold against those currencies; there is convincing evidence that a considerable short position still persists and that many foreign merchants who normally deal in sterling are still pursuing a hand-to-mouth policy in buying it.

Sentiment began to swing in favour of sterling early in the week after the publication of the preliminary overseas trade figures for August. It was considerably reinforced when on Wednesday afternoon the gist of Mr Butler's declaration in Istanbul about sterling policy became known. The Chancellor, with the evident intention of countering the strong rumours about an early devaluation or freeing of sterling that have run round the foreign exchange markets of the world, repeated the "one sentence" policy for sterling that he gave in Parliament on July 26th: "the maintenance of the exchange parity of $2.80 to the £ either in existing circumstances or when sterling is convertible." He then proceeded to expand his earlier theme in some significant detail:

> I have made it clear that we do not contemplate any early move on any—I repeat any—aspects of the exchange front. We must first go through the arduous process of strengthening our internal and competitive position. Thus my Government has taken no decision upon the timing of the convertibility of sterling nor upon the nature of the exchange arrangements after that date. All discussions and rumours about impending changes of the parity of, or margins for, sterling are unrealistic and irrelevant. I hope henceforth that the efforts we have made and shall make in the United Kingdom to strengthen sterling and prepare the way for the future, will not be hampered by false impressions or by inaccurate reports.

Since it was largely the rumours of plans to widen the permitted margin of exchange fluctuations for the pound that have done so much damage to sterling in recent weeks, it is not surprising that their more explicit denial should have been followed by an immediate recovery in its value in the foreign exchange markets most concerned. And according to report, Mr Butler underlined at the press conference after his formal declaration that the damaging rumours to the pound that flew round Europe after the Paris discussions had arisen from Britain's agreeing to "fairly close limits" to the permissible fluctuation of the pound around its parity of $2.80 after sterling had been made convertible—"a concession," as he described it, to Continental views.

A Higher Gold Price?

THE open declaration of support that Mr Butler gave in his speech on Wednesday to the perennial South African plea for an increase in the price of gold was, in form at least, quite new. Yet it does not represent any change of policy, for Britain has taken the same attitude at earlier gatherings of the IMF, though in closed session and without any expression of public commitment, even of the reserved kind that Mr Butler voiced. Mr Louw, the South African Minister of Finance, had referred to "the substantial advantages to the stability of the world balance of payments to be derived from an increase in the monetary price of gold." The Chancellor's endorsement of these views was tempered by reason and practicability:

> I do not underestimate the importance of the issues which he has raised, nor do we underestimate the need to choose the right moment for action. Provided we choose the right moment, an increase in the value of existing gold reserves would make it easier for the world to ensure that temporary balance of payments fluctuations are dealt with without recourse to restrictive measures.

There is nothing here of the superficial view that a higher gold price would provide a sovereign remedy for curing the world's economic ills. The doctrine is more modestly limited to the idea that a revaluation of gold, at the right time, would give more volume to the value of reserves, and inflate the cushion that they would provide against deterioration in balances of payments. It is one means of avoiding the damage that would otherwise be done by crude defensive measures such as restrictions on imports.

But the deciding voice in this remains that of the United States. Mr Randolph Burgess repeated what had often been said before on the inflationary consequences of a higher gold price: "It would be in sharp conflict with our objective, which is to maintain a sound currency as the basis for economic health, not only in the United States, but also wherever the dollar is important." The operation is a non-starter, and will almost certainly remain so until America feels the cold breath of recession. And the Kaffir market in London remained too idle to stir at this news which was, in reality, no news at all.

The Rally Gathers Speed

THE rally has gathered momentum this week on both the gilt-edged and on the industrial sides of the Stock Exchange. The *Financial Times* government securities index rose from 87.50 to 88.78 in the first half of the week. War Loan has gained more than a point at 76⅜. The industrial index has risen in the first half of the week from 196.3 to 199.6, though the strength of industrials was not fully maintained on Thursday. Gold shares—so regularly the converse of sterling and of gilt-edged—have slipped again, and even the Chancellor's words of support for the South African demand for a higher gold price brought no flicker of life to them. With the background of some fairly good general buying in the gilt-edged market—partly by industrial companies but not yet apparently including the banks, nor to any great extent the big insurance companies—and with the Chancellor's speech at Istanbul as a steadying influence it is not surprising that sentiment should have improved. Talk of an early further rise in Bank rate is naturally, if not necessarily logically, slipping into the background.

The optimists and the pessimists are at the moment on common ground about the timeliness of the market rally; both expected it. Their difference of view is about what may happen further ahead, for example after the middle of October. By then the September gold and dollar figures will be known; the Chancellor and the Governor of the Bank of England will both have spoken at the Lord Mayor's banquet; and conceivably steps will have been taken to deal with the maturing £524 million of Serial Funding stock 1955. For that operation the departments have for some time been making such preliminary clearances as they can, although their holdings of the gas and electricity stocks must still be considerable.

Among those that have to take the longer view are the issuing houses whose clients must be advised either to issue now with risk that underwriters may be called upon to take up, or advised to wait for more stable times with the risk that that stability may be at a lower level. Notwithstanding the discouraging response to some recent issues (of the £4 million 5½ per cent debenture of the Kenya Power Company offered to the public at £101 underwriters were required to take up about 96 per cent) a number of issuing houses are disposed to take advantage of the present rally in markets and expedite their plans.

Anatomy of Advances

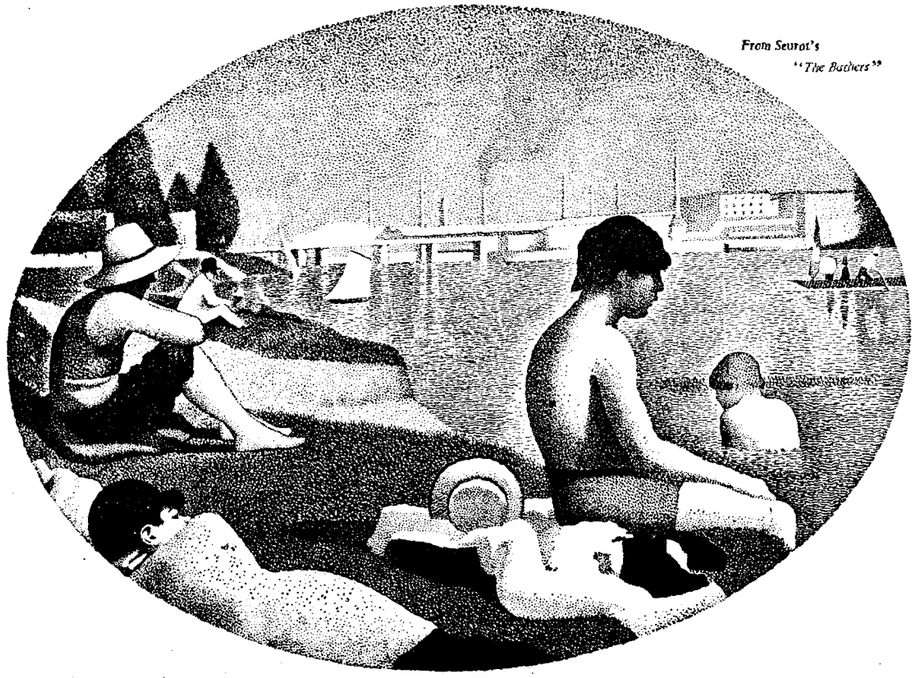
THE latest quarterly analysis of bank advances covers the opening of the squeeze upon loans and overdrafts, but it also includes the period of the dock strikes during which demands for advances were being inflated by the need to finance the temporary hold-up of supplies—and in which, moreover, some of the banks were still preferring to sell investments rather than to put pressure upon borrowers. It was not to be expected, therefore, that over the whole period, May-August, total advances would show a net decline; nor can the figures have been affected perceptibly, if at all, by the Chancellor's directive, since that was uttered little more than a fortnight before the period ended. Actually, the total rose by £25 million, to the new peak of £2,215 million, but this was a much smaller rise than had occurred either in the two preceding quarters or in the corresponding period last year. The improvement upon 1954 was wholly attributable, however, to a slackening in the demands from the nationalised public utility industries, since in July and August this year both Gas and Electricity were repaying advances out of the proceeds of the application moneys on their recent public issues. Even so, these public bodies, together with local authorities (whose borrowings increased by £10½ million), accounted for the greater part of the quarter's rise in the total.

Advances to the private sector of the economy rose on balance by only £10 million (by contrast, however, with a decline of £15 million in the similar period last year). Almost the whole of this expansion was attributable to an unusually heavy intake by the big engineering group, whose proportion of total advances rose during the quarter from 6.9 to 7.5 per cent. The seasonal needs of agriculture (including fishing) absorbed £10 million, or rather more than in either of the two previous years; the only other large increase, apart from the £10½ million absorbed by the big omnibus "unclassifiable" group of industrial borrowers, was the £4.8 million increase shown by wool textiles. Hire-purchase finance companies, however, absorbed a further £3 million, evidently reflecting drafts on the unused margins of limits granted before the restrictions, and carrying their total borrowings to £45 million (2 per cent of total advances), compared with only £11 million early last year.

Nine of the twenty-six categories of borrowers reduced their credit on balance, but the big declines were mainly seasonal. The food, drink and tobacco group repaid £19.1 million (compared with £21.5 million last year) and retail trade repaid £15.4 million (compared with £13 million). The "other financial" group contracted by £4.8 million, and a similar, but proportionately smaller, contraction was shown in the large personal and professional category. This now accounts for less than 18 per cent of total advances; ten years ago it was nearly one-third.

Trade Deficit Falls Further

BRITISH overseas trade last month was still distorted by the aftermath of the transport strikes that ended on July 3rd, and it would be rash to try to read much into the returns. Exports are still swollen by shipments delayed by the strikes. In August, most unseasonably, exports rose by £41.2 million to the high figure of £264.2 million fob, but the average value of exports in the three months affected by the strikes—June, July and August—was only £214.7 million. As this is far below the average of £247.2 million for the previous five months, it is reasonable to assume that some backlog from the strike still remains. There is little reason to believe that imports, always the first to return to normal, were significantly swollen by delayed arrivals in August; the total was £342.4 million cif, a little higher than in July. For the three months June to August



We want margin to our lives—

THOREAU (1817-1862)

All trade requires a margin; a surplus that can be put to economic use after production costs have been covered by returns. Without it, the movement of goods and services which keeps us alive would stop next week.

A man's life too must show such a margin, if it is to be worth living; something that enriches his material day after his work is done. It may be a study or a sport; a language he is learning, a musical instrument he is practising. On a broader scale, a nation builds its picture-galleries and its playhouses; they are there to help it live beyond today's horizon.

To this wider life, of individual, and community, industry brings its contribution—leisure. Without this there can be no true civilisation, no lives that have 'a margin'. Modern industrial advances have extended, and redistributed, the nation's spare time; with the new, factory-made hours that they have brought, the Machine Age can one day transform itself into the Leisure Age.

Esso

Esso Petroleum Company, Limited

the average value of imports was £325.1 million, nearly £3 million higher than the January/May average. Perhaps the most charitable comment on that comparison is that monetary policy may be checking the importing boom, but it has not yet made a dent in the total bill. With re-exports also higher at £10 million, the gross visible trade deficit in August fell sharply by nearly £40 million to £68.2 million. For all that, the June/August deficit was still £101.6 million a month, compared with the January/May average of £65.4 million.

UNITED KINGDOM TRADE
£ million—monthly averages or calendar month

	Imports cif	Exports fob	Re-exports fob	Trade deficit
1954 1st quarter ..	273·8	224·5	9·3	40·0
2nd " ..	284·1	223·9	8·6	51·6
July	289·7	247·1	9·1	33·5
August	266·8	205·6	8·4	52·8
1955 1st quarter ..	335·1	247·3	10·6	77·1
2nd " ..	299·3	217·0	8·2	74·1
April/May ..	303·1	247·0	8·3	47·9
June	294·0	157·0	8·1	128·9
July	338·8	223·0	7·9	107·8
August*	342·4	264·2	10·0	68·2

* Provisional.

There is one trend that the strikes have not submerged—the steady recovery of shipments to North America. In the last three months these shipments averaged £26.0 million a month, the best for nearly two years and almost £1 million a month higher than the January/May average.

P and O Debenture Issue—

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY comes to market this week with a debenture issue of £10 million 5 per cent stock 1975-80 offered to stockholders only at £97. It will provide the first instalment of the finance for a tanker building programme estimated to cost around £37 million. Two points about the announcement deserve consideration—the form chosen for an issue by a first-rate company in a convalescent share market, and the nature and the timing of the decision by a leading liner company to enter the tanker field.

On the advice of Lazard Brothers the company has priced its issue high and made it with the utmost speed. The gross redemption yield on the new stock is £5 4s. 3d. per cent, the running yield £5 3s. 1d. per cent. Higher redemption yields can be obtained from the British Government list. On the other hand, the new stock is of the highest class. The £13 million of debenture stock (after the present issue is made) will be covered nearly ten times for principal and over twelve and a half times by last year's earnings (this year's are not expected to be substantially different). This high cover counts not a penny for the earnings from the new tankers as they are commissioned from 1958. The company in fact supports this issue with £143 million of retained earnings and war risk insurance that it has invested in new ships since the war. In these years it has not raised new money either from the stockholders or the public.

The issuing house evidently has decided that speed is essential. It is for that reason that the appeal has been made to stockholders only and the more cumbersome procedure of a public issue avoided. Yet no one can pretend that the group, which has great liquid resources and has not yet placed a single firm order for a tanker, must have the money immediately. It has retained wide latitude to raise further finance for its needs either by share or debenture offers and it has taken particular care to make this issue easy for stockholders by spreading the instalments out until March, 1956. Good though the issue surely is, the underwriting commission is necessarily high, for the market is uncertain and the underwriters are at risk until September 28th. The commission payable to Lazard Brothers (out of which sub-underwriting at 1½ per cent, a fee to Hoare and Co., and the issuing house's own legal expenses are payable) is 2⅛ per cent, equal to £212,500.

—and Its Tanker Programme

TANKERS are a new venture for the P & O group of companies which are already big in passenger and in dry freight tonnage. The present fleet tonnage is divided approximately two thirds freight and one third passenger. The group has reserved berths in nine British yards and will shortly start placing orders for 25 ships, the first seven to be delivered in 1958, with nine each year in 1959 and 1960. Nearly all the main British builders of tankers are likely to see some of the business. Although British shipbuilders are not prepared to quote fixed prices (except at high premiums which the group does not propose to pay) P & O's decision is not at present to patronise foreign yards. The majority of the first 25 tankers will be in the medium size category (18,000 tons) at an estimated cost of about £1.4 million per vessel. There will also be a small number of tankers in the 32,000 tons class, costing about £2 million each.

The decision, taken after talks with the oil companies but with no agreement with them, comes at a time when the group must face substantial capital expenditure in other directions. It will need to replace dry cargo vessels too, and intends actively to develop British Aviation Services and its subsidiary, Silver City Airways. It has been taken in the knowledge that Britain has not been holding its place as a tanker owner. Against a world increase in tanker tonnage, compared with prewar, of well over 100 per cent (from 11.59 million tons in 1939 to 24.48 million in 1954), Britain with 5.05 million tons shows a mere two thirds increase. So P & O—first among the big liner groups—steps into the breach, intending to build tankers and to charter them as occasion arises, some on long-term and some on short-term charter. But the group will not indulge in bareboat chartering; it will provide crews and management, and will apportion the ships among the companies of the group according to their needs.

Mortgage Guarantee Plan

IT is 16 months since the then Minister of Housing and Local Government, Mr Harold Macmillan, introduced his scheme for encouraging house buying by providing that the Treasury, the local authorities and the building societies should stand equal partners in the excess risk involved in raising the building society's mortgage limit to 90 per cent of the lower of cost of valuation on certain houses and to 95 per cent on certain others. The scheme creaked a little at the start, but there are now over 900 local authorities working it and the whole structure of interest rates within the building society movement has undergone a sharp change. It was time to reconsider the scheme and to streamline it. The new plan that has gone out this week is certainly a simplification.

The maximum price (or valuation) of a qualifying house is now to be £2,500, whether it was built before 1919 or later; previously it was £2,000 for a post-1918 house. The maximum advance remains at 95 per cent for a post-1918 house and at 90 per cent for a pre-1919 house. A new important difference is introduced in the method of calculating the excess risk to be shared between the three partners. Under the old schemes the "normal" advance of the building society (the excess over which was to be jointly guaranteed) was assumed to be 70 per cent under scheme "A" where the maximum advance was 90 per cent and 66⅔ per cent under scheme "B" where the maximum was 95 per cent. The arrangement greatly favoured the building societies which were in the habit of advancing substantially larger proportions in their normal mortgage business without any joint guarantee. Now, with the two schemes amalagamated into one, it is frankly admitted that the excess to be jointly guaranteed is on a sliding scale according to the actual proportion of the value advanced. When the 95 per cent maximum is drawn the "normal" advance is taken as 66⅔ per cent and the joint guarantee covers the difference between 95 per cent and 66⅔ per cent. When the advance falls to 80 per cent the scheme assumes that the "normal" advance was indeed 80 per cent and that there is nothing for the joint guarantee to cover.

The new plan is an improvement on the old. The sliding scale of proportions to be covered by the guarantee leaves the owner-occupier free to seek the advance he needs, not necessarily the maximum. It also provides that the building society may charge the rate it applies in the normal course of its business. An earlier proposal to fix the maximum at 5 per cent—a figure that would have prevented most societies from operating the scheme—has wisely been dropped. As now drafted the plan still makes house buying easy—some would say too easy—but it does allow the price of money to operate and it no longer forces maximum advances down the house buyer's throat.

Design on the Counter

WHAT constitutes good industrial design, and does it pay? The Council of Industrial Design, which gave details this week of its plan to establish a Design Centre in London at which it will display what it thinks are the best examples of design among British manufactured goods, has been asked those two questions too often by sceptical manufacturers since it was founded in 1944 to imagine that either admits of any single or self-evident answer. Its answer to the first question, in the design centre, will be "This, this, and this . . ."; and its answer to the second is a gradually accumulating list of case histories in which individual businessmen—seldom starry-eyed and sometimes, at the outset, only half persuaded—have satisfied themselves that for them a new or increased attention to design has paid.

The Council has, however, some plausible arguments, beyond this general commercial virtue of better design, why a design centre to focus both consumers' and businessmen's attention upon the subject can be of particular importance today. It is not mentally anchored to any particular style in design; but it believes that the lightly-constructed "contemporary" style with which it has become associated in the public mind since the Festival of Britain embodies some features that manufacturers should consider as representative of social rather than aesthetic change. Among goods and equipment for the home, in particular, these include design for small homes rather than large, and for use by the housewife (and her husband) rather than the vanished domestic servant; and of goods in general it can be argued that Britain, which of necessity must pay more attention to export than in earlier years, will have to follow international trends in taste rather than British. These trends, in Europe and in the United States, seem to be towards easy and convenient rather than spacious living, and to spread upwards and downwards from a youngish middle-class rather than be accepted from above as successively poorer imitations of what the rich can afford. It argues, too, that manufacturers do not always realise how much the young people in Britain, of most classes, share the taste for "contemporary" design of their counterparts in, say, Scandinavia and North America.

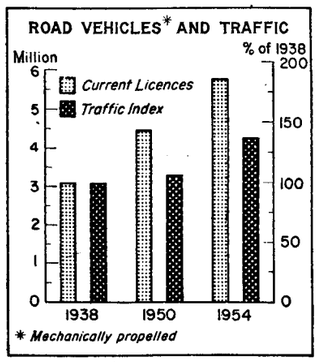
★

These are persuasive arguments, if hardly susceptible of proof. In an increasingly competitive struggle for exports of manufactured goods, they are well worth taking seriously—even where British traditional designs have till now paid handsomely, as for example in pottery. But the idea of a design centre, where goods picked by an impartial jury (including always a manufacturer who on technical questions will have a veto) will be displayed is a good one in itself. Unbiased comparison of manufactured goods (provided it remains common-sensible) is a tradition that Britain needs to establish, not through some state-run consumer advice centre but as a normal part of civilised public discussion.

Traffic and Vehicles

MOTOR traffic on British main roads in August, 1954, was about 38 per cent higher than in August, 1938, but goods traffic had doubled. These are early, sampled results from the first full census of traffic taken since the war (a less comprehensive census was taken in 1950). They are based on counts of vehicles passing 300 points on trunk

and first-class roads during one week of August last year, compared with counts for the same points during the census week of 1938. There were twice as many mechanically propelled goods vehicles (though hardly any horse-drawn vehicles, of which in 1938 there remained a trickle), 41 per cent more buses and coaches, and 19 per cent more private cars. The number of motor-cycles had increased by 63 per cent, but the number of pedal cycles had fallen by a third. The greater increase in goods vehicles meant that last year these accounted for more than a quarter of all traffic, against just under a fifth in 1938; but more than half of the motor traffic was still made up of private cars. Regionally, the biggest proportionate increase was on main roads in Wales and the biggest numerical increase in the Metropolitan area (the census did not cover inner London).



In the chart the increase in total traffic is compared with the increase in the number of vehicles licensed (taking in each year the total from the September vehicle census). Traffic has increased less than vehicle ownership, though this is essentially true only of private cars and motor-cycles; the number of goods vehicles has roughly doubled, in line with increased traffic, while the buses and coaches are achieving 40 per cent more traffic with less than 25 per cent more vehicles registered. Ownership of cars had increased by 60 per cent, with only an 18 per cent rise in traffic, which is to be expected. This form of count is not a measure of vehicle mileage; but it seems reasonable to assume that the spread of car ownership to people with lower incomes would mean that these new motorists tend to do less driving than motorists before the war.

Gussies' HP Problems

GREAT UNIVERSAL STORES, whose accounts close on March 31st, has enjoyed a magnificent year. The preliminary figures, with a group trading profit of £18.9 million against £15.5 million, the year's dividend at the unchanged rate of 60 per cent on a capital doubled by the 100 per cent scrip issue, and the proposed further one for ten free scrip issue, have already proved it. The accompanying table shows how unremitting has been the growth which has brought the annual trading profit up from £8.2 million to £18.9 million in five years without a setback. Growth? Yes; but comparison? No: the group's bounding profits spring from two sources—expanding trade and the acquisition of businesses. No yardstick will measure both at once. And as the group grows it finances itself in part from retained earnings and in part by issuing its own shares in exchange for those of the businesses it takes over. (The desire for a more marketable security is not the least of the reasons that have tempted owners of the lesser businesses to sell out to Mr Wolfson.) This year "Gussies" has grown in yet another direction. It has revalued its freehold and leasehold properties in this country, raising them from £11.8 million to £23.2 million and raising the capital reserves from £7.9 million to £18.1 million. The surplus on the revaluation of the home properties was £8.8 million; the balance of the increase springs from the acquisitions, among which Town Tailors was important.

The public will study the accounts to see how the group's hire purchase business has been doing. It was faring well up to March 31st—just a month after hire purchase controls were reimposed and Mr Isaac Wolfson's speech supplies the detail of what has happened since. Group hire purchase debts at £50.3 million show a rise of just under £10 million and the group sees a profit on those transactions

GUS GROUP PROGRESS
(£ million)

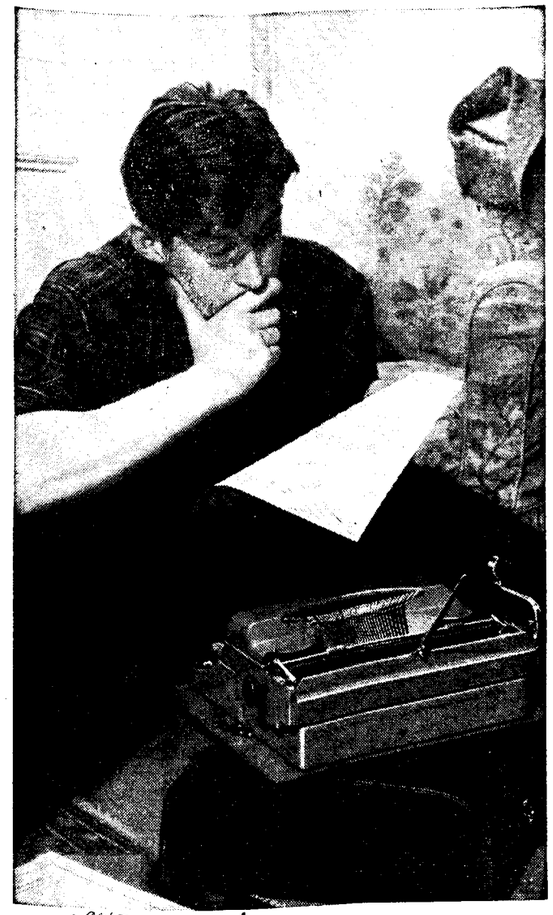
	1951	1952	1953	1954	1955
Trading profits	8·1	10·0	11·4	15·5	18·9
Net profit before tax	6·8	8·4	9·9	14·0	17·1
Net profit after tax	2·3	3·0	3·2	4·8	7·5
Ordinary div., net	0·28	0·35	0·73	1·35	2·87
Ordinary div., percent of net profit	*12·3*	*11·8*	*23·0*	*28·3*	*38·1*
Group net current assets	18·0	21·5	25·5	31·1	35·4

of no less than £16.1 million against £13.2 million which it brings into the profit and loss account only as it materialises. It has also sold rather more than usual of its customers' hire purchase paper to the finance houses —£6.5 million against £3.2 million, so that the total volume of hire purchase business running appears to have grown by around £13 million.

Mr Wolfson recounts what has happened since March with sorrow, but the group has not been permanently harmed. Important though hire purchase is, it forms only 20 per cent of Gussies' retail turnover. The first batch of hire purchase restrictions fell heavily on furniture and furnishings; the July instalment fell upon radios, television sets, refrigerators and other electrical appliances. But so far as the group is concerned the furniture setback has been almost made up in other directions and should be "fully recovered before the end of the next financial year." Group turnover this year will, he thinks, again show an overall increase. The profits to date this year compare favourably with the same period a year ago, and "a reasonable increase for the full year" is his forecast.

A New Tea Agreement

THE International Tea Agreement expired at the end of March and the governments of the four producing countries concerned—India, Ceylon, Indonesia and Pakistan—have yet to announce approval of the new agreement that was drafted months ago. Producers in the British African



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territories, who left the scheme after the war, were invited to rejoin but declined. The new agreement, it is believed, will differ from the old in several respects. Regulation of exports is no longer to be mandatory, but can be introduced by mutual consent if it becomes necessary. Permissible exports are not to be expressed as a percentage of exports in the prewar "standard" years; instead each country is to be allotted a datum figure based on its potential exports, and export quotas would be in proportion to that datum. International restriction of acreage, which was never essential to the scheme, is to be dropped. These proposals appear to be sensible. As a basis for controlling exports the years 1929 to 1931 had long been unrealistic, and it is better that the International Tea Committee should have discretion to control exports instead of being obliged always to maintain the semblance of control by fixing export quotas larger than any country—with the recent exception of Ceylon—could fulfil. It will be interesting to see what the figures of potential exports turn out to be; it is probably haggling over this question that is holding up the agreement.

It may seem odd that a restrictive agreement that has never been restrictive since the war should be renewed, and that tea producers should blithely ignore the desirable modern practice of including consumers in commodity agreements. This would have been an appropriate occasion to invite Britain and other large consumers of tea to participate. Happily the consumer need not be too alarmed by this particular producers' *bloc*; if the past is any guide, the scheme will operate fairly. But there is always the danger that a country such as India, which has long restricted exports to provide for home consumption at favourable prices, may one day use that as a convenient pretext for restricting exports to maintain prices. The long-term danger is perhaps more of a shortage than of a surplus of tea. If consumption in the main producing areas continues to rise, tea production will have to be steadily increased by new planting and replanting. It is difficult to be confident that political and fiscal policies in producing countries will encourage the timely investment that that expansion will require.

Wool Prices Weaker

It is not easy to assess precisely what happened to wool prices this week when Australia, South Africa and London were all selling at the same time. From reports that were sometimes conflicting one thing is clear: prices survived a heavy weight of offerings without suffering a radical decline; as so often in the past a large offering attracted more buyers. But prices certainly weakened further, though the closing sales in Australia appeared to be steady, and in London prices of certain wools were firm and sometimes a little dearer than before. In all centres it is the finest wools, and among the less fine wools the best styles, that have suffered least.

Broadly, merino wools fell by another 2½ to 5 per cent this week, and are now 15 to 20 per cent cheaper than at the end of the previous season. Crossbreds are now 10 to 15 per cent cheaper than at the end of last season; sales of these wools, however, are limited until the New Zealand auctions begin late in October. The wool grower and wool user are now vainly asking the same question: have present prices established a "basis" that will stimulate consumption, or will prices fall further? Both sides—for users do not take kindly to heavy stock losses—must hope that the bottom of the market is not far away. That is also to be desired for the health of sterling area trade as a whole.

Freight Markets Active

Continued activity in the shipment of American coal to Western Europe is helping to maintain the firmness of freight rates in all markets, and has even helped to offset the disappointing level of grain shipments, for which fixtures this year are so far about 500,000 tons less than in the same period last year. The Chamber of Shipping tramp voyage index for August was 129.9 (1952 = 100), only one-tenth of a point lower than in July. Slight falls in rates paid for ore and timber shipments were counteracted by increases in rates for most other commodities. The time charter index for August averaged 137, a fall of 8.8 points during the month, although oil-fired steamships maintained the premium of about 13 points above the index for motorships which they established last month.

Since the beginning of September freight rates have displayed the signs of the start of a seasonal rise, and although charterers are not giving ground easily, the resistance of shipowners to lower rates is fortified by the latest increases in bunker costs and the knowledge that a North Atlantic winter is approaching. There has been a resumption in demand for consecutive voyages and longer-term time charters at rates which are interesting. One vessel, for example, has been taken for 12 months' consecutive voyages, Hampton Roads-Continent, starting in December, at 54s. 6d. per ton (option east coast UK 63s. 3d.), which compares with current voyage rates of about 61s. and 67s. 6d. respectively. Last year the highest voyage rate was 34s. 6d., and at one time earlier this year only 43s. was paid.

For Your Business Friends

They would appreciate the Businessman's Guide to Britain for 1956. The Guide is compiled by The Economist Intelligence Unit, and there are sections on:—

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Developing Aero Engines

"WE at Rolls-Royce," Mr J. D. Pearson, managing director of the company's aero-engine division, told an audience at Delft on Monday, " often look back with incredulity to the time when the Derwent engine [the company's first production jet engine which powered the Meteor fighter] was designed in two months and running five months after the design began. We sometimes think we have got less clever and work less hard." But the real explanation of the mounting number of years that it now takes to develop an aero-engine lies in their growing complexity. The Americans calculate that it takes about nine years to bring a new engine into production ; in the course of his lecture, Mr Pearson gave some figures on the development of the Dart turbo-prop engine which suggests this estimate is not exaggerated. From 1945, when Rolls-Royce started design work on a turbo-prop engine of 1,000 horsepower, to the end of 1954 the company had spent nearly four million man-hours on the Dart's design and production.

The engine passed its first official test at the end of 1948, four years after design work had been begun, and after the expenditure of well over a million man-hours. Then, as so often happens, the engine was radically redesigned, emerging as the Mark 3 Dart which passed its official test nearly two years later, in October, 1950. The first production Darts for the Vickers Viscount did not come off the line until mid-1952, by which time the amount of man-hours that had gone into its development had passed the three million figure with more than 12,000 hours of development running on the bench, and with 14,500 hours in the air before passenger operations were begun. Any prospect, said Mr Pearson, that experience in design might reduce the time needed to develop subsequent engines is ruled out by the growing complexity of each fresh design.

Sovereigns in Mecca

THE Treasury Solicitor has won a victory. The Zürich court has accepted the British contention that the sovereign is still legal tender and has sentenced three people for counterfeiting it. Thus the long battle to maintain the legal status of the coin so seldom seen in its own country takes a turn in the Treasury's favour and the salient lost when a judgment of an Italian court last November held that it was no crime to make sovereigns since they were no longer legal tender, is in part regained. The battle is not over ; the Swiss finding may be taken to appeal, and there may be other cases in other parts of the world.

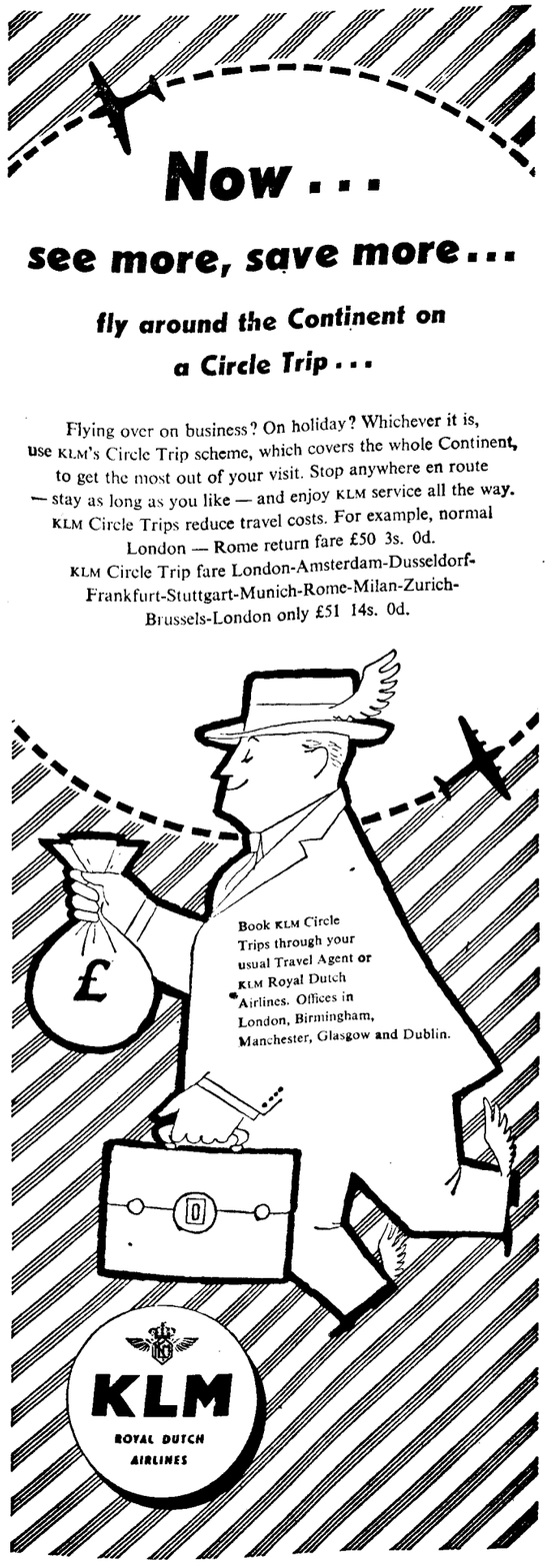
To what purpose then is the Treasury fighting actions in the courts of the world to maintain the legal status of the gold sovereign as valid currency worth exact parity with the paper pound ? It is not suggested that these coiners put anything other than gold of the right purity and weight into their copies. It is not suggested that a sovereign can be obtained in this country in exchange for a pound note. It will cost from £3 3s. to £3 10s. to buy it as a trinket for the watch-chain. The claim is that coining of a currency that is legal tender is crime by the laws of most countries. There is the further claim that throughout the world there are still not less than 100 million sovereigns and probably nearer 300 million still in circulation. In Mecca, for example, the sovereign is the recognised coin for payment of larger debts, just as the Maria Theresa thaler is for the smaller. Austria, however, does not claim monopoly for the Maria Theresa thaler—quite the reverse. An old law declared it to be a currency available for international trade and a later administrative act sold the dies to Mussolini.

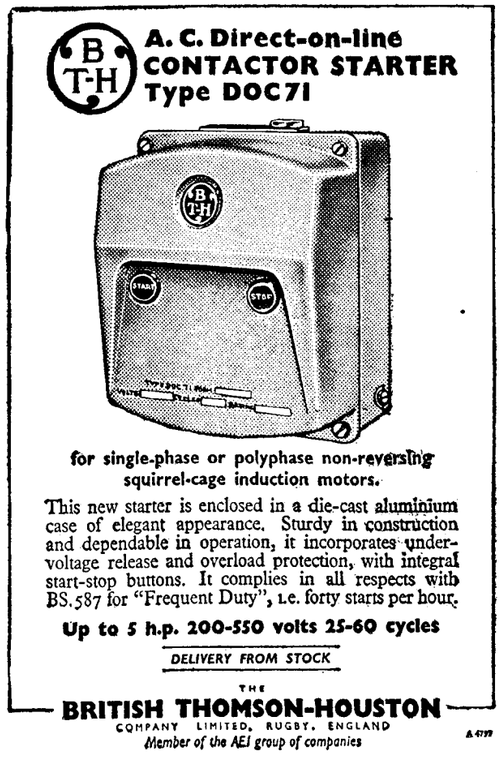
At various times since the war the demand for British sovereigns in the Middle East has carried the price much above the value of their gold content ; sovereigns have changed hands in Egypt for as much as £10 and the coiners made handsome profits, though their output caused the premium to run off. Success for the Treasury in its suits thus sustains not only the Royal Mint's monopoly in the design and content of the golden sovereign ; it also protects the premium that the sovereign commands over its intrinsic worth—and any British prestige that may be thought to reside in that premium.

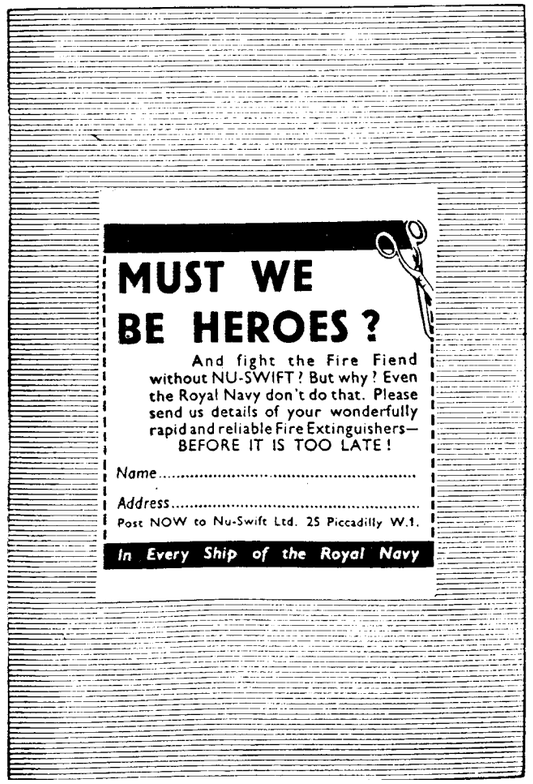
Futures Trading in Egyptian Cotton

ON September 27th, when trading in Egyptian cotton futures begins in Liverpool and Alexandria, merchants and consumers of long-staple cotton will once more have facilities for hedging the risk of changes in price. These facilities have been sorely missed in the last three years, but the Liverpool Cotton Exchange was justifiably reluctant to introduce a long-staple contract before the Alexandria market was allowed to reopen. The Egyptian authorities have made a real effort to ensure the success of this venture. They have co-operated fully with the Liverpool market, have drafted regulations designed to prevent a repetition of the speculative abuses of 1952, and have abolished—for reasons not solely connected with cotton—the import entitlement scheme. That scheme enabled the exporter to offer cotton at a discount varying with changes in the premium on the buyer's currency, and the hedge offered by futures could not protect the user against a change in the discount. The increase in the export price that would have resulted from the abolition of the discount has been offset by an equivalent reduction in the export duty, and the government has undertaken not to change the duty during the season. Importers will also be able to buy Egyptian currency in the forward exchange market that is to be opened there shortly.

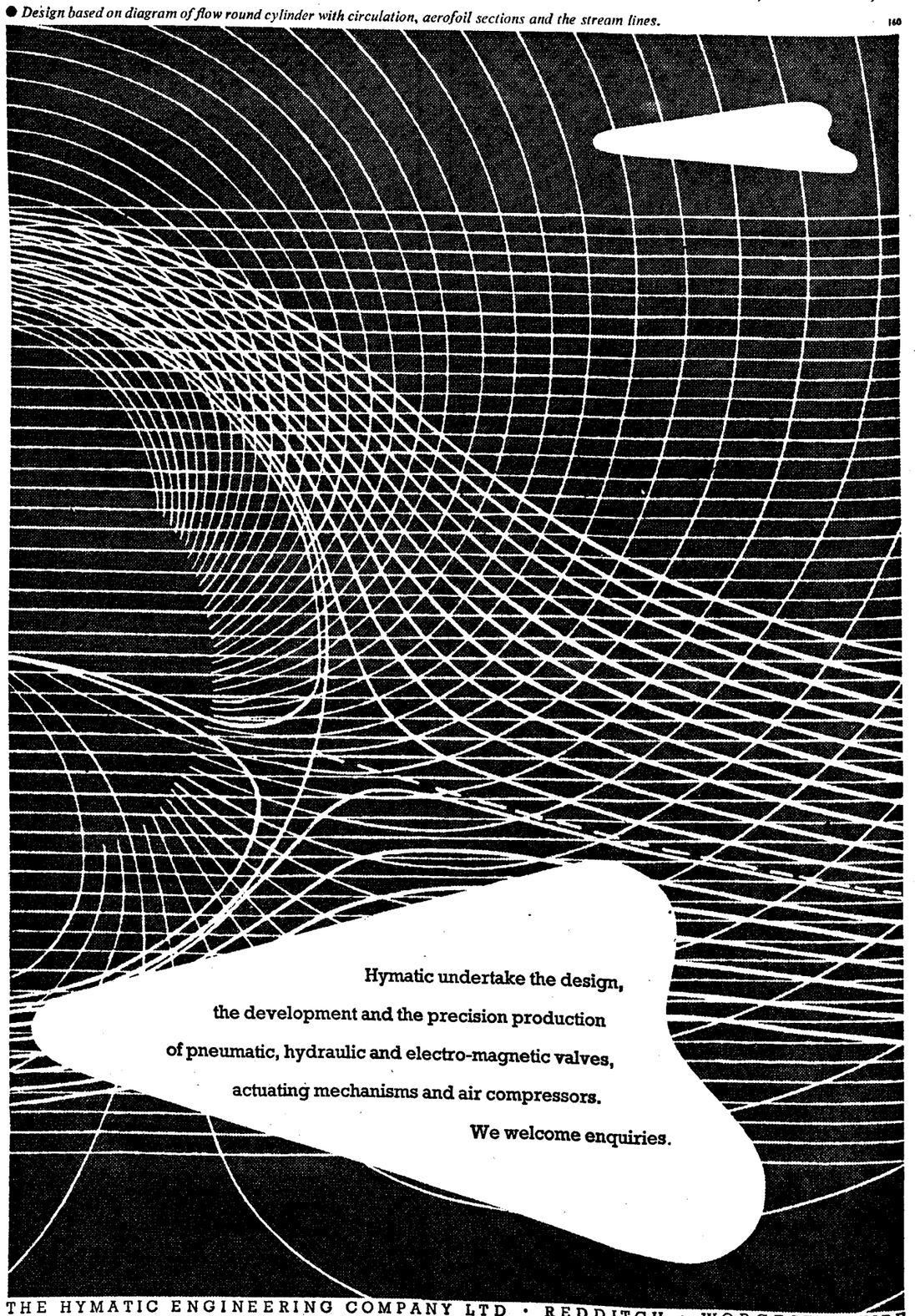
For all that, members of the Liverpool market may well wish that futures trading could have opened in more propitious circumstances. It is not only the American cotton surplus that overhangs the market ; the Egyptian government also has a large stock. Cotton from that stock will not be offered on the futures market, but it will be offered on the spot market if the government considers that prices are in danger of rising abnormally—a term that is for it to interpret. The government also stands ready to buy futures if the price falls to the minimum guaranteed to the grower. Hence the market faces the possibility of official intervention, and the very existence of the official stock may weaken confidence—and prices. Liverpool, moreover, may not be entirely happy about its own contract for long-staple







● *Design based on diagram of flow round cylinder with circulation, aerofoil sections and the stream lines.*



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cotton. It has been decided that the new contract will not be "strong" and acceptable to buyers unless Karnak cotton only is tenderable against it. Thus it excludes the comparable growths of Sudan cotton which are popular in this country. This may be necessary to get the new contract firmly established, but Liverpool can hardly be content with a pure Egyptian contract indefinitely.

Higher Rates on Tax Certificates

THE adjustment of official interest rates upwards to the market continues. The latest move is the increase, by a record margin, in the rate paid on tax reserve certificates, from $1\frac{3}{4}$ to $2\frac{1}{2}$ per cent, tax free. This is easily the highest rate since the inauguration of the certificates in 1941. The rate had been raised from 1 per cent to $1\frac{1}{2}$ per cent after the January increase in Bank rate, and again after the February increase. But sales of certificates continued to flag as money market rates rose further, and a third increase of $\frac{1}{4}$ per cent made in July was accompanied by arrangements permitting the rate to be increased without breaking the series. Accordingly the new rate of $2\frac{1}{2}$ per cent applies to all subsequent sales of the existing seventh series (though not, of course, to certificates already sold). A boost of this magnitude—$2\frac{1}{2}$ per cent tax free is no mean rate to the surtax payer—may at last check the decline in sales of the certificates that has continued despite the earlier rate increases. Net sales from April 1st to September 10th reached only £51 million, against £180 million in the corresponding period of 1954.

Stability in Pulp Prices

THE relative stability of Scandinavian prices of wood pulp in face of a buoyant demand is remarkable. British consumers who buy six months ahead have paid no more for shipments of chemical grades of wood pulp in the second half of the year than in the first. Many smaller consumers who do not buy so far ahead are being asked to pay more for shipments in the fourth quarter of this year than in the third, but the increases are modest—about 10s. a ton—and in general simply bring the cheaper sellers into line with the rest. Bleached sulphite pulp, which is used in the manufacture of fine grades of paper, becomes £59 10s. a ton, cif east coast port, and unbleached kraft pulp, used for making bags and light board, becomes £47 10s. a ton. Mechanical pulp, which is the basis of newsprint, is now about £30 to £31 a dry ton, but that does not affect the bulk of Britain's requirements, which for the whole of this year were bought for £28 15s. a ton or less.

Such stability of prices does not mean simply that the Scandinavians have become converted to the idea; it also reflects some more tangible influences. Though the market is firm supplies of pulp are adequate; North American mills are taking more interest in European markets; consumers, certainly in Britain, have latterly been able to build up their stocks; and sales of Russian wood pulp, though not large, are also helping to keep Scandinavian prices in check. All these things may have played a part in encouraging consumers to resist a Norwegian attempt to raise prices of bleached sulphite pulp by £1 a ton, following a similar rise in the third quarter.

Meanwhile, manufacturers and consumers of paper products are anxiously waiting to see whether the British Government will fulfil its obligation as a member of OEEC to free from quota restriction 90 per cent of private imports from Europe; the present percentage of liberalisation is 85. That step, which should be taken by the end of the month, could wholly or partially remove restrictions on pulp, paper and board, the only major group of materials still restricted. It is unlikely that freedom would result in any significant increase in imports of pulp; imports of paper and board, however, would probably rise. Some sections of the home industry, protected for so long by these restrictions, may pray that the present difficulties in Britain's balance of payments may shelter them still from the chill wind of foreign competition.

Missing Millions Again

THE Blue Book on National Income and Expenditure provides a more comprehensive guide to recent trends in the British economy than did its predecessors in this most formidable series of statistical documents. But the 54 pages of packed tabular matter are this year overshadowed by the sudden reappearance of an old mystery. How did individuals and private businesses manage in 1954 to increase their net savings in almost every identifiable direction and yet to decrease their total net saving? For the total net saving, which in the preliminary White Paper came out almost unchanged at £901 million, does on revision show a decline to £863 million.

This is the gap between total savings (and therefore investments) of the personal sector of the economy, calculated as a residual item, and the sum of the identifiable items building up that total, to which Mr C. T. Saunders drew attention last November in his paper to the Manchester Statistical Society. Some discrepancy between a residual item and attempt to arrive at the same figure by adding up the known items that comprise it, seems unavoidable. What is surprising is that there seems to be a pattern in the Saunders "gap." It was a regular £500 million a year between 1945 and 1951. It all but disappeared in 1953 and 1954. Now the Blue Book shows it back again, not, indeed, the whole stubborn £500 million, but a formidable £338 million of it. Is it a mere coincidence that it is in the years of inflation such big fish slip through the statisticians' nets?

Last year persons and unincorporated businesses made a large increase to their ownership of houses and other physical assets only partly offset by a net increase in debt to the building societies. They also increased their savings through the life offices and the building societies, and instead of withdrawing national savings, invested a substantial net sum there, too. Yet their total net savings calculated as a residual fell by £39 million to £863 million, and their net increase in personal assets after allowing for additions to

tax reserves, capital receipts and payments and provision for stock appreciation was only £13 million up at £773 million.

Could there be sources of unrevealed dis-saving that would fill a gap of £338 million? The most important of

THE GAP IN PERSONAL SAVINGS
(£ million)

	1950	1951	1952	1953	1954
Gross saving	99	284	785	902	863
Net increase in assets*	**3**	**113**	**628**	**760**	**773**
Identifiable Increases in Assets					
Gross fixed investment :—					
Private businesses	190	208	190	186	220
New housing	51	59	101	165	214
Physical increase in stocks	41	70	− 15	42	46
Total capital formation	282	337	276	393	480
Net increase in Financial Assets :—					
Building societies :—					
Repayments	164	169	160	167	196
Less : Advances	−270	−268	−266	−300	−373
Total debt†	−106	− 99	−106	−133	−177
Life assurance funds (incl. group pension schemes)	262	301	342	381	427
National savings	− 7	1	− 81	− 45	86
Building societies: shares and deposits	110	97	119	157	217
Net personal bank deposits‡	− 14	− 26	60	82	78
Total identifiable savings	**527**	**611**	**610**	**835**	**1,111**
Apparent dissaving (shown *minus*)	−524	−498	+ 18	− 75	−338

* Adjusted to take account of changes in tax reserves, net capital transfers and provision for stock appreciation.
† Increase in debt shown *minus*.
‡ Excluding deposits of unincorporated businesses.

them is probably the increase in the hire purchase debt. But the estimate in these columns of about £100 million for that item is still in official eyes the best available. Further, but probably smaller, sources of dis-saving omitted from the calculation are the increase in bank borrowing by unincorporated businesses and any important sale of securities from individuals to companies (but the life funds for this purpose rank in the personal sector), sales of securities to overseas residents, and deposits of company money with the building societies. None of these factors seems to fill the gap. All of them emphasise the need to persevere with the attempt to arrive at a valid figure of personal savings built up from specific items and not calculated as a residual. The official hire purchase statistics due later this year should be an important contribution.

SHORTER NOTES

Coal cost the National Coal Board about 3s. 1d. a ton more to mine in the second quarter of this year than it had in the first quarter, but the Board was not allowed to raise its prices; the average proceeds, presumably through summer price reductions, were indeed 1s. a ton down. As a result, it lost nearly £8 million on colliery operations, though the small profits on opencast working and on ancillaries reduced this loss to just over £7 million. In addition, the board lost £6,700,000 on importing coal at foreign prices and selling it at British. With more than £5 million owing to the Minister of Fuel and Power as interest, it showed an estimated deficit of more than £19 million—making roughly £24 million for the first six months of 1955.

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The Cotton Board, which has campaigned unsuccessfully for restrictions on imports of cheap grey cloth, has decided to launch a new campaign to persuade people to buy home-produced, not imported, cotton textiles. Over 90 per cent of the public already does.

Company Notes

INTERNATIONAL TEA COMPANY'S STORES. In a business of this type, investors expect to find, and do find, comparative stability of profits. They have not expected, but they have found, a substantial increase in dividend. Total profits for the year ended April 30th are a mere 4 per cent lower, and owing to reduced taxation equity earnings are slightly higher at 22 per cent allowing for Profits Tax on a full distribution and excluding special tax credits.

Yet the dividend goes up from the equivalent of 10 per cent to 13¾ per cent following a sharp rise in 1953. Dividends, says the chairman, are recommended "according to trading results and prevailing conditions." It would seem that distribution policy is nowadays more influenced by the general trading background, than by minor fluctuations in earnings.

Last year produced a record turnover in both retail and wholesale divisions;

	Years to April 30, 1954	1955
Consolidated earnings:—	£	£
Trading profit	1,755,352	1,701,410
Total profits	1,777,829	1,707,928
Depreciation	268,552	283,212
Taxation	879,391	773,689
Net profit	*640,782*	*554,358*
Ordinary dividends	170,500	242,187
Ordinary dividend (per cent)	10*	13¾*
Retained profits	254,358	194,383
Special tax credits	23,210	42,912
Consolidated balance sheet:—		
Fixed assets, *less* depreciation	5,576,952	5,739,809
Net current assets	5,547,722	5,658,572
Stocks	4,725,476	4,865,960
Goodwill	1,714,131	1,712,973
Reserves	5,888,940	4,688,979
Ordinary capital	1,500,000	3,100,000

* Equivalent on present capital.

the loss on tea stocks towards the end of the financial year was more than enough to account for a £54,000 fall in trading profit. In fact, it is to increased turnover that the group has to look, to make up for the steady upward pressure in costs.

New fashions are not ignored, for there are 50 self-service branches, and more will be opened as good opportunities arise. But Mr Frank Wilson makes it clear that there is to be no indiscriminate conversion, and that service branches remain the backbone of the business. The practice is to convert a branch to self-service only if there is another shop nearby run on the traditional lines. On its record, the company may not be dynamic, but for many years it has done well for its shareholders. At 14s. 6d., the 5s. shares yield £4 15s. per cent.

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ALLIED INDUSTRIAL SERVICES. This company, with its predecessor firms, has been in business for over 90 years, and seldom provides headline news. For quiet progress, its postwar record must be one of the best among the companies outside the major industries; but it is essentially dependent on those industries since it provides the overalls and other services they constantly need. Total profits for the year ended June last are, at £779,568, 93 per cent above 1948-49, the first year for which consolidated accounts were issued. Meantime the annual increase has been at a relatively consistent rate.

The latest total is nearly 13 per cent more than the £692,216 profit for 1953-54. Helped in part by the removal of EPL, the tax charge of £360,761 is almost unchanged on a higher taxable income, and equity earnings are equal to 46 (against 37¼) per cent on the present capital, excluding special credits, and allowing for Profits Tax on a full distribution.

Steady, if small-scale, modernisation and factory extensions have contributed to this satisfactory trend. The 1954-55 depreciation charge of £47,375 compares with £36,476 in the previous year, and gross capital expenditure was £104,000, with commitments for a further £95,000 outstanding.

Frequent capitalisation issues, no doubt to keep pace with steady additions to assets out of ploughed-back profits, are a feature of this company's financial policy. There have, in fact, been scrip issues for no less than 6 years running, although the rates have been of varying importance. The latest final dividend of 19½ per cent is on the ordinary capital as increased by a 1-for-4 bonus last May, and the total for the year is equivalent to 25.7 per cent on the present capital, against 20.45 per cent for 1953-54. Assuming a 25¾ per cent dividend, the yield on the 5s. shares at 24s. 6d. is £5 5s. per cent.

ALBRIGHT AND WILSON. This chemical company's half-yearly report, and its announcement of an interim dividend of 5 per cent (against the equivalent of 4⅔ per cent), are accompanied by comments that on balance make the outlook for the July-December period seem hopeful. The past half-year has brought rising sales, offset by mounting costs (chiefly freight, fuel and raw materials), a loss by one partly-owned subsidiary owing to technical difficulties, and sharply increased depreciation charges due to the operation of new plant. For the current half-year, continued expansion of turnover is expected, and the troubles of the partly-owned subsidiary have been overcome. It is to the credit of the company and the industry that an attempt has been made to keep prices steady by not raising prices. Those prices, however, have been recently increased and the company should be reaping the benefit in the second half-year.

Group profit, after loan interest and all expenses, is £1,577,000 for the half-year ended last June, against £1,462,000 for the corresponding period of 1954—a rise of 8 per cent. Depreciation takes £669,000 instead of £475,000, and tax £520,000 against £530,000. In the first half of 1954 profit amounted to 48 per cent of the whole year's earnings, but the depreciation charge was only 37 per cent of the year's total.

Deducting minority interests, and estimated preference dividends, equity earnings (with no adjustment for Profits Tax) appear to be at the rate of 45 per cent a year on the capital as increased by the 50 per cent scrip issue of last June: that was almost the same rate as for 1954. The 5s. shares stand at 21s. 3d. The 1955 distribution remains an unknown quantity, but the price clearly discounts further growth.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices (Dec. 29, 1950=100) Aug. 31, 1954	May 31, 1955	June 28, 1955	July 26, 1955	Aug. 30, 1955	Average Yields (per cent) Aug. 31, 1954	May 31, 1955	June 28, 1955	July 26, 1955	Aug. 30, 1955
2½% *Consols*	96·8	84·9	83·8	80·8	77·8	3·65	4·17	4·22	4·38	4·55
Debenture stocks :										
Industrial	91·1	84·4	83·3	82·2	78·5	4·52	4·88	4·94	5·00	5·24
Investment trust	92·8	87·8	86·9	84·7	81·3	4·45	4·70	4·75	4·88	5·08
Preference stocks :										
Industrial	94·1	89·6	87·4	85·4	81·8	4·83	5·08	5·22	5·34	5·57
Investment trust	92·7	84·5	83·3	81·9	78·7	4·76	5·21	5·29	5·38	5·60
Ordinary stocks :										
Banks	107·9	108·0	110·0	104·1	97·5	4·17	4·40	4·32	4·58	4·88
Industrial insurance	127·8	136·9	145·8	151·2	139·7	4·72	4·64	4·36	4·21	4·62
Investment trust	179·5	216·0	247·7	256·0	232·8	4·42	4·33	3·91	3·82	4·22
Electrical engineering	140·6	159·0	168·5	174·9	159·7	4·51	4·62	4·36	4·26	4·68
Engineering	161·8	192·7	211·3	207·1	184·2	4·18	4·15	3·83	3·95	4·45
Motors and aircraft	169·6	193·0	212·4	214·5	197·7	4·70	4·14	3·81	3·72	4·06
Breweries	118·6	118·7	116·4	112·6	109·7	6·10	6·24	6·40	6·61	6·75
Chain stores	221·4	272·3	290·3	280·1	261·6	3·41	3·64	3·41	3·54	3·79
Cotton textiles	121·9	113·5	118·0	115·9	106·9	7·19	7·92	7·74	7·88	8·51
Household goods	154·8	159·1	161·6	158·1	148·1	4·75	5·82	5·73	5·85	6·24
Rayon	78·3	73·2	78·9	75·4	70·6	6·18	7·71	7·42	7·82	8·39
Tobacco	99·3	85·9	81·5	82·3	81·4	6·47	6·35	6·73	6·65	6·73
Wool textiles	120·1	120·3	129·3	123·9	115·8	5·68	6·30	5·92	6·41	7·10
Chemicals	180·8	210·6	238·3	239·6	218·4	4·05	4·16	3·80	3·78	4·13
Oil	162·2	200·0	220·1	252·8	235·2	6·27	5·87	5·33	4·67	4·97
Shipping	137·4	158·9	166·6	175·0	162·6	5·43	5·29	5·06	4·86	5·30
Total (capital goods)	*154·7*	*180·6*	*194·7*	*196·6*	*178·7*	*4·75*	*4·53*	*4·26*	*4·24*	*4·67*
Total (consumption goods)	*134·8*	*136·7*	*139·5*	*137·4*	*130·1*	*5·41*	*5·76*	*5·73*	*5·84*	*6·15*
Total industrial (all classes)	**144·4**	**156·9**	**165·9**	**168·0**	**156·4**	**5·20**	**5·29**	**5·10**	**5·07**	**5·45**

LONDON STOCK EXCHANGE

Next Account begins: September 21st
Next Contango Day: September 21st
Next Settlement Day: September 27th

UNDER the influence of favourable export figures and strength on Wall Street (Dow Jones Industrial index on September 14th touched a record point since its inception), the improvement in markets noted last week has, in the main, continued with business a little brisker.

Gilt-edged have shown a steady rise with better demand. Gains have ranged up to 1½ points with War 3½ per cent improving from 75⅜ to 76⅝, Funding 3 per cent 1966/68 from 79½ to 81 and Savings 3 per cent 60/70 from 78 to 79½. Victory 4 per cent Bonds have risen from 91⅞ to 94⅛ after attention had been drawn to the Treasury's acceptance of the bonds at par in payment of death duties.

The announcement of the P & O debenture issue for their tanker project depressed shipping shares at first but subsequently an improvement has been seen with P & O and Furness Withy both gaining 1s. 10½d. to 34s. 10½d. and 45s. 6d. respectively. Shipbuilding shares have recorded some sharp rises with William Doxford 3s. 9d. up at 60s. 7½d.

Helped by better beer output figures brewery shares firmed up, most issues being 6d. to 1s. better.

Lack of interest slowed up the rise in Foreign Bonds and most of the recent gains have been lost. A feature in this market has been Czech 6 per cent 1922 which moved up from 87 to 91½.

Numerous increases have taken place among industrials, though by Thursday the advance was losing impetus, Borax improved 3s. 6d. to 142s. 9d. and English China Clay 4s. 6d. to 78s. Steetly have been a firm market at 21⅜ on the news of a rights issue of 1 for 2 at 43s. Murphy Radio on the other hand fell 1s. 4½d. on the news of their rights issue of 3 for 10 at 13s.

Good demand developed for Rubbers on the strength of the commodity, but copper shares and oils lost ground after the firm showing at the close last week and Kaffirs after initial firmness were mainly lower.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
Sept. 7	194·3	98·65	4·48	5·61
„ 8	195·7	98·55	4·49	4·97
„ 9	196·3	98·50	4·51	4·96
„ 12	197·6	98·97	4·48	4·92
„ 13	198·9	99·31	4·46	4·89
„ 14	199·6	99·44	4·46	4·87
1955, High	233·9 (July 21)	115·97 (Jan. 7)	Total bargains 1955	
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	Sept. 7	8,928
			„ 8	8,636
			„ 9	8,467
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 12	10,686
			„ 13	9,391
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 14	9,735

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Sept. 14 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 7, 1955	Price, Sept. 14, 1955	Net Yield, Sept. 14, 1955 § £ s. d.	Gross Yield, Sept. 14, 1955 £ s. d.
100 8/16	96 3/4	Funding 2¾% '52-57	97 1/16	97 3/32	3 2 6	4 9 10 l
100 1/2	97 7/8	War Bonds 2½% '54-56	98 3/32	98 1/32	3 6 4	4 9 11 l
100 11/16	93	War Loan 3% '55-59	93 1/4	93 1/4	3 9 6	4 15 6 l
100 3/32	99 3/4	Serial Funding 3% 1955	99/15/6	99/16/3	0 2 9	4 1 0
100 1/2	96 1/32	Serial Funding 2½% 1957	96 1/16	96 3/32	3 0 3	4 3 0
99 17/32	91 3/32	Conv. 2% 1958-59	91 13/32	91 5/8	3 16 0	4 14 10 l
97 3/4	89 15/16	Exchequer 2% 1960	89 3/32	89 1/8	3 16 7	4 15 1
104 1/4	92 3/4	Exchequer 3% 1960	93 3/32	93 1/8	3 7 9	4 14 7
100 11/16	83 1/2	Savings Bonds 3% '55-65	84	84 3/4	3 11 8	5 0 0 l
100 3/8	86 7/8	Funding 2½% '56-61	87*	87 1/4*	3 17 0	4 19 6 l
97	78 1/2	Funding 3% '59-69	78 1/2	79 3/4*	3 12 3	5 1 1 l
103 7/16	90 1/2	Funding 4% '60-90	90 3/4	91 7/8	4 9 5	6 8 8 e
96 3/8	77 1/2	Savings Bonds 3% '60-70	78	79 1/2	3 10 1	4 19 5 l
102 3/8	87 3/4	Exchequer 3% '62-63	87 3/4	88 1/4	3 10 9	4 19 4 l
99 9/16	82 3/8	Exchequer 2½% '63-64	82 7/8	83 1/4	3 15 10	5 0 7 l
95 1/16	77 1/16	Savings Bonds 2½% '64-67	78	79 1/8	3 14 6	4 19 11 l
94 1/16	75 1/2	Savings Bonds 3% '65-75	75 3/4	77 1/2	3 5 8	4 15 8 l
105 1/8	91 1/2	Victory 4% '20-76	91 3/8	94 1/2	2 18 2	4 13 9 †
98 1/4	78 1/2	Funding 3% '66-68	79 3/8	81 1/4	3 11 9	5 1 0 l
103	83 7/8	Conv. 3½% 1969	84 1/2	84 13/16	3 8 6	5 1 6
98 3/4	80 1/2	Treas. 3½% '77-80	80 1/2	81 1/4	3 2 9	4 17 6 l
99 9/16	80	Treas. 3½% '79-81	80 3/8	81	3 2 2	4 16 6 l
88 1/4	68 5/8	Redemption 3% '86-96	69 1/4*	70 1/8*	2 19 5	4 12 0 l
95 11/16	78 3/4	Funding 3½% 1999-2004	79 1/2	79 7/8	2 15 8	4 11 3 l
97 7/8	82 3/4	Consols 4% aft. Feb. '57	83 1/2	84 1/4	2 14 10	4 15 8 f
88 9/16	74 1/16	War L'n. 3½% aft. Dec. '52	75 1/2	76 3/8	2 13 1	4 12 11 f
89 11/16	72 5/8	Conv. 3½% aft. April '61	74*	74 13/16*	2 13 9	4 13 5 f
78 1/2	63 1/4	Treas. 3% aft. April '66	64 1/4*	65 1/4*	2 12 10	4 11 9 f
66 3/4	54 3/4	Consols 2½%	55 3/4*	56*	2 11 3	4 9 1 f
66 5/8	54	Treas. 2½% aft. April '75	54 7/8*	55 1/4*	2 12 0	4 10 4 f
99 1/2	97 1/2	Br. Elec. 4½% '67-69	97 9/16	97 1/2	2 15 10	4 14 4 l
94 13/16	75 3/4	Br. Elec. 3% '68-73	76 3/4*	77 1/4*	3 8 4	4 17 11 l
93 13/16	75	Br. Elec. 3% '74-77	75 1/4*	76 3/8*	3 5 3	4 15 5 l
109 1/16	90	Br. Elec. 4½% '74-79	90 1/4*	91*	2 19 4	4 17 8 l
98 13/16	80 3/4	Br. Elec. 3½% '76-79	81	81 3/4	3 2 8	4 17 6 l
105 3/8	88 15/16	Br. Gas 4% '69-72	89 1/4	89 1/2	3 2 5	4 19 3 l
102 1/2	82 1/4	Br. Gas 3½% '69-71	83 1/4*	83 3/4	3 6 9	4 19 10 l
88 7/16	71	Br. Gas 3% '90-95	71 1/2	72 3/4	2 18 4	4 11 1 l
94 13/16	76	Br. Trans. 3% '68-73	76 3/8*	77 3/4*	3 8 4	4 17 11 l
105 1/16	87 3/4	Br. Trans. 4% '72-77	87 7/8	88 3/8	3 1 2	4 18 9 l
88 7/16	70 3/4	Br. Trans. 3% '78-88	71 3/8	72 3/4	3 1 4	4 13 4 l

(e) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend. † Assumed average life approx. 12 years. § Less tax at 8s. 6d. in £.

Prices 1954 High	Low	Prices 1955 Jan 1 to Sept. 14 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Sept. 7, 1955	Price, Sept. 14, 1955	Yield, Sept. 14, 1955 £ s. d.
97 7/8	90 1/2	94 3/8	79	Aust. 3½% '65-69	80 1/2	80 1/2	5 5 3 l
101 7/8	97 1/4	101 3/4	87	Ceylon 4% '73-75	88 1/2	88 1/2	4 18 2 l
106 3/4	98 1/2	103 3/4	87 5/16	N. Zealand 4% '76-78	89 1/2	88 3/4	4 17 0 l
79 3/4	71 3/4	75 5/8	61	L.C.C. 3% aft. 1920	62 1/2	64 7/8	4 12 6
99 3/4	95	99	83	Liverpool 3% '54-64	84 1/2	84 1/2	5 1 0 l
87 3/4	80 1/2	84	65	M. Wtr. 'B' 3% '34-2003	66 1/2	67 1/2	4 14 0 l
104 1/4	100	102 1/4	94 3/4	Agric. Mort. 5% '59-89	96 1/2	96 1/2	5 4 4 l
109 3/8	71 1/2	122 3/4	91	German 7%	116	114 1/2	...
168 1/2	102	213	149	German 5½%	205	202	...
171	132 3/4	211	160	Japan 5% 1907	209	207 1/2	...
198 1/4	167	254	190	Japan 5½% Conv 1930	253 1/2	251	...

Prices, 1955 Jan. 1 to Sept. 14 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Sept. 7, 1955	Price, Sept. 14, 1955	Yield, Sept. 14, 1955 £ s. d.
		%	%		BANKS & DISCOUNT			
58/7½	48/-	7	b	5	a Barclays £1	49/-	49/-	4 18 0
76/7½	58/-	15	c	6	a Lloyds 'A' £5, £1 pd.	58/6	59/-	5 1 8
89/3	72/-	18	c	9	a Midland £1, fully pd.	76/6	76/6	4 14 1
87/-	69/9	18	c	9	a N. Prov. 'B' £5, £1 pd.	70/-	71/-	5 1 5
96/10½	78/6	8	b	8	a Westmstr 'B' £4, £1¼ pd.	80/-	80/6	4 19 5
69/-	44/-	8¾	b	3¾	a Alexanders £1	46/6	46/6	5 7 6
58/6	45/-	7	b	5	a Nat. Disc. 'B' £1	45/6	46/-	5 4 4
60/-	47/6	12½	c	6¼	a Union Disc. £1	47/6	50/6	4 19 0
40/1½	32/-	4	b	4	a Barc. (D.C.O.) £1	33/-	33/-	4 0 10 s
51/9	41/-	7½	b	7¼	a Chart. Bk. of India £1	41/6	42/-	7 2 10
					INSURANCE			
21¾	14¼	50	a	110	b Leg. & Gen. £1 5/- pd.	18½	19¼	2 1 1
28	20¼	45	† b	20	† a Pearl £1, fully pd.	23*	23¼*	4 16 2
55¼	41¼	112½	† c	117½	† c Prudential 'A' £1	46½	47½	4 6 0
					BREWERIES ETC.			
141/-	118/-	33	b	10	a Bass £1	120/-	121/3	7 1 11
34/9	22/-	10	a	10½	b Distillers 6/8	25/3	26/3	4 3 10 h
49/6	40/3	15	b	8	a Guinness 10/-	41/3	42/6	5 8 3
93/9	68/-	7	a	14	b Whitbread 'A' Ord. £1	68/9	73/9	5 13 11

Prices 1955 Jan. 1 to Sept. 14 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Sept. 7, 1955	Price, Sept. 14, 1955	Yield, Sept. 14, 1955 £ s. d.
					STEEL & ENGINEERING			
46/6	35/9	17½	c	4	a B.S.A. £1	39/-	40/-	4 7 6 l
13/10½	10/-	10¾	b	3¼	a Cammell Laird 5/-	11/6	12/6	5 12 0
39/3	27/-	...		3	a Colvilles £1	32/6	34/-	5 5 11
36/7½	23/-	...		8	c Dorman Long £1	31/6	34/-	4 14 1
54/-	31/2½	5	a	15	b Guest Keen N'fold £1	44/-	49/-	4 1 8
79/9	42/-	12½	c	5	a Stewarts & Lloyds £1	67/6	71/3	3 10 2
47/-	27/6	6¾	b	4	a Summers (John) £1	39/6	40/6	4 18 9
50/-	28/6	6	b	4	a United Steel £1	42/-	43/6	4 11 11
47/10½	35/9	2¼	a	6	b Vickers £1	38/-	39/6	4 6 1
					TEXTILES			
30/4½	20/9	6	b	4	a Bradford Dyers £1	21/3	22/-	9 1 10
35/-	25/-	3	a	7	b Brit. Celanese £1	26/6	27/6	7 5 5
29/6	23/-	2¼	a	6½	b Coats (J. & P.) £1	23/9	25/-	7 0 0
55/3	35/-	4	a	6	b Courtaulds £1	44/-	46/9	4 5 7
34/1½	24/9	7½	b	5	a Lancs. Cotton £1	25/6	27/3	9 3 6
36/0¾	28/-	2¼	a	10	b Patons & Baldwins £1	29/6	30/6	8 3 11
					MOTOR & AIRCRAFT			
22/11½	17/4½	3¼	a	6½	b Bristol Aeroplane 10/-	21/6	21/9	4 11 11
15/9¾	9/10½	8½	b	4	a British Motor 5/-	11/-	11/3	5 11 1
27/10½	21/3	7½	c	Nil	c De Havilland £1	24/-	24/6	Nil
60/-	37/-	5	a	10	b Ford Motor £1	46/3	48/3	3 2 9
70/9	43/1½	7½	b	5	a Hawker Siddeley £1	55/10½	57/-	4 7 9
52/9	33/6	25	c	30	c Leyland Motors £1	42/6	42/6	4 14 1
133/1½	71/3	5	a	12½	b Rolls Royce £1	116/3	116/3	3 0 2
12/3¾	6/10½	12	c	12	c Standard Motor 5/-	11/-	11/-	5 9 1
					SHOPS & STORES			
21/7½	12/6	17½	b	3	a Boots Pure Drug 5/-	18/6*	19/-*	3 12 4
47/6	36/9	7¼	a	20	b Debenhams 10/-	42/-	42/9	6 8 8
62/6	43/9	15	a	45	b Gt. Universal 5/-	46/-*	48/-*	6 5 [illegible]
114/-	93/1½	5	a	17½	b Lyons (J.) 'A' £1	95/-	95/-	4 14 9
76/-	58/6	15	a	30	b Marks & Spen. 'A' 5/-	66/-	68/6	3 5 9
71/9	55/3	36¾	b	20	a Woolworth 5/-	60/3	61/-	4 1 11
					OIL			
139/-	68/6	5	a	14	b British Petroleum £1	117/6	118/9	2 10 6
93/5½	50/-	7½	a	13½	b Burmah £1	77/6	79/4½	2 12 11
£64	£50¾	6	a	10	b Royal Dutch 100 fl.	£62	£63½	2 7 0
158/9	109/9	5	† a	10	† b Shell Reg. £1	136/3	140/7½	3 14 0
44/6	26/9	15	† b	5	† a Trinidad L'holds 5/-	38/3	41/3	4 4 4
					SHIPPING			
37/3	25/6	5	a	7	b Cunard £1	27/-	27/6	7 5 5
61/-	45/-	12	c	14	c Furness Withy £1	45/6	47/-	5 19 2
38/6	27/6	3	a	13	b P. & O. Def. £1	31/6	35/-	4 11 5
					MISCELLANEOUS			
97/6	61/3	14	c	2¼	a Assoc. Elect. £1	86/3	86/3	3 4 11
135/-	88/9	5	a	15	b Assoc. Port. Cem. £1	110/-	111/3	3 11 11
111/6	67/-	7½	a	15	b Bowater Paper £1	95/7½	101/3	3 11 5
56/3	44/1½	2½	a	7½	b B.I.C.C. £1	45/-	46/-	4 6 11
58/3	35/6	4	a	8	b Brit. Aluminium £1	49/6	51/6	4 13 [illegible]
61/3	47/10½	15	† c	10	† a Brit. Amer. Tob. 10/-	55/-	56/-	4 13 [illegible]
$64½	$51¾	3	b	3	a Canadian Pacific $25	$62½	$63	4 6 [illegible]
48/9	31/4½	41⅜	b	14 1/16	a Decca Record 4/-	38/9	41/3	3 12 [illegible]
33/4½	25/9	4	a	10	b Dunlop Rubber 10/-	26/-	27/-	5 3 [illegible]
87/3	54/1½	8½	b	4	a English Elect. £1	77/6	77/6	3 4 [illegible]
81/-	51/3	4½	a	9½	b General Elect. £1	66/3	66/3	4 4 [illegible]
61/6	38/3	4	a	6	b Imp. Chemical £1	51/3	51/9	3 17 [illegible]
65/10½	57/9	12½	b	8½	a Imp. Tobacco £1	60/-	61/-	6 17 [illegible]
$157¾	$105½	$2·90	c	$1·75	a Inter. Nickel n.p.v.	$154¾	$153	3 8 [illegible]
77/-	57/6	7½	a	10	b London Brick £1	63/9	64/6	5 8 [illegible]
38/6	26/-	15¾	b	6¾	a Monsanto Chemicals 5/-	29/-*	29/-*	3 17 [illegible]
81/3	60/3	3¼	a	14½	b Tate & Lyle £1	72/6	73/1½	4 8 [illegible]
109/6	72/6	10	b	10	a Tube Investments £1	92/6	98/9	4 1 [illegible]
118/6	95/6	17½	b	5	a Turner & Newall £1	104/4½	105/7½	4 5 [illegible]
100/6	69/3	6	a	9¾	b Unilever £1	96/-	93/9	3 7 [illegible]
44/1½	33/9	7½	† b	7	† b United Molasses 10/-	36/-	37/-	5 19 [illegible]
49/9	34/-	2½	† a	27½	† b Cons. Tea & Lands £1	40/-	40/9	25 12 [illegible]
3/4½	1/10½	10	c	15	c London Asiatic Rbr. 2/-	2/7½	3/-	10 0 [illegible]
63/6	38/9	7½	a	20	b United Sua Betong £1	56/10½	59/4½	9 5 [illegible]
					MINES			
9 25/32	7 31/32	20	a	50	b Anglo-Amer. 10/-	9 7/16	9 11/16	3 12 [illegible]
143/3	106/10½	80	a	120	b De Beers 5/- Bearer	133/9	136/3	7 6 11
126/3	78/9	...		...	Free State Geduld 5/-	90/-	90/-	Nil
70/9	51/7½	10	b	10	a Randfontein £1	58/9	56/10½	7 0 [illegible]
10/3	6/8¼	24	c	28	c London Tin 4/-	10/-	9/11½	11 5 [illegible]
49¾	31½	200	b	50	a Rhokana £1	48	46¾	5 6 11

New York Closing Prices

	Sept. 7 $	Sept. 14 $		Sept. 7 $	Sept. 14 $		Sept. 7 $	Sept. 14 $
Balt. & Ohio	52	51¾	Am. Smelting	54¾	54½	Inter. Paper	110	111
Can. Pac.	35	34⅝	Am. Viscose	68⅝	64¾	Nat. Distill.	21⅛	20
N.Y. Cent.	48	46¼	Ccl. of Am.	23½	23¾	Sears Roebuck	100⅝	109
Pennsyl.	28¾	28	Chrysler	85¾	89½	Shell	61⅜	61
Amer. Tel.	176½*	179¾	Gen. Elec.	54¼	53¾	Std. Oil of N.J.	136½	139
Stand. Gas	10½	11	Gen. Motors	129¾	139	U.S. Steel	58⅛	65
United Corp.	6⅝	6½	Goodyear	62⅛	62⅝	Westinghouse	67⅛	59
W. Union Tel.	23¾	22¾	Inter. Nickel	86½	84¾	Woolworth	50¼	51

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 16·1%. (h) On 16½%. (i) On 10½%. (j) On 15%. (l) To latest date. (m) On 10%. (n) On 8%. (o) On 9%. (p) On 8¾%. (q) Yield basis 22·10% gross. (r) On 37½%. (s) On 6¾%. (t) On 13¾%. (u) Dividend for 15 months. On 18%. (v) On 7½%. (x) On 12½%.

Statistics

The following list shows the most recent date on which each statistical page appeared.

British		Overseas	
Prices and Wages	Sept. 3rd	Western Europe Production and Trade	Sept. 3rd
Production and Consumption	Sept. 10th	British Commonwealth	Sept. 10th
Manpower	This week	Western Europe Prices and Money Supply	This week
External Trade	Aug. 27th	United States	Aug. 27th
Financial Statistics	This week		
Industrial Profits	July 23rd		
World Trade	July 23rd		

Manpower in Great Britain

	Unit	Monthly averages 1952	1953	1954	1954 June	July	Aug.	1955 May	June	July	Aug.
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,294	23,373	23,667	23,667	23,717	23,824	23,870	23,875	23,923	...
Men	"	15,864	15,883	15,974	15,974	15,989	16,041	16,066	16,064	16,084	...
Women	"	7,430	7,490	7,693	7,693	7,728	7,783	7,804	7,811	7,839	...
Armed Forces	"	872	865	839	839	835	836	811	803	798	...
Civil employment:											
Total	"	22,119	22,238	22,604	22,604	22,657	22,753	22,873	22,896	22,945	...
Agriculture, forestry and fishing	"	1,112	1,087	1,074	1,074	1,084	1,095	1,047	1,052	1,062	...
Mining and quarrying	"	875	877	867	867	866	866	866	864	862	...
Building and contracting	"	1,435	1,437	1,453	1,453	1,456	1,456	1,457	1,466	1,475	...
Distributive trades	"	2,616	2,664	2,743	2,743	2,752	2,769	2,787	2,793	2,802	...
Public administration	"	1,336	1,320	1,326	1,326	1,323	1,320	1,314	1,315	1,315	...
Manufacturing industries	"	8,626	8,746	8,976	8,976	8,995	9,059	9,233	9,222	9,228	...
CHANGES IN EMPLOYMENT (1)											
Increase or decrease since June, 1950:											
Employees in engineering (2)	"	+ 212	+ 213	+ 338	+ 338	+ 339	+ 373	+ 537	+ 536	...	...
" " consumer goods industries (3)	"	− 126	− 8	+ 59	+ 59	+ 73	+ 91	+ 69	+ 60	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	414·2	342·0	284·8	239·5	220·1	239·6	223·6	210·5	184·9	199·7
" " —men	"	227·8	218·2	184·4	156·0	143·6	156·6	136·2	130·3	116·7	124·8
" " —women	"	186·4	123·8	100·4	83·5	76·5	83·0	87·4	80·2	68·2	74·9
Temporary or under 2 weeks—men	"	87·8	68·7	58·0	47·4	44·0	50·3	47·5	49·7	39·5	45·9
" " —women	"	94·7	43·9	36·4	27·6	28·2	33·7	38·0	38·7	30·0	37·8
Over 8 weeks—men	"	85·9	96·7	81·7	74·2	70·2	68·8	63·1	55·4	54·0	51·7
" " —women	"	50·2	46·3	37·1	34·3	31·2	27·2	29·8	25·2	23·9	20·5
By industry (4):											
Textiles	%	8·6	1·4	0·9	0·9	0·9	0·8	2·2	2·3	2·0	2·0
Clothing	"	2·9	1·3	1·3	1·4	1·3	1·2	0·8	1·2	1·0	0·9
Vehicles	"	0·7	0·8	0·5	0·4	0·4	0·4	0·3	0·3	0·3	0·3
Engineering, etc.	"	1·4	1·4	1·1	1·0	0·9	0·9	0·7	0·8	0·6	0·6
Coal-mining	"	0·2	0·2	0·2	0·2	0·2	0·2	0·2	0·1	0·1	0·1
Distributive trades	"	1·5	1·5	1·3	1·1	1·0	1·0	1·0	0·8	0·7	0·8
By regions (4):											
Great Britain	"	2·0	1·6	1·3	1·1	1·0	1·1	1·0	1·0	0·9	0·9
London and South Eastern	"	1·3	1·2	1·0	0·8	0·7	0·7	0·7	0·6	0·5	0·5
Eastern	"	1·3	1·3	1·2	0·9	0·8	0·9	0·8	0·7	0·6	0·7
Southern	"	1·4	1·4	1·1	0·8	0·8	0·8	0·8	0·7	0·6	0·7
South Western	"	1·5	1·6	1·5	1·1	0·9	1·1	1·1	0·9	0·8	0·8
Midland	"	0·9	1·1	0·6	0·5	0·5	0·6	0·5	0·5	0·4	0·5
North Midland	"	1·0	0·7	0·6	0·5	0·5	0·5	0·5	0·5	0·4	0·5
East and West Ridings	"	1·9	1·2	0·9	0·8	0·7	0·8	0·7	0·7	0·6	0·7
North Western	"	3·6	2·1	1·5	1·3	1·2	1·4	1·4	1·4	1·3	1·3
Northern	"	2·6	2·4	2·2	2·0	1·8	2·0	1·7	1·6	1·3	1·5
Scotland	"	3·3	3·1	2·8	2·4	2·3	2·4	2·2	2·2	2·1	2·0
Wales	"	2·9	3·0	2·5	2·1	2·1	2·1	1·7	1·6	1·4	1·6
VACANCIES											
Unfilled vacancies notified to Employment Exchanges:											
Total	'000s	230	270	338	353	383	356	426	443	460*	...
Men	"	131	147	191	189	208	198	239	247	255*	...
Women	"	99	123	147	164	175	158	187	196	205*	...
DISPUTES (5)											
Workers involved	"	35	114	37	19	15	22	203	33	16	...
Working days lost:											
Total	"	149	182	205	69	80	67	885	1,332	88	...
Mining and quarrying	"	55	33	39	29	9	26	574	17	29	...
Engineering, etc.	"	66	127	62	20	48	7	23	5	4	...
Other industries and services	"	28	22	104	20	23	34	288	1,310	55	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding and electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) United Kingdom. (6) Figures relate to June 29; those shown for the previous month relate to June 1.

Prices and Money Supply in Western Europe

WHOLESALE PRICES [1] (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	31	25	44	6	51	0·4	43	2	36	55	52	21
1953	239	107	134	155	111	173	129	96	134	152	139	107
1954	250	105	134	152	110	194	126	97	136	154	139	117
1955, March	258	107	138	151	112	199	...	98	136	153	142	122
„ April	258	107	138	151	112	200	...	98	136	153	143	121
„ May	255	107	138	153	112	205	...	98	136	154	143	...
„ June	262	108	137	149	112	207	...	96	136	154	144	...
„ July	264	...	138	149	...	...	...	...	...	156	146	...

COST OF LIVING [1] (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	31	27	60	6	64	0·4	55	2	49	63	65	29
1953	205	106	123	144	108	160	126	117	131	136	130	113
1954	213	107	124	143	108	184	126	120	137	142	131	123
1955, March	215	107	...	145	109	191	...	121	140	142	132	126
„ April	211	106	129	145	109	191	...	122	138	142	133	127
„ May	206	105	...	146	109	194	128	124	139	143	133	...
„ June	212	106	...	145	109	196	...	124	...	143	133	...
„ July	214	107	130	143	...	...	...	...	...	...	...	...

IMPORT PRICES [2] (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	27 [6]	27	40	7	39	...	39	2	24	32	45	21
1953	270	119	119	168	106	...	121	102	117	125	139	89
1954	258	114	115	166	102	...	122	101	111	122	139	92
1955, February	256	115	117 [8]	161 [8]	102	...	127	101	114	124	139 [8]	91
„ March	252	114			104	...	128	103	113	127		80
„ April	261	113	...	...	105	...	129	103	113	122	139	...
„ May	256	...	...	...	105	...	128	102	115	121		...
„ June	252	...	...	...	107	...	129	...	...	129		...

EXPORT PRICES [2] (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	33 [6]	25	40	6	51	...	37	2	25	32	42	24
1953	239	105	110	147	123	...	127	97	104	119	132	110
1954	237	99	109	140	118	...	125	101	99	118	130	107
1955, February	239	100	109 [8]	136 [8]	118	...	130	100	97	126	134 [8]	120
„ March	240	100			120	...	130	100	100	121		122
„ April	247	101	...	...	118	...	130	100	98	125	...	...
„ May	246	103	...	...	119	...	132	117	97	127	133	...
„ June	246	...	...	...	120	...	132	...	...	124		...

CURRENCY IN CIRCULATION [3]

End of period	Austria '000 mn. schillings	Belgium '000 mn. francs	Denmark mn. kroner	France '000 mn. francs	Germany, F.R. '000 mn. D. marks	Greece '000 mn. drachmas	Ireland mn. £	Italy '000 mn. lire	Nether-lands mn. guilders	Norway mn. kroner	Sweden mn. kroner	Turkey mn. £T.
1938	...	23·6	425	112	...	...	...	19	1,048	455	1·04	21
1953	10·25	105·9	2,032	2,310	11·98	3,503	54·6 [7]	1,424	3,440	3,002	4·90	1,46
1954	11·98	106·7	2,054	2,551	12·78	3·47 [5]	46·8 [7]	1,533	3,728	3,187	5·16	1,52
1955, February	11·73	106·8	1,939	2,548	12·71	3·70	50·2 [7]	1,436	3,676	2,983	4·87	1,62
„ March	...	107·6	1,939	2,584	12·88	3·77	52·6 [7]	1,434	3,705	3,029	4·84	1,62
„ April	...	108·1	1,921	2,579	13·10	4·04	57·1 [7]	1,422	3,796	3,008	4·94	1,66
„ May	...	...	1,893	2,572	13·16	3·87	56·1 [7]	1,420	3,802	2,947	4·84	1,65
„ June	...	...	...	2,630	...	3·89	52·8 [7]	...	...	...	4·98	1,68

GOLD AND FOREIGN EXCHANGE HOLDINGS [4] (mn. US Dollars)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
1938	...	780	76·7	2,784	...	26·8	59	201	1,003	128·3	512	34
1953	271·4	1,090	166·8	956	1,984	10·5	234	952	1,161	138·3	425	212
1954	371·9	1,046	143·4	1,369	2,682	10·8	260	1,041	1,276	122·8	385	206
1955, April	346·8	1,114	133·0	...	2,771	10·9	250	...	1,264	107·1	339	210
„ May	340·8	1,104	126·7	...	2,817	10·9	247	...	1,272	96·3	339	208
„ June	338·4	1,077	122·7	...	2,869	10·8	242	...	1,270	106·8	350	206
„ July	345·7	1,083	133·0	...	...	10·9	242	...	...	...	...	...
„ August	347·0	...	...	...	...	...	...	...	...	...	...	...

(1) Relates only to prices in capital cities for Austria, France, Greece and Turkey. Cost of living in Paris based on 1949=100, and wholesale prices in Western Germany on July-December, 1948=100. (2) Index numbers of unit value which compare the current average value of trade with its value in 1948; they are influenced by changes in the composition of trade as well as price movements. Index numbers for Germany based on 1950. (3) Notes only for France and Austria; figures for Turkey include currency holdings of Other Banks. (4) Holdings of the government and central bank at end of period; figures for Greece are gold reserves only. (5) Beginning May, 1954, a new drachma equal to 1,000 old drachmas was introduced. (6) 1937. (7) New series excluding currency holdings of banks other than the central bank. (8) Average for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended September 10th there was an "above-line" deficit (after allowing for Sinking Funds) of £34,736,000 compared with a deficit of £16,476,000 in the previous week and a deficit of £23,555,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £12,291,000, bringing the total cumulative deficit to £455,682,000 (£334,778,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to Sept. 11, 1954	April 1, 1955 to Sept. 10, 1955	Week ended Sept. 11, 1954	Week ended Sept. 10, 1955
Ord. Revenue					
Income Tax	1877,400	430,467	437,449	9,535	10,843
Sur-tax	136,000	29,400	26,600	800	600
Death Duties	185,000	83,200	83,000	3,600	2,600
Stamps	74,000	30,900	33,600	1,500	1,700
Profits Tax & EPT	180,000	73,000	80,700	1,800	4,000
Excess Profits Levy	25,000	40,800	12,500	1,900	300
Special Contribution and other Inland Revenue	1,000	630	250	...	...
Total Inland Rev.	2478,400	688,397	674,099	19,135	20,043
Customs	1131,700	495,652	502,309	21,475	23,039
Excise	796,050	340,505	374,200	4,590	4,670
Total Customs and Excise	1927,750	836,157	876,509	26,065	27,709
Motor Duties	80,000	14,761	17,323	223	260
PO (Net Receipts)	...	8,700	6,350	550	250
Broadcast Licences	25,000	5,750	7,200	...	...
Sundry Loans	24,000	19,652	22,352	10,494	8,692
Miscellaneous	175,000	61,719	35,530	662	1,511
Total	**4710,150**	**1635,136**	**1639,363**	**57,129**	**58,465**
Ord. Expenditure					
Debt Interest	600,000	261,174	284,015	3,939	6,434
Payments to N. Ireland Exchequer	53,000	20,625	23,926	1,747	2,008
Other Cons. Fund	10,000	4,195	5,193	...	9
Supply Services	3862,875	1485,323	1486,119	74,590	83,800
Total	**4525,875**	**1771,317**	**1799,253**	**80,186**	**92,251**
Sinking Funds	36,000	17,052	16,381	499	950
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure	**153,233**	**176,272**	**23,555**	**34,736**	
	181,545	279,410	177	12,291	
Total Surplus or Deficit	— **334,778**	— **455,682**	— **23,732**	— **47,027**	
Net Receipts from:					
Tax Reserve Certificates	179,805	50,729	1,775	−1614	
Savings Certificates	5,900	13,900	700	1,000	
Defence Bonds	− 7,752	− 1,968	− 66	− 852	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Sept. 11	3,270·0	1,611·2	270·5	...	5,151·7
1955					
June 11	3,240·0	1,903·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
„ 16	3,260·0	2,020·8	293·8	...	5,573·7
„ 23	3,270·0	2,019·6	286·1	...	5,575·7
„ 30	3,280·0	2,049·0	265·5	...	5,594·6
Aug. 6	3,300·0	1,999·1	272·1	...	5,571·2
„ 13	3,310·0	1,969·5	298·3	...	5,577·8
„ 20	3,320·0	2,027·8	257·8	...	5,605·6
„ 27	3,350·0	2,008·7	249·7	...	5,608·4
Sept. 3	3,380·0	1,998·5	265·0	...	5,643·5
„ 10	3,420·0	2,023·3	249·9	...	5,693·3

THE MONEY MARKET

The discount market was in the Bank through the first three days of this week. The Bank had on each occasion given a fair amount of help through special purchases. At the weekend, credit had been abundant following the receipts by the banks of proceeds from the £80 million call on the Electricity loan on Friday.

The market maintained its bid unchanged at the Treasury bill tender, at £99 19s. 8d. per cent; the average rate of discount rose by nearly 1d. to £4 1s. 4.67d. per cent. The offer had been raised by £10 million to £300 million, but the Treasury "cut the top" off the tender and allotted only £290 million. As applications rose by £18.2 million to £381.1 million, the market's allotment fell from 70 to 64 per cent.

All twelve reserve banks in the United States have now raised their re-discount rates to 2¼ per cent. The Treasury bill rate in New York has, however, fallen this week, from 2.134 to 2.104 per cent.

Prices in the London gold market have been depressed in the past week; some Soviet selling is reported. Although the spot sterling rate rose only from $2.78 9/16 on Thursday last to $2.78⅜ on Thursday of this week, the gold price dropped by 3¾d. to 251s. 0¾d. a fine ounce. That is its lowest since mid-June, and brings the London dollar parity fractionally below the United States buying price of $35 an ounce.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4⅛–4⅜
Banks	2½	3 months	4⅛–4 3/16
Discount houses	2½*	4 months	4 3/16–4 5/16
		6 months	4¼–4⅜
Money Day-to-day	2½–4½	Fine trade bills:	
Short periods	2½–4½	3 months	4½–5½
Treas. bills 2 months	4 5/32	4 months	5–5½
3 months	4 3/32	6 months	5⅛–6

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954 Sept. 15	1955 Sept. 7	1955 Sept. 14
Issue Department:*			
Notes in circulation	1,642·6	1,781·0	1,775·7
Notes in banking dept.	32·7	19·3	24·6
Govt. debt and securities*	1,671·2	1,796·3	1,796·3
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	17·6	10·4	12·4
Treasury special account	3·6	2·7	2·6
Bankers	280·4	253·3	257·2
Others	66·0	65·8	66·1
Total	367·6	332·2	338·3
Securities:			
Government	321·6	286·5	277·5
Discounts and advances	14·7	25·5	35·1
Other	14·8	17·0	17·2
Total	351·1	329·0	329·8
Banking department reserve	35·0	21·7	27·1
"Proportion"	% 9·5	% 6·5	% 8·0

* Government debt is £11,015.100, capital £14,553,000. Fiduciary issue reduced to £1,800 million from £1,825 million on September 7th, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
Sept. 10	270·0	397·8	270·0	32	10·75	55
1955						
June 10	260·0	378·6	260·0	79	7·53	53
„ 17	260·0	365·6	260·0	79	5·17	65
„ 24	270·0	380·5	270·0	79	4·53	58
July 1	290·0	383·8	290·0	79	4·87	67
„ 8	280·0	403·8	280·0	79	4·60	56
„ 15	260·0	383·4	260·0	79	4·88	55
„ 22	240·0	361·4	240·0	79	4·98	55
„ 29	240·0	344·2	240·0	79	5·08	60
Aug. 5	240·0	350·8	240·0	80	0·42	56
„ 12	240·0	350·4	240·0	80	1·13	58
„ 19	270·0	380·1	270·0	80	1·28	62
„ 26	280·0	388·4	280·0	80	1·10	61
Sept. 2	290·0	362·9	290·0	81	3·78	70
„ 9	300·0	381·1	290·0	81	4·67	64

*On Sept. 9th tenders for 91 day bills at £98 19s. 8d. secured about 64 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £290 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates September 14	Market Rates: Spot September 8	September 9	September 10	September 12	September 13	September 14
United States $	2·78–2·82	2·78½–2·78⅝	2·78½–2·78⅝	2·78½–2·78⅝	2·78½–2·78⅝	2·78 9/16–2·78 11/16	2·78⅝–2·78⅞
Canadian $	...	2·74 11/16–2·74 13/16	2·74½–2·74⅝	2·75–2·75¼	2·75 1/16–2·75 3/16	2·75 1/16–2·75 3/16	2·75 1/16–2·75 3/16
French Fr.	972·65–987·35	972⅝–973⅛	972½–973	972½–973	972½–973	973–973¼	973–973¼
Swiss Fr.	12·15 1/16–12·33 1/16	12·15⅜–12·15⅝	12·15⅜–12·15⅝	12·15⅜–12·15⅝	12·15⅜–12·15⅝	12·15⅝–12·16	12·15⅝–12·16⅛
Belgian Fr.	138·95–141·05	138·95–139·00	138·95–139·00	138·95–139·00	138·97½–139·00	139·02½–139·05	139·00–139·05
Dutch Gld.	10·56–10·72	10·56⅛–10·56⅜	10·56⅛–10·56⅜	10·56⅛–10·56⅜	10·56⅛–10·56⅜	10·56⅝–10·57	10·57–10·57⅛
W. Ger. D-Mk.	11·67 3/16–11·84 13/16	11·67⅛–11·67⅜	11·67⅛–11·67⅜	11·67⅛–11·67⅜	11·67⅛–11·67⅜	11·68–11·68¼	11·68–11·68¼
Portuguese Esc.	79·90–81·10	79·90–80·05	79·90–80·05	79·90–80·05	79·90–80·05	79·90–80·05	79·90–80·05
Italian Lire	1736⅜–1762⅞	1737–1737½	1737–1737½	1737–1737½	1737–1737½	1737½–1738½	1737½–1738
Swedish Kr.	14·37⅞–14·59⅞	14·38⅛–14·38½	14·38⅛–14·38½	14·38⅛–14·38½	14·38⅛–14·38½	14·38⅛–14·38½	14·39⅛–14·39⅜
Danish Kr.	19·19½–19·48½	19·33½–19·33¾	19·33½–19·33¾	19·33½–19·33¾	19·32½–19·33¼	19·32½–19·33¼	19·33–19·33½
Norwegian Kr.	19·85–20·15	19·99⅜–19·99⅝	19·99⅜–19·99⅝	19·99⅜–19·99⅝	19·99⅜–19·99⅝	19·99½–19·99¾	19·99¼–19·99½
One Month Forward Rates							
United States $		11/16–9/16 c. pm	11/16–9/16 c. pm	11/16–9/16 c. pm	11/16–9/16 c. pm	⅝–⅜ c. pm	⅝–⅜ c. pm
Canadian $		11/16–9/16 c. pm	11/16–9/16 c. pm	11/16–9/16 c. pm	11/16–9/16 c. pm	⅝–⅜ c. pm	⅝–⅜ c. pm
French Fr.		1 pm–par	1 pm–par	1 pm–par	1 pm–par	1 pm–par	1 pm–par
Swiss Fr.		3⅛–3⅛ c. pm	3⅛–3⅛ c. pm	3⅛–3⅛ c. pm	3⅛–3⅛ c. pm	3⅛–3⅛ c. pm	3⅛–3⅛ c. pm
Belgian Fr.		⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm	7/16–5/16 pm	½–¼ pm
Dutch Gld.		3⅛–2⅞ c. pm	3⅛–2⅞ c. pm	3⅛–3 c. pm	3⅛–3 c. pm	3⅛–3 c. pm	3⅛–3 c. pm
W. Ger. D-Mk.		3⅛–3⅛ pf. pm	3⅛–3⅛ pf. pm	3⅛–3 pf. pm	3⅛–3⅛ pf. pm	3⅛–2⅞ pf. pm	3⅛–2⅞ pf. pm
Italian Lire		2 pm–par	2 pm–par	3 pm–par	5–2 pm	3–par	3–par
Swedish Kr.		2–1⅛ ö pm	2⅛–1⅛ ö pm	2⅛–1⅛ ö pm	2⅛–1⅛ ö pm	2⅛–1⅛ ö pm	2⅛–1⅛ ö pm
Danish Kr.		1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis
Norwegian Kr.		1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis	1⅛ pm–1⅛ dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/4¾	251/4½	...	251/3½	251/1½	251/0½

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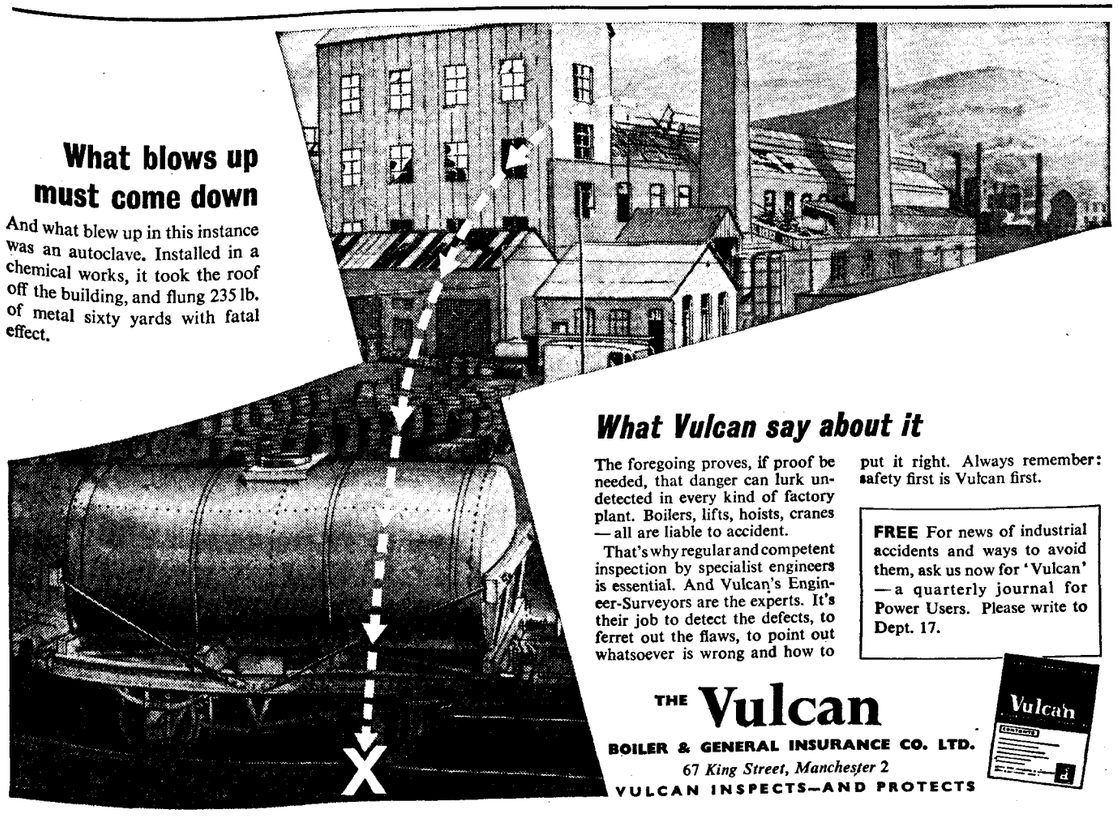
What blows up must come down

And what blew up in this instance was an autoclave. Installed in a chemical works, it took the roof off the building, and flung 235 lb. of metal sixty yards with fatal effect.



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COMPANY MEETINGS

PINCHIN, JOHNSON & ASSOCIATES, LIMITED

RECORD GROUP SALES AND PROFITS

CONTINUED EXPANSION AT HOME AND OVERSEAS

MR G. R. T. TAYLOR'S STATEMENT

The Annual General Meeting of Pinchin, Johnson & Associates, Limited was held on September 14th at the Connaught Rooms, Kingsway, W.C.2. The following is the Statement of the Chairman Mr G. R. T. Taylor, circulated with the Report and Accounts for the year ended March 31, 1955:

ACCOUNTS

The Net Profit of the Parent Company for the year ending March 31, 1955, at £1,308,539 is a record in the Company's history, comparing with £1,144,327 for the previous year. The Consolidated Net Profits also reached record figures being £1,902,580 for 1954-55 against £1,624,572 for 1953-54. The amount applicable to the Parent Company, after deduction of tax, is £659,313, an increase of £108,133 over 1953-54. I am sure you will agree that the improved figures are a satisfactory result of the year's efforts.

From the summary set out in the Directors' Report you will note that the Subsidiary Companies, all of whom operate overseas, again retained in their own accounts a substantial proportion of their earnings. The majority of these companies are progressively increasing their sales and it is your Directors' policy to encourage them, within reasonable limits, to finance capital expenditure and provide further working capital from their own resources. It may therefore be advisable for the Subsidiary Companies to maintain or increase in future years the proportion of future profits utilised in their respective undertakings. Despite the retentions, as the Balance Sheet reveals, your Company invested during the past year approximately £153,000 additional permanent capital in Subsidiary Companies whilst amounts due from such companies, the major part of which is on loan, increased from £144,263 to £635,969. It is probable that the bulk of the sum due to the Parent Company will ultimately be capitalised.

The further investments in, and loans granted to, Subsidiary Companies mainly accounted for the substantial reduction in your Company's holdings of cash and corporation short term loans. These assets at March 31, 1955, totalled £940,308 compared with £1,611,591 at March 31, 1954.

The Consolidated Balance Sheet records substantial increases in fixed assets. Land and Buildings increased from £2,110,014 to £2,380,740, whilst Machinery, Plant, etc., £840,139 at the end of the previous year, increased to £967,680. Large expenditures under these headings were incurred, especially by the Australian Group, in providing the additional manufacturing facilities necessary to meet the heavy demand for our products. The sustained progress of the Group necessitated holding a greater volume of stock, amounting to a total of £4,615,670 compared with £4,031,695 at the end of the previous year.

Shareholders' Funds further increased, being £8,527,727 at March 31, 1955, compared with £8,278,501 at March 31, 1954.

Your Directors have transferred £100,000 to General Reserve and recommend the payment of a Final Ordinary Dividend of 17½ per cent, less tax, making a total of 25 per cent, less tax, for the year.

REVIEW OF HOME AND OVERSEAS ACTIVITIES

The record profits for the year were attained in a period during which competition in our Industry remained keen. The volume and value of sales, at home and abroad, materially increased over 1953-54.

Your Company and its Subsidiaries benefited during the past year by the high level of productive activity experienced in the United Kingdom and certain overseas markets. I am of the opinion, however, that a further contributory reason for the increased sales volume was the greater popularity of our Industrial and Decorative Finishes.

The new plant for the manufacture of Synthetic Resins, recently completed in our Birmingham Factory, is in full operation. It is anticipated that the installation of the plant in the new building at the Silvertown Factory, required to augment further our production of Synthetic Resins, Varnish and Media, will be completed and come into operation during the next few months. Our order load is at present at a very satisfactory level. The increase in our productive capacity already attained and the further increases coming forward from these and other extensions will, I am confident, enable your Company to deal effectively not only with present demand but with any additional sales which we can envisage.

In my Statement last year I mentioned that Taubmans Industries Limited, the Australian Company, were in course of erecting a self-contained factory at Sunshine, Victoria, and I am happy to report that this extensive Works, standing on a site of about fourteen acres, has been completed and was opened on March 31st last. It is now actively engaged in producing in its modern plant a large volume of Surface Coatings for industry, housing and commerce.

Taubmans Industries Limited, and certain other overseas companies of the Group, again reported record sales and net profits.

As from August 1, 1954, your Company acquired a shareholding in The Crescent Paint, Colour and Varnish Works Limited, Lahore, Pakistan, and entered into an Agreement with that Company to make available to them technical information, etc. We expect the Pakistan company to develop in the future and consider the association will ultimately bring additional benefits to Shareholders.

CAPITALISATION OF RESERVES

Your Directors' proposals to capitalise and apply a portion of the balance standing to the credit of the Share Premium Account are set out in a separate document. The proposals, if effected, will increase the Authorised Capital to £5 million and the Issued Capital to £4,744,700 of which £3,944,700 will be represented by Ordinary Shares of ten shillings each. The Extraordinary General Meeting called to pass the necessary Resolutions will follow the Annual Ordinary General Meeting.

EMPLOYEE RELATIONSHIP

It is the constant aim of your Directors to maintain good relations between the Company and its employees; every endeavour is made, within practical limits, of training personnel according to their aptitude and the requirements of the business so that they are fitted to fill more responsible positions when they arise.

Many public references have been made in recent months advocating forms of profit sharing and I thought you would like to know our own position relating to this matter.

We have for many years past made substantial annual payments in providing employees with death and disablement benefits and in contributing to staff pensions. Furthermore, it has been your Company's practice for a period of years to pay employees a bonus as an annual addition to wages and salaries, the payment and amount depending on the prosperity of the Company.

Additionally, your Directors now have under consideration the introduction in the United Kingdom of an Operatives Contributory Pension Scheme which it is hoped to commence as from May 1, 1956. It is believed that these incentives will contribute to the harmonious relations which have existed for many years between the Company and its employees.

I consider that this policy is in the interests of Shareholders and will meet with their approval.

CONCLUSION

The Parent Company and the Group have maintained their progress during the past year and this reaffirms my confidence in your Company's future prosperity.

I am sure you will join me in extending our thanks to the Management, members of the Staff and all other Workers throughout the world for their untiring efforts and loyal service.

The Report and Accounts were adopted. At a subsequent Extraordinary General Meeting the Board's Capitalisation Scrip Issue and Increase of Capital proposals were approved.

JOHN BROWN AND COMPANY LIMITED

Engineers and Shipbuilders

PROGRESS OF HOME AND OVERSEAS ENTERPRISES

RISING COSTS & INDUSTRIAL UNREST VIEWED WITH GRAVE MISGIVING

LORD ABERCONWAY'S REVIEW OF DIVERSIFIED ACTIVITIES

THE NINETY-FIRST ANNUAL GENERAL MEETING of John Brown and Company, Limited, was held on September 9th, at 4 The Sanctuary, Westminster, London, S.W.

THE RIGHT HON. LORD ABERCONWAY, the Chairman, presided.

The following is his statement, circulated with the report and accounts for the year ended March 31, 1955 :

Since the close of the year the Board of the Company has been strengthened by the appointment as a director of Lord Clitheroe, PC, better known until the latest Honours List as Mr Ralph Assheton. His knowledge and experience, of both public and business affairs, will be of great help, and the Company is fortunate to have acquired his services.

Trading Results

The trading profits for the year show an increase, so that the balance on the Consolidated Trading Account, at £2,512,163, is higher than that of the previous year by £311,502. Taxation, despite the reduction in the standard rate of income tax and the introduction of the Investment Allowances, requires the provision of no less than £1,299,988. There has been set aside for depreciation £528,112 ; this item increases annually, is some £150,000 more than was set aside two years previously, and is a measure of the capital expenditure, ranking for depreciation, incurred by the subsidiary companies in recent years in maintaining up-to-date manufacturing equipment.

After making these deductions, and after crediting investment income and effecting other sundry adjustments, the Consolidated Profit for the year is £926,230, an increase over the previous year of £155,620.

Your directors recommend to the Annual Meeting a final Ordinary dividend, free of tax, of 11d. per unit of stock, making for the year a total of 1s. 2d. This is an increase of 2d. over what the previous year's dividend would have represented upon the recently increased capital. The profits of subsidiaries brought by way of dividends into the Company's own Profit and Loss Account cover the Ordinary and Preference dividends, and the amount carried forward in the Company's Profit and Loss Account is increased by £121,770 : the balance of profit left with the subsidiary companies to augment their resources amounts to £301,431.

This policy of building up the resources of the subsidiary companies, by leaving in their Profit and Loss Accounts part of their net earnings, has had the effect, over a period, of increasing considerably the value of the shareholders' interests in those companies. The value, however, at which the shares in those subsidiary companies stand in the Balance Sheet of John Brown & Company has remained unaltered, except to the extent to which John Brown & Company has invested further capital in those subsidiaries.

The unification during the year of the two former Preference Stock issues of the Company, and the capitalisation of part of the reserves of the Company, have provided a capital structure more appropriate to current needs and conditions.

Consolidated Balance Sheet

The Consolidated Balance Sheet shows increasing strength, but calls for little further comment, except that the Clydebank company sold during the year, fortunately before the fall in gilt-edged values, some £500,000 of Government Stock, for the purpose of financing current contracts. This transaction is reflected in the reduced figure of British Government Securities in the Consolidated Balance Sheet, and accounts largely for the reduction in income from Investments in British Government Securities shown in the Consolidated Profit and Loss Account.

During the year further amounts, totalling £408,528, were received on account of compensation for the nationalised Colliery assets of the Company and its wholly owned subsidiary, Dalton Main Collieries, Ltd., which is, of course, in voluntary liquidation. On June 15, 1955, the final balances of compensation, amounting to £76,901, were paid. The total Colliery compensation received by the Company and its subsidiary is £2,232,742, and except for the collection of interest on compensation and sundry minor receipts all coal nationalisation matters are now completed.

Your directors were glad to see that so many stockholders of the Company availed themselves of the right to subscribe for shares in Thos. Firth and John Brown Ltd. when that company was de-nationalised. In arranging that individual stockholders should receive this right to re-invest in that company rather than that John Brown & Company itself should do so, your directors considered that they were acting in the best interests of the Company and its stockholders.

Shipbuilding

The shipyard and engine works of John Brown & Co. (Clydebank) Ltd. continue to be fully employed. The tonnage output has been appreciably increased, following the general improvement in supplies of steel and other raw materials. Among notable ships completed during the year were the S.S. "Saxonia," built for the Cunard Steam-Ship Company's Canadian service ; the S.S. " British Soldier," a 32,000-ton deadweight tanker, for the British Tanker Co., Ltd. ; and the M.V. " Essex," built for the Federal Steam Navigation Company. The improvement in shipbuilding prospects since the last quarter of 1954 has continued and several desirable contracts have been secured. We are gratified at having been entrusted by the Cunard Steam-Ship Company with the building of the third and fourth passenger ships in their current production programme : the first two, S.S. " Saxonia " and S.S. " Ivernia," both built at Clydebank, are already sailing in the Canadian service. Work at Clydebank on Water Turbines and Gas Turbines has continued to expand, although considerable development work on the latter still remains to be done. Good progress has been made with the schemes of modernisation and re-equipment of plant, and this should keep Clydebank well fitted to undertake speedily and economically any large projects of the future.

Land Boilers

John Brown Land Boilers Limited was established as a separate entity on April 1, 1954, having previously operated as a Division of the Clydebank Company. Stockholders will recall that the Company entered the business of boiler construction at the instance of the British Electricity Authority, as it then was. In its Whitecrook works at Clydebank John Brown Land Boilers Limited possesses plant and equipment capable of making a much larger proportion of a modern boiler than is perhaps general in the trade. Three boilers at Carrington Power Station, each of 360,000 lb per hour capacity, are well advanced ; two should be completed during the current year, and the third shortly after. The land boiler company has also on hand orders for fourteen boilers, each of 550,000 lb per hour, for the 1958-61 programme of the Central Electricity Authority, and this number includes the complete installation for the new Belvedere Power Station in the London Division. Two stoker-fired boilers for the North of Scotland Hydro-Electric Board are in course of construction, and several orders for steam plant for industrial customers and for local authorities have been obtained in South Africa. The technical and design staff is being further built up and future prospects seem good.

Machine Tools

Wickman Limited is the largest specialised manufacturer in Great Britain of multi-spindle automatic lathes, and its machines have made a notable contribution to greater productivity in many fields of engineering. The need to make the most effective use of labour imposes even more forcibly on many industries the necessity for re-equipment with faster running and more productive plant. Consequently Wickman's order book is greater than at any previous period, and it is satisfactory to note that the demand for high-performance machines comes not only from the home market but also from continental countries and the Dominions. Apart from the inherent merits of the machines themselves, the skill and knowledge of Wickman's technicians and staff in designing and making the tooling and equipment for special applications enables customers to make the best possible use of the resources of the machines. This is, of course, applicable equally to the many high production machines for which Wickman acts as distributor and agent. Wickman's hard metal business is keeping pace with the increased demands for specially fast-cutting tools needed by improved and faster-running machine tools.

Webster & Bennett Limited still enjoys a heavy demand for its boring and turning mills. These specialist machines, robust and accurate, are among the finest of their class, and represent to the buyer excellent value for money. Electronic copying devices, fitted for some purposes, have proved very successful, resulting in further orders being received. The export market continues satisfactory.

Other UK Engineering Activities

Firth Brown Tools Limited has traded successfully ; demand for its products increased notably in the second half of the year, and this increase has since continued. Export business remains highly competitive in price and delivery, and is much hampered by licence procedures. A new Research Laboratory opened during the year is contributing to the development of new tools, new materials from which to make them, and new techniques ; and is thus helping to maintain the pre-eminent reputation for quality and service enjoyed by Firth Brown Tools over its wide range of products.

The output of Cravens Limited, both in the total number of carriages and wagons and in value, was the highest ever recorded. Cravens has been entrusted by the British Transport Commission, under their new programme of modernisation, with substantial contracts, one of which is for diesel railcars. Orders have also been secured in the export market, in almost all cases against severe competition from abroad. The value of unexecuted orders on hand at the end of the year was the greatest in Cravens' history. In furtherance of the policy of providing improved manufacturing facilities, new plant and equipment have been installed, and the productive capacity and efficiency of the works have been thereby increased.

Markham & Company Limited, at Chesterfield, continues to be busily employed on its varied range of engineering products, and enjoys a satisfactory order book. For the National Coal Board much new equipment has been installed and many repairs effected. Shortage of technical staff and skilled operatives remains one of Markham's major problems.

Overseas Companies

In Canada, A. C. Wickman, Ltd., which stockholders will remember was acquired shortly after the close of the previous financial year, has shared fully in the revival of activity in the engineering supplies industry, which had been passing through a period of slackness since the virtual termination of the re-tooling programme for armaments. A. C. Wickman, Ltd., possesses an able and enthusiastic management, and handles the distribution in Canada of the products of many first-class manufacturers of machine tools and other equipment. Its plant and technique for the manufacture of tungsten carbide tools, cutting tips and rock-drilling bits are in every respect modern. This company is fully prepared to play its part in Canada in serving a growing engineering and mining industry.

Elsewhere, throughout the Dominions and in other countries, the various overseas companies, having in each case as their parent company one of the main British subsidiaries of your Company, are gradually consolidating their positions and are developing. There is insufficient space to mention them individually : some act as distributors and merchants, often representing other principals besides their parent companies, and some manufacture in addition to importing. Their executives have frequently a far from easy task, but are fulfilling a highly important role, complementary as the activities of these overseas companies are to those carried on in Great Britain.

Allied Enterprises

Your Company has, as you know, a substantial, but not a controlling, interest in various other enterprises, in the United Kingdom and elsewhere. To the principal ones among these I would refer below.

Westland Aircraft Ltd. has commenced preliminary work upon the development of a large helicopter, which has been named the " Westminster." This machine would be powered by two gas turbines and would be expected to carry five tons of useful load, or 35 passengers. The final decision to proceed with manufacture must necessarily depend on the certainty or otherwise of obtaining an adequate volume of orders. Your Company applied for and was allotted its entitlement of a capital issue for cash made by Westland Aircraft Ltd. during the year. Normalair Ltd. continues to expand its engineering staff and its experimental and manufacturing equipment ; it gives to the aviation industry a wide specialist service, which now includes the production of refrigeration turbines.

Costain-John Brown Ltd. continues to make good progress. The British group in Australia, of which it was the founder member, completed the new Western Australian refinery at Kwinana many months ahead of schedule ; and the same group has been entrusted with the construction in South Australia of the experimental rocket range at Maralinga. Costain-John Brown Ltd. has commenced work on a large pipe-line for Iran, of which the value is some £7 million, while in Britain it has been laying the grid mains for the Welsh Gas Board, successfully using for this purpose methods novel to this country. The engineering and design department is also engaged on a number of projects for the Petroleum and Chemical industry in Great Britain.

At Bulawayo, in Rhodesia, the old-established company of F. Issels & Son Ltd. has continued to trade satisfactorily. A steel foundry has been brought into operation, and a new fabricating shop is being erected. Strong competition has been experienced during the year, but F. Issels & Son is in a good position to play whatever part lies ahead in the industrial development of the Federation.

At Gwelo, Rhodesian Alloys (Pvt.) Ltd. was handicapped by the slump in world prices of ferro-chrome which persisted throughout the year. Regular deliveries of the highest quality low carbon ferro-chrome are being made to all parts of the world. Lately there are welcome signs of a revival in demand for this important raw material for stainless steel manufacture, and current prices, while still lower than before the slump, show a definite improvement ; the accumulated losses however remain.

Problem of Strikes and Cost Increases

Trading prospects for each of the enterprises in which your Company is concerned look good, so long as general economic conditions remain stable.

The effect on industry generally of continuing increases in wage rates and in the cost of fuel and materials cannot be viewed without grave misgiving. There must be added the effect upon trade of the recent railway and dock strikes, in the way of late deliveries which drive export business away from Britain, orders placed elsewhere which lets in the foreign competitor, and expensive but necessary improvisations which still further raise manufacturing costs. Strikes and cost increases, in the face of continually growing competition from abroad, are extravagances the full effect of which is too seldom appreciated.

It is sometimes said that greater managerial effort and skill could lead to greater efficiency and so offset somewhat these adverse factors. But any management worthy of the name has been unremitting in its search for methods of greater efficiency, higher output and lower cost.

The success which has attended the Company's affairs this last year has been largely due to the loyalty, diligence, and resource of the managements and staffs of the subsidiary companies, and to the careful application of their workpeople. To all of these, stockholders will wish me, on their behalf, to extend their thanks.

The report and accounts were adopted.

The other formal business having been duly transacted, the proceedings terminated with a vote of thanks to the chairman, directors and staff.

PURNELL AND SONS LIMITED

(Printers and Bookbinders)

INCREASED TURNOVER AND PROFIT

The Twenty-First Ordinary General Meeting of Purnell and Sons Limited will be held on September 29th in London.

The following is the statement by the chairman and managing director, Mr W. Harvey, which has been circulated with the report and accounts for the year ended December 31, 1954:

The Profit of the Group for the year, before providing for Taxation, is £603,962 as compared with £551,097 in 1953, an increase of £52,865. From this Profit has to be deducted Taxation £298,634 and the Interest of Minority Shareholders £3,756, leaving a balance of Profit for the year applicable to the Shareholders of Purnell and Sons Limited of £301,572, as compared with £293,554 in the previous year. To this year's Profit has to be added the balance brought forward from the previous year, less the amount capitalised and issued as Bonus Shares in accordance with the Resolution of the Extraordinary General Meeting held on October 14, 1954, of £473,806, making the amount available for allocation £775,378. Your Directors have provided for Dividends amounting to £123,259, leaving a balance to be carried forward of £652,119 which compares with £647,711 in the previous year.

It is gratifying to learn that the Group profit of the preceding year has been more than maintained in the year under review and that additional costs incurred during that year have been offset by increased turnover.

During the current year all branches of the Group have been working to capacity and I anticipate the results will be satisfactory, but I must warn the Members that a new wage agreement for the industry is being negotiated and until the terms are known it is not possible to visualise how these will affect the profits of the Group, but every endeavour will be made to meet additional labour costs by increased turnover.

Once again, I wish to pay tribute to my colleagues on the Board, all of whom give their full time to the Company, and to express my thanks to the Staff and workpeople for their services during the year under review.

ALLIED INDUSTRIAL SERVICES

OUTPUT HIGHEST RECORDED

The twenty-first annual general meeting of Allied Industrial Services Limited will be held on October 5th at Bradford.

The following are extracts from the circulated Statement of the Chairman, Mr W. H. Rhodes, CBE, for the year ended June 30, 1955:

Our output during the year, assisted by the factory extensions mentioned in last year's review, has been the highest yet recorded.

During the year we have made further additions to our main factory and plant; part of such additions are now in service and further extensions are in course of progress. These extensions are being financed out of revenue.

Following the policy of the last few years the Board has, with your approval, capitalised £200,000 of Reserves, thereby increasing the Issued Ordinary Share Capital to £1 million, which brings it more into line with the capital employed in the business. It is proposed that a Final Ordinary Dividend of 19½ per cent be paid on the present issued capital.

After making provision for Depreciation, Directors' Remuneration and Taxation on the year's profit, the net profit (including Dividends, Interests, etc., received) amounts to £308,160. To this amount should be added the sum of £84,269 in respect of taxation adjustment and repayments relating to prior years, and when the balance of last year's Profit and Loss Account of £32,530 is included there is a total of £424,959 available for allocation.

My brother, Mr F. E. Rhodes, and I retired in December last from our positions as Joint Managing Directors which we had held since the inception of the company: Mr C. Sutcliffe and Mr G. Featherstone, who have been in the service of the company for many years, were appointed Managing Directors as from January 1st this year. I remain Chairman of the Board and Mr F. E. Rhodes has been appointed Deputy Chairman.

Referring to the prospects of the year which we have now entered, so far our turnover shows an increase over that of the same period last year and providing that the basic and manufacturing industries, which we serve, retain their present high level of activity it is reasonable to anticipate that our output will be maintained.

ASPRO LIMITED

Record sales and far-reaching new developments

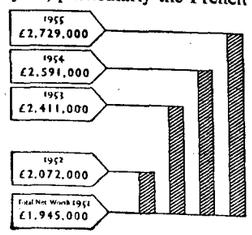
THE Annual General Meeting of Aspro Limited was held on the 12th September, 1955, at 16 Berkeley Street, London, W.1.

Features from the statement of the Chairman, Mr. M. A. Nicholas, are:—

After 20 years of trading as a limited company, Aspro Ltd. have this year attained all-time record sales, both at home and overseas. As compared with the previous year, the Group trading profit before tax rose by £70,883 to a total of £862,919.

The packaging company, Ivers-Lee (Great Britain) Ltd., have had another good year and are now leading in the unit packaging field in this country.

The overseas subsidiaries, as a whole, again had a successful trading year, particularly the French and South African Groups.



INCREASE IN THE NET WORTH OF THE PARENT COMPANY SINCE 1951.

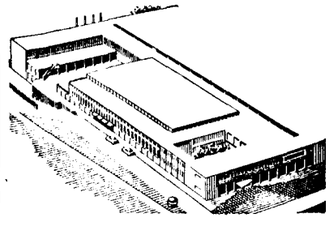
NEW DIVISIONS

This year has seen the establishment of an Agricultural and Veterinary Division which initially will sell the Sherley range of products, recently purchased from the Beecham Group. The Household Products Division has been further developed by the acquisition of Lifeguard Products Ltd., well known as the manufacturers of Lifeguard Disinfectant and Antiseptic. Also, an Ethical Pharmaceutical Division has been established to market, in the first place, two new drugs which have been developed in the laboratories of the Australian associate company, Nicholas Proprietary Limited. These are called Megimide and Daptazole and have been successfully used together in the treatment of barbiturate poisoning. As time goes on more and more ethical pharmaceutical drugs will be added to the range.

NICHOLAS INSTITUTE. It has been decided by the associate company in Melbourne to set up the Nicholas Institute for Medical and Veterinary Research so as to continue and greatly expand the researches already being carried out there. The full benefit from the results of this work will be at the disposal of Aspro Limited, Great Britain. **This access to greatly extended research facilities will assist in the introduction of a series of new products, which, when wedded to the skill and experience of the Aspro organisation, will open up wide prospects of future development.**

£1,000,000 FACTORY

This large modern factory is being built for the Aspro organisation on the Bath Road, Slough, during the next 18 months. It will have ample space to accommodate all the new ranges of products which are now being developed and manufactured.



INTERNATIONAL TEA STORES

TURNOVER REACHES NEW RECORD

The annual general meeting of The International Tea Company's Stores, Limited, will be held on October 4th in London.

The following is an extract from the Annual Review of the year ended April 30, 1955, by the Chairman, Mr Frank Wilson:

Turnover, both wholesale and retail, reached new high levels during the year now under review. Expenses continued to increase and wage advances had to be met. In spite of these increasing expenses, I am satisfied that the result showed an improvement, but for one serious turn of events early in 1955.

The outstanding feature in all our trading during the year to April 30th last was the difficult situation which arose in the tea market. The loss to our group resulting from trading in tea and the ultimate necessity for writing down the value of the tea stock had a serious effect upon the final trading profit, as that figure includes not only the profit of our own wholesale and retail outlets, but in addition that of our well-known subsidiary—Ridgways Limited. For some months the rise in the retail price of tea had not kept pace with increasing market costs, and therefore a considerable reduction in profit was suffered in all sections, and sometimes an actual loss. Furthermore, as retail prices eventually rose, so the turnover in tea declined. Although the total tea stock carried by us was reduced to the lowest possible level, it was impossible for us to avoid having on our books some stock of high costing teas on a rapidly falling market. In the end, the tea market collapsed.

The losses which our group has unfortunately suffered on tea alone more than account for the fall of £54,000 in the trading profit, as compared with the previous year. Fortunately, however, we are in the position of having recovered some portion of the tea loss by the improvements in other departments of the business.

SERVICE SECOND TO NONE

We offer to our customers a service second to none, and with the exception of two of the smaller "cash and carry" subsidiaries, we give a complete delivery service—and all the many benefits that go with those methods. We carry a very large number of controlled credit accounts and in addition we stock upwards of 4,000 lines to enable us to satisfy the varied demands of our customers. All these services are costly. There was a tendency from January, 1955, for turnover to fall slightly, chiefly in large cities and towns. This state of affairs received the most careful attention of your board, and, I am happy to say, it has recently improved considerably. On the whole, however, all retail sections of your business have done very well indeed throughout the year.

We have built up through many years a position in the trade of which we are very proud. To accomplish this we at all times require a well trained staff, with younger members following on who are keen on succeeding in the trade they have selected as a career. Generally speaking we have a splendid staff in our retail branches, most of them with many years of unbroken service since the early days when they were apprenticed to us.

Our Group Trading Profit at £1,701,410 shows a decline on last year of £53,942. We propose a final dividend at the rate of 10 per cent per annum, which will make 13¾ per cent for the year on the increased Ordinary capital.

SEAGER, EVANS AND COMPANY

(Distillers and Wine Merchants)

The fifty-seventh annual general meeting of Seager, Evans and Company Limited, was held on September 8th in London, Mr W. M. Codrington, CMG, MC (the Chairman), presiding.

The following is an extract from his circulated statement:

In the wholesale side of our trade, it is gratifying to record that each Company in the Group has increased its home trade turnover. Our export trade has also increased and includes a satisfactory expansion in the exports of Gin. The sales of Long John Whisky, both home and export, are still limited by our stocks of matured Whisky. Seager's Egg Flip continues to sell well. Seagavin Australian Wine sales show a steady upward trend. Our sales of wines generally continue to make progress, particularly French table wines.

The statement then referred to the problem of continually rising costs and continued: We are confident that our turnover can be maintained; indeed we expect that it will be increased and result in additional gross profits which will help to offset the higher costs as they arise.

Our premises and plant are in good order, we are well provided with stock and our activities embracing as they do manufacture, storage and distribution of Wines and Spirits at home and overseas are highly diversified. Moreover, the marginal spending power of the public on which we depend, at present shows no sign of decreasing.

The report was adopted.

THE UNIVERSITY OF LIVERPOOL

Applications are invited for the post of Assistant Lecturer in the Department of Economics. The initial salary will be £550 per annum, or in special circumstances £600 per annum.

Applications, stating age, academic qualifications and experience, together with the names of three referees, should be received not later than November 1, 1955, by the undersigned, from whom further particulars of the conditions of appointment may be obtained.

STANLEY DUMBELL, Registrar.

THE UNIVERSITY OF LEEDS

APPOINTMENT OF ASSISTANT BURSAR

Applications are invited for the above post, which is concerned primarily with the financial administration of the University. The initial salary will be fixed according to the successful candidate's experience and qualifications, but will not be less than £1,100 a year.

Full particulars and the conditions of the appointment may be obtained from the Registrar, The University, Leeds, 2, to whom applications (three copies), giving the names of three referees, should be submitted not later than October 22, 1955.

OLIVETTI—ITALY

ING. C. OLIVETTI & C. S.p.A. of IVREA, ITALY, have vacancies at their research and development laboratories in Italy for qualified engineers with full experience in digital computers. Candidates, aged up to 40, must have a solid scientific and technical background and be keenly interested in all matters relating to electronic calculators. They should be capable of taking an active and creative part in the design of control units for data processing computers. In arriving at the starting salary, consideration will be given to experience in this specialised field and to previous career. Renewable two-year contracts are offered.—Write, giving full details of education and previous experience, to the Personnel Manager, Ing. C. Olivetti & C. S.p.A., Ivrea, Italy. Replies should reach the advertiser not later than September 30th and will be dealt with by October 15th.

ABBOTT LABORATORIES LIMITED, manufacturers of fine pharmaceuticals, have a position vacant in their Production Department at their factory in the North-East of England. Candidates should possess a first or second class honours degree in Chemistry or Chemical Engineering, age about 30, and should have some years' practical experience in production at least at junior management level. The position will initially be that of Assistant to Production Manager, but a candidate will be sought who has the capabilities of rapidly acquiring greater responsibility. —Applications, in own handwriting, giving full details of career to date, should be made to Production Manager, c/o Abbott Laboratories Limited, 3 Wadworth Road, Perivale, Greenford, Middlesex.

THE FOOD AND AGRICULTURE ORGANIZATION of the United Nations requires for its headquarters Fisheries Economics Branch in Rome an Applied Economist, preferably with experience related to the fishing industry, to assist with programme of improving institutions and services in fish production and marketing, and with economic appraisal of fishery development projects. Work involves collecting and presenting information; preparing material for studies, handbooks and reports; facilitating international exchange of information; assisting in organizing technical assistance projects. Desired qualifications include university degree in economics, experience in applied economics work, administrative ability, skill in report writing, excellent command of English (other languages valuable). This advertisement is directed primarily to overseas readers, since proportional representation of staff makes selection of a United Kingdom candidate unlikely. Salary equivalent USA $6,000, rising to $8,000 (tax free).—Fuller particulars and application forms from Personnel Branch, FAO, Rome, Italy. Replies to be received there by October 12, 1955.

B.SC.(ECONOMICS) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE provides postal tuition for the above Degree (obtainable without residence), which is a valuable qualification for executive appointments in commerce or industry, government or municipal posts. The College, founded 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas, G.C.E., etc., free from Registrar, 60 Burlington House, Cambridge.

MARKETING RESEARCH. A well-known industrial company invites applications to fill an appointment involving responsibility for that part of the marketing research function concerned with consumer and retailer research. A good honours degree in Economics with statistics is an essential qualification. Candidates must have extensive knowledge and experience of the techniques of sampling and the organisation and control of consumer surveys. This is a senior post giving ample scope for experimentation in new methods and the imaginative development of existing techniques. A starting salary of the order of £1,250 is envisaged: the appointment will carry pension rights.—Box 202.

U.S. Foreign Exchange House with several branches in U.S., Canada and South America, requires ambitious young men, to be trained as Currency Specialists for executive positions. Banking background preferred. Applicants interviewed in London —Send full details. Box 177.

NEW ZEALAND MARKET

A well-established, keen and experienced importing firm with first-class trade credentials and offices in Auckland, Wellington and Christchurch desires to expand its activities. We seek exclusive agencies from manufacturers. Can we discuss the sale of your product in New Zealand? References Bank of New South Wales, London. Write direct to Mair and Co. (Importers), Ltd., P.O. Box 1477, Christchurch, N.Z.

THE B.Sc.(ECON.) DEGREE of London University is open to all, without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations at reasonable fees. More than 1,000 Wolsey Hall Students have passed London B.Sc.(Econ) (Final) exams. since 1925.—Prospectus from C. D. Parker, M.A., LL.D., Director of Studies, Dept. P17, WOLSEY HALL, OXFORD.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited. Dept 99, Lenham, Maidstone, Kent. Harrietsham 381

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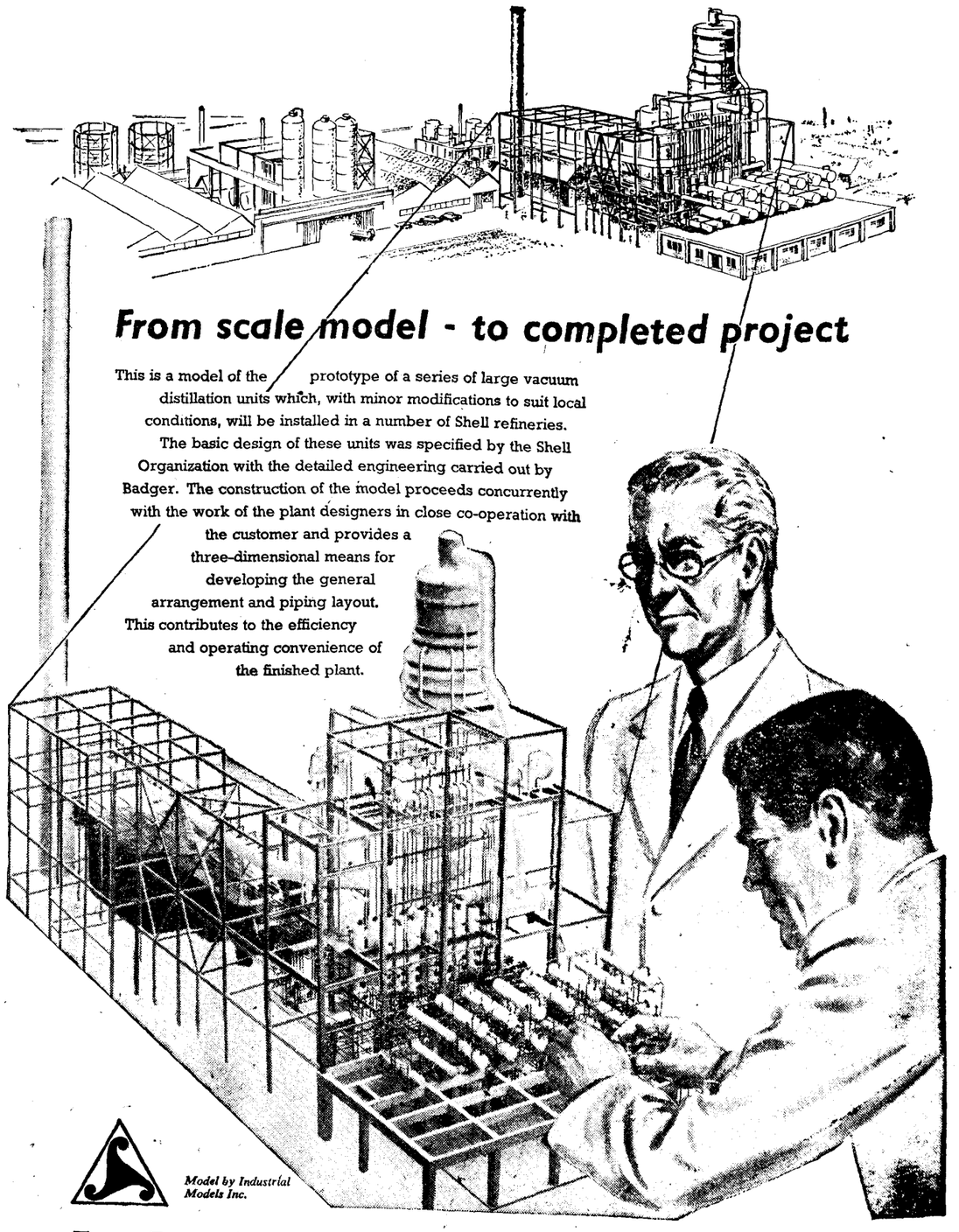

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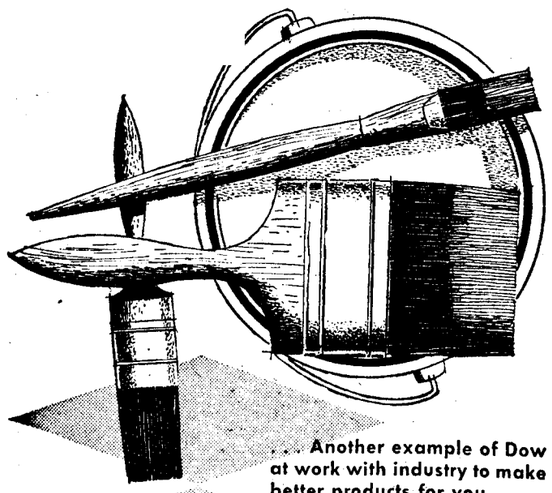

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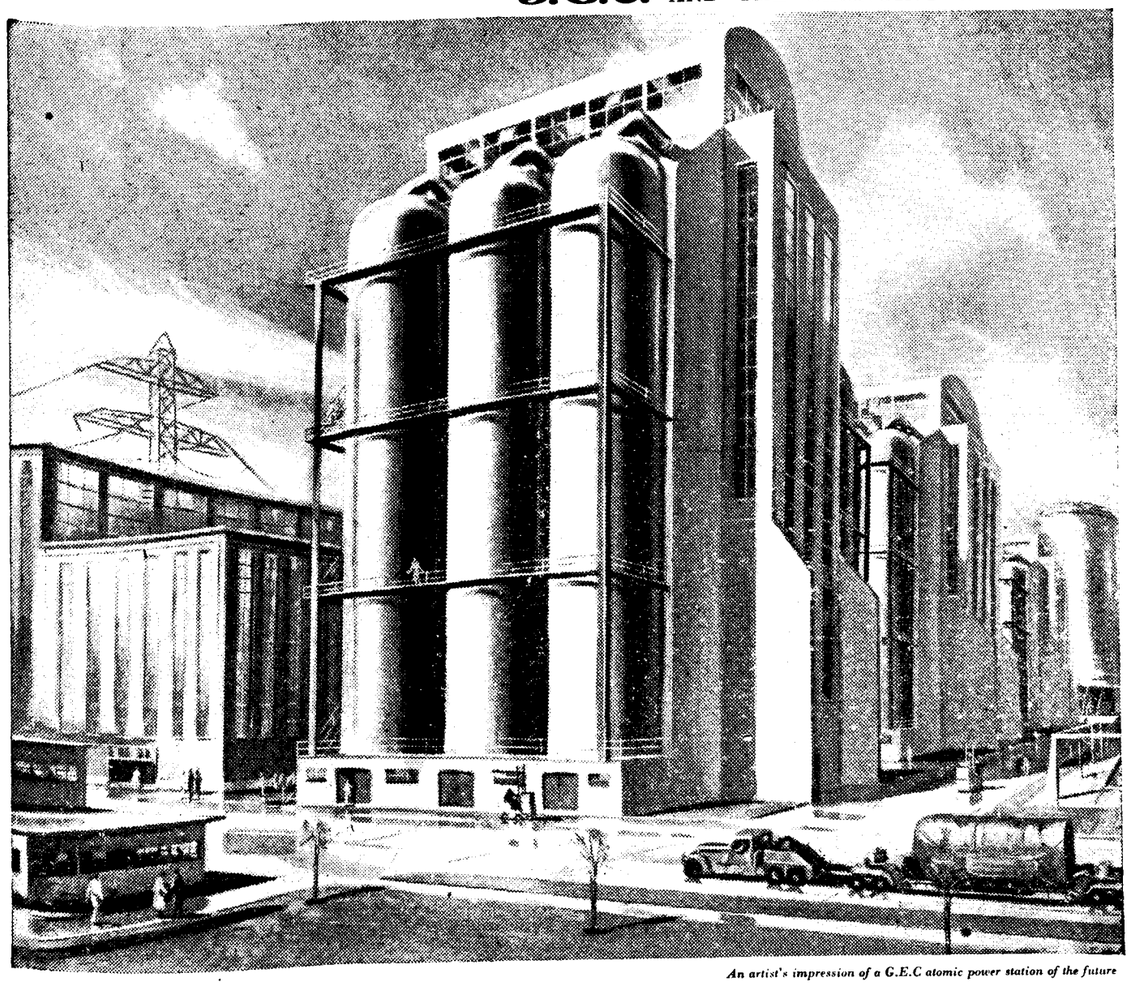

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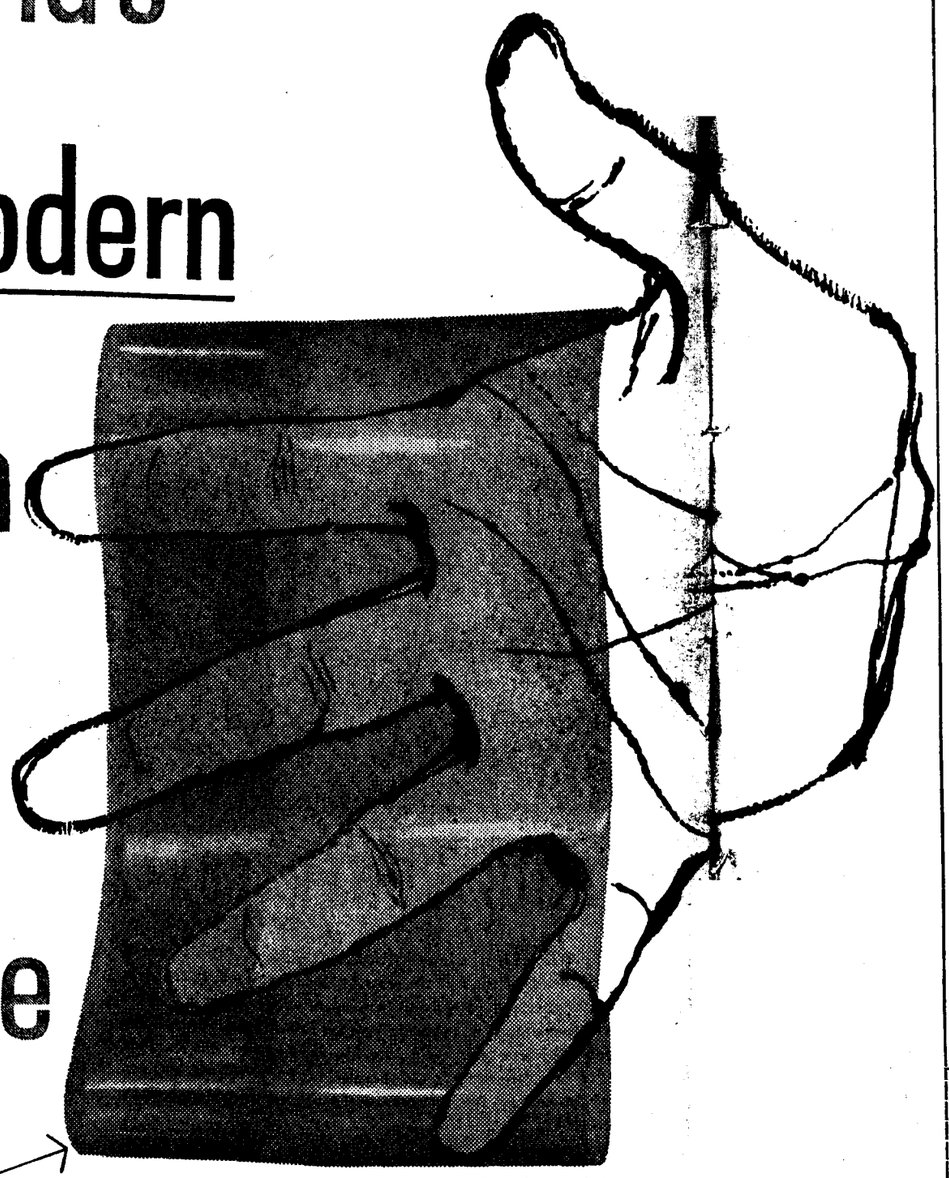

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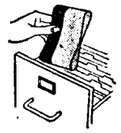

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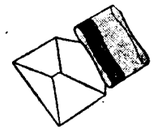

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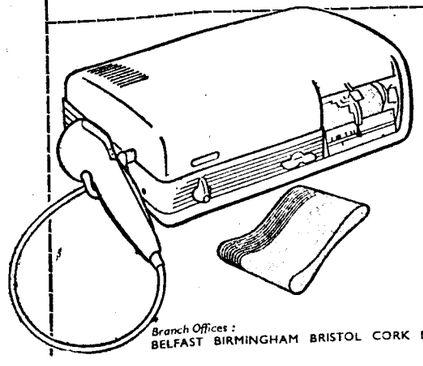

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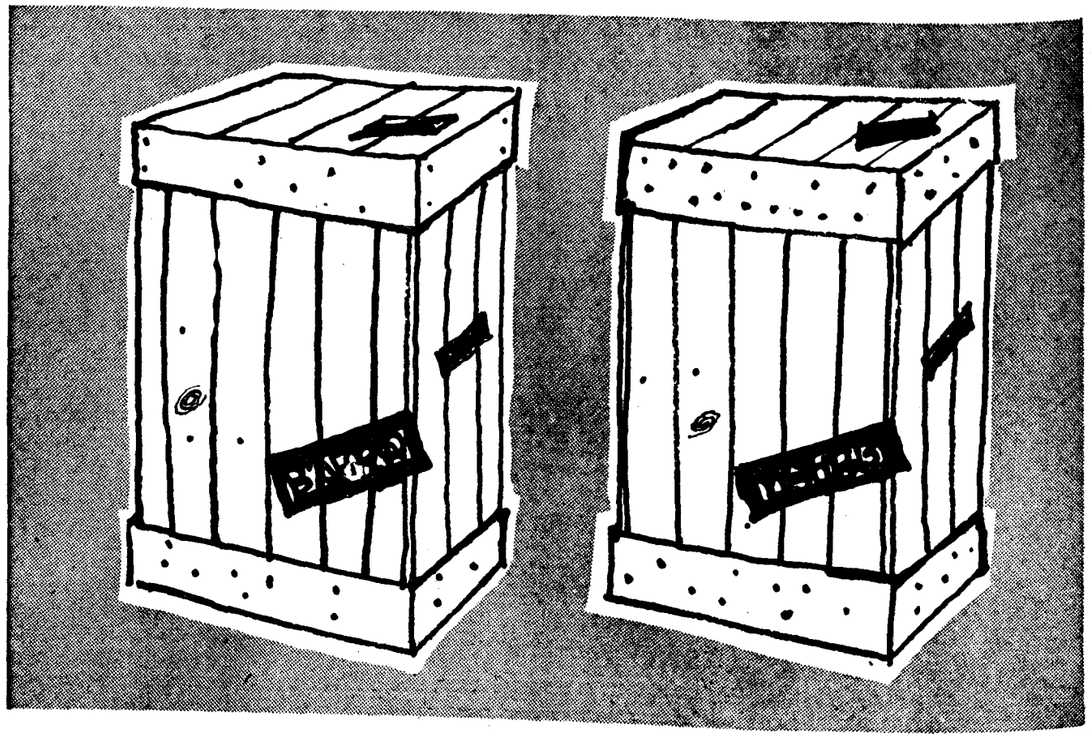

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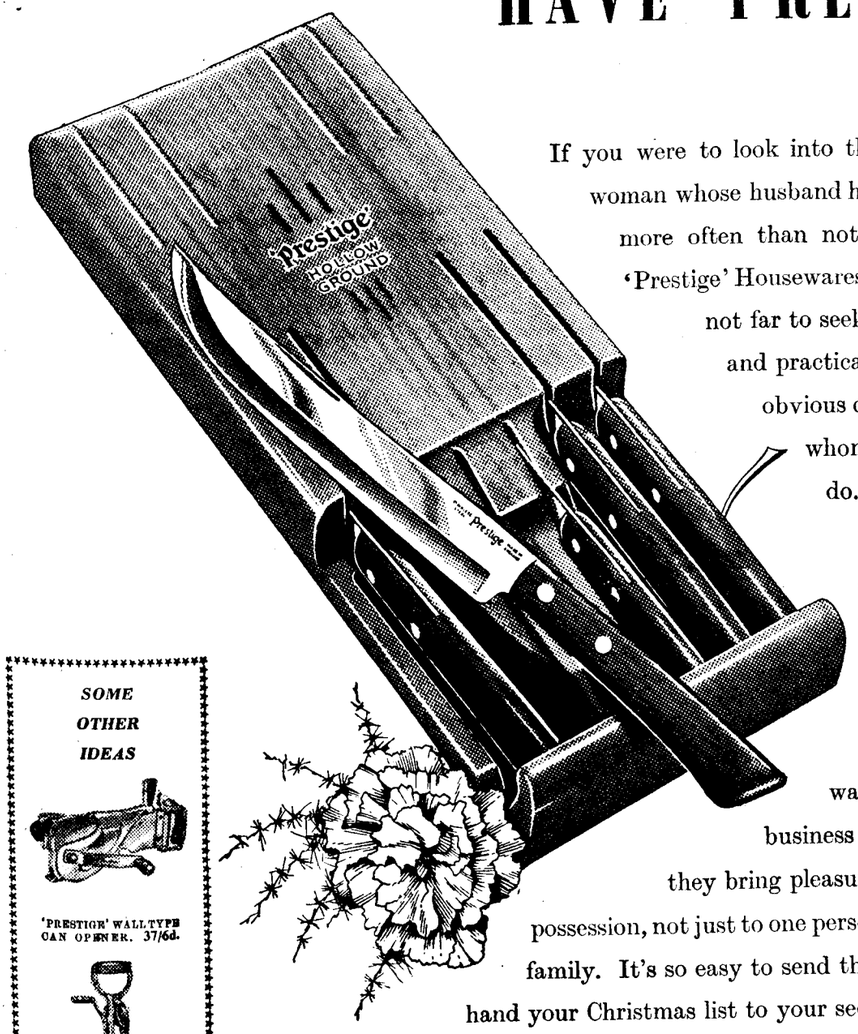

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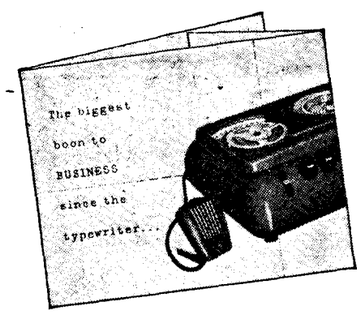

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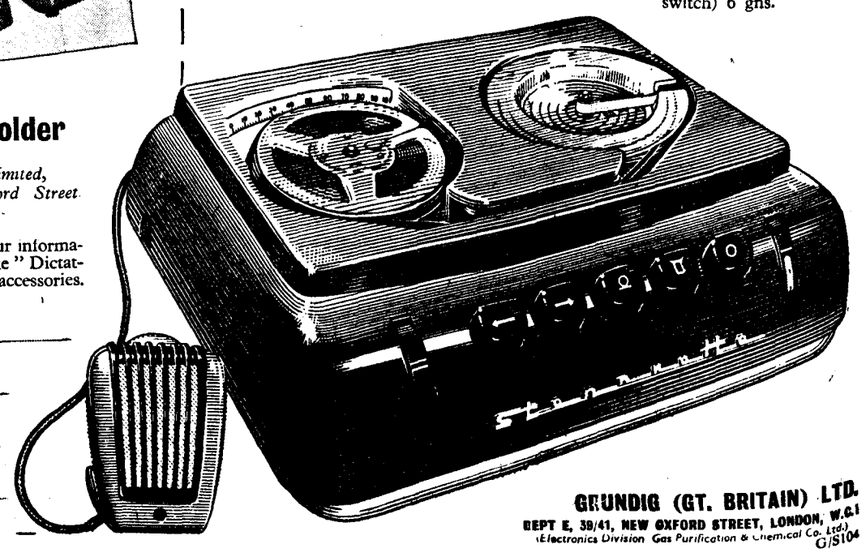

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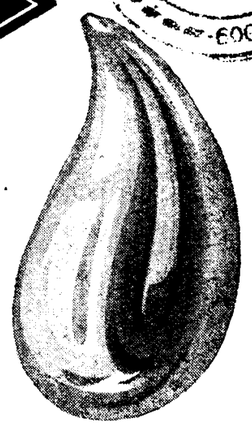

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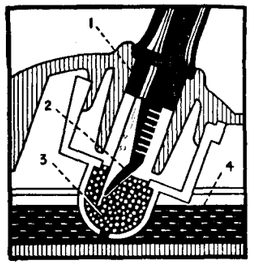

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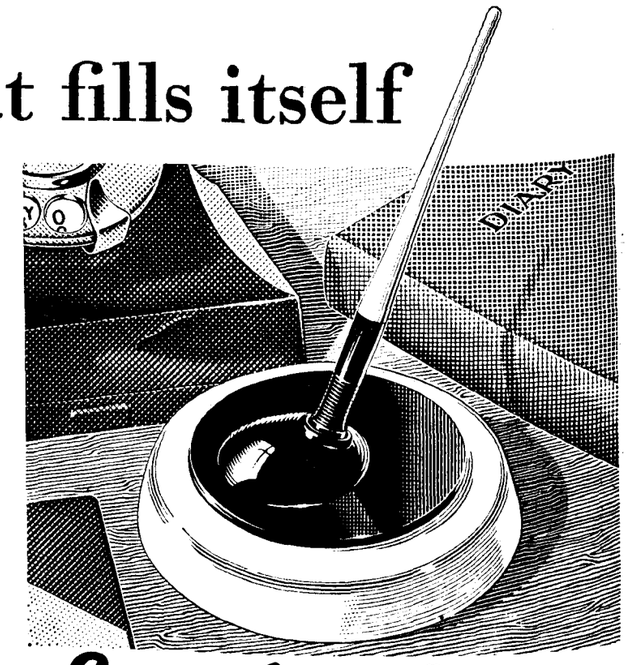

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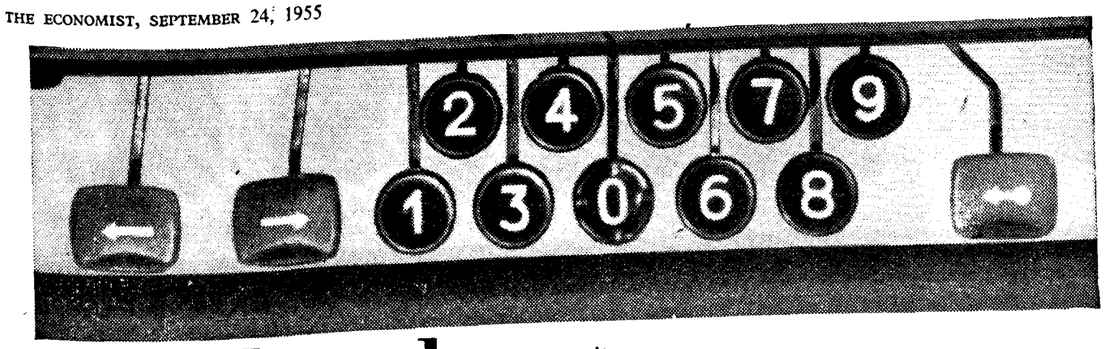
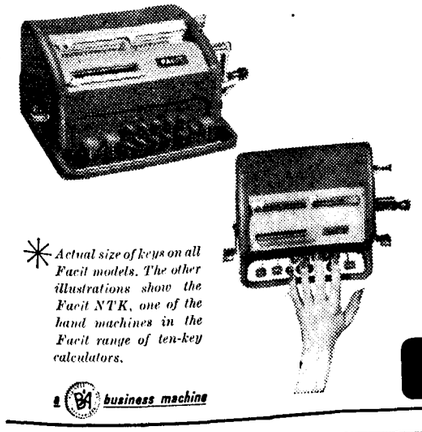


try these keys *



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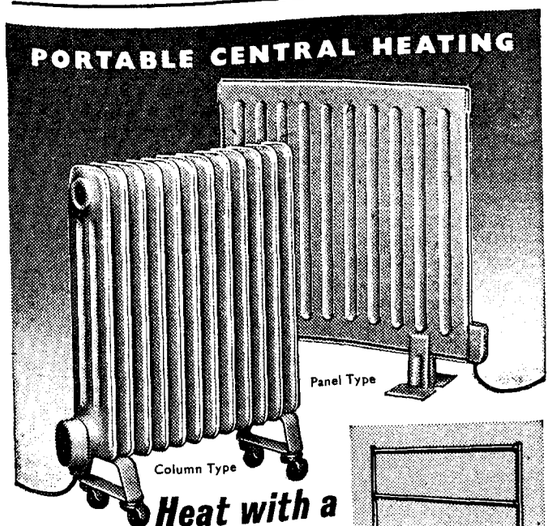

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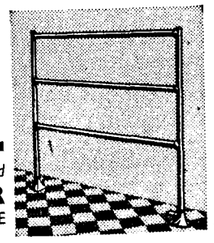

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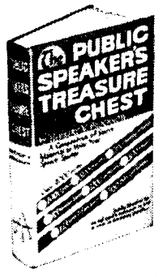

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SEPTEMBER 24, 1955

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Interim Report

THE time seems to be ripe to try to make an interim report on the two leading economic questions of this summer: the nature of the strains that have borne down upon the British economy during these last few months of deficit, and the ability of Bank rate to act as a brake upon them just after tax reliefs have acted as an accelerator. To attempt an assessment of these problems now is not to suggest that things are about to get worse; indeed the immediate motive for an assessment is almost precisely the opposite. The trade returns for August were really rather heartening. When allowance is made for the "invisible receipts" that cannot be recorded in them, it seems that Britain, at worst, could not have been overspending its income last month by more than about threepence in the pound—say by about £200 million a year. It is true that special factors may have been at work, and that it is therefore too early to proclaim that the so-called "crisis" is dragging to its end just at the moment when the newspapers are crying out that it is about to begin. But the Chancellor has been given new grounds for hope. Only if last month's improvement proves to have been a flash in the pan will he be bound to resort to sterner measures than the degree of credit squeeze that he has already put into effect together with the rigorous scrutiny of Government expenditure that he has already promised. The situation seems to be as delicately, and as unfrighteningly, balanced as that.

While it is in the balance there is a temptation for commentators to keep quiet; at first sight, this may seem a good moment to plead a certain stiffness in the muscles that stretch out one's neck. But discretion can sometimes be the worse part of analysis, and there are certain intriguing—and possibly insufficiently appreciated—features of Britain's recent troubles that it would be a pity to pass over in a cautious hush. The first of these concerns the pressures that the economy has had to bear since it relapsed into deficit about a year ago. The strains that have attracted most comment have been those arising from the strikes, from the pre-election budget, from foreign nervousness about the convertibility plan, and from the sharper rise in British than in foreign wage rates. No doubt all these forces have had some effect, but they have not in fact been the principal components of the past year's increase in demand. The two principal components deserve study, because they may carry important implications both for the immediate and for the long-term prospect of British economic stability.

They have been the upsurges during the past year in real investment and in consumer purchases of durable goods on the instalment system. It is true—and perhaps trite—to say that neither of these upsurges could have occurred if spending power had not been inflated sufficiently to support it; but this is not the whole story. For the dominant feature of both these sources of demand is that they are liable to be naturally "lumpy," that increases or declines in them are not as directly tied to movements in current incomes as those who plan

to control incomes through budget and Bank rate would like. A boom in hire purchase, indeed, is so lumpy that it should bring its own corrective in time; at first it allows a small deposit to chase a much bigger volume of resources, but thereafter a part of current incomes is absorbed in the payment of instalment debts which do not chase new resources at all. It is worth pondering these points; they suggest both that there is some possibility of an "autonomous" downturn in spending next year, and that Britain, as it grows richer, may be having to pay the price of the innate instability of demand that has hitherto been regarded as a principal characteristic of the wealthy American economy. We may now have two internal giants that can cause sudden, if temporary, chaos by turning over in bed.

★

So much for the causes of what may be a new-fangled instability. What now of the principal method that the Government has tried to use for controlling it? How far it is true to say that Bank rate has proved to be an inefficient weapon with which to contain the inflation of 1955? Once again it must be emphasised that any judgment can only be interim, for the history of monetary policy so far this year has been confused. In one important respect, namely in helping to damp down the rise in raw material prices and thus in checking the movement of the terms of trade against Britain, the Bank of England's medicine seems to have been almost unbelievably successful. It also worked quickly upon the money market and the prices of gilt-edged securities.

But for many weeks it did not greatly affect the business world in general. The traditional way in which a tighter monetary policy is supposed to work is that the banks, frightened for their liquidity and believing that the bankruptcy of some customers is possible, cut down their lending to the worst customer risks. This policy worked in 1952 because there was some fear about bankruptcies at that time, and because the fall in raw material prices made borrowers only too willing to run down their stocks. But today none of the banks' customers look like bad risks, and inflation is in the air. The banks are therefore reducing their advances unwillingly, and with no obvious economic criteria to guide them; they seem to be relying principally on some weird system of hypothetical fair shares as between their different branch managers. A branch manager in one area, who can bring down his quota of advances by receiving repayment of a loan from some willing industrial concern, may let other overdrafts run on very much as before; a branch manager in another area, who has no big industrial loan due for repayment, may have to be much more severe on his smaller customers. It is for this reason that allegations are being heard that the credit squeeze is clumsy and unfair; and so, compared to the way in which monetary policy is classically supposed to work, this particular squeeze undoubtedly is.

This, then, is the present position. It prompts three reflections. First, the principal lesson of this summer seems to be that if the economy is kept close to the point of maximum production all through the cycle, then the "lumpy" elements in demand (which are probably growing in importance thanks to the new role played by consumer durables) are bound to jerk the economy into deficit from time to time, however carefully or carelessly budgets are drawn up. It may be that the policy of always aiming at maximum production will still be considered possible and worthwhile in these conditions; it can only be muttered in parenthesis that the last few months have shown how much easier it would be to control the economy by the quickest method—namely, by an old-fashioned monetary policy—if the banks could be given the impression that some of their customers might sometimes go broke. But if the choice is made of trying to continue with the present policy of flat-out employment for as long as possible, then let the choice be deliberate. Let it be realised that this policy makes it inevitable that there should be these drains upon the gold reserve from time to time, and let the Government be very careful not to meet these deliberately risked "crises" by really harmful—or delayed-action—methods of restraint.

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The second reflection, however, is that the experience of this summer has not shown Bank rate to be one of these "harmful methods." The charge that is being laid against it is not that it is harmful, but that it is unfair; in present conditions monetary policy is not leading the banks to be beastly to all the people to whom they should be beastly, but only to a rather arbitrarily chosen group among them. The criticism, if criticism there be, is that a 4½ per cent Bank rate is not doing all the things in a brimful economy that it would do in the sort of economy that Britain had before the war; to achieve the old impact in the new conditions might need, say, a 6 per cent Bank rate instead.

And this leads straight into a third and final reflection. How smoothly, in an economy where consumer demand may have become more "lumpy," would the alternative weapons to Bank rate be likely to work? If, as seems possible, Britain's jerks into and out of deficit are liable to become more sudden and more short-lived, would it really be wise to place greater reliance on income tax rates, which can only be altered at stated times of the year and which take several months to come into force? If the jerks into deficit are likely to be recurrent, would it be wise to assume that Government investment programmes, on essential projects such as roads, can be recurrently turned on and off like a tap? There is surely a lesson here for the Government if the trade statistics should again turn sour. All the experience of this summer suggests that it would be better to meet such a misfortune by raising Bank rate again than by using most of the other weapons that the Chancellor may find tempting to his hand. Bank rate may not be a perfect controller, but nobody has suggested a better one yet.

A Matter of Proportion

IT is very difficult to understand the causes of the fuss that has been made about the "concession" that Dr Adenauer made in Moscow in agreeing to the institution of formal diplomatic relations between Western Germany and the Soviet Union. It is true that the most obvious efforts are now being made in official and semi-official quarters in the western countries to pour oil on troubled waters and to say that it is not so bad after all, or to ask what else the old man could have done. The fact remains that, in the first few days after the agreement was announced, an impression of great displeasure and despondency was allowed to be created in the western capitals. The word went round that Dr Adenauer, whose personal loyalty and understanding were not in question, had allowed himself to be out-smarted or out-bargained. It was even possible for a London cartoonist to present him as returning naked to Bonn, having left all his clothes in the hands of the jubilant Russians. The trouble is that it is these initial impressions—however they are created—which tend to linger on the public mind. Hundreds of thousands of electors who do not trouble themselves with any deep analysis of foreign affairs will be left with the vague idea that somehow or other the German Chancellor has let the side down.

It must, of course, be admitted that some embarrassment in Bonn is only natural and becoming. There had been so many protestations before the delegation left home about how tough they were going to be that any concession at all must leave them a little red-faced, let alone a concession given in return for nothing at all on paper, but only a verbal promise by the Soviet Premier. It is true also that formal diplomatic relations between Bonn and Moscow will give the Communists, at the least, new opportunities of trouble-making (on which our correspondent enlarges on a later page) and, at the worst, the possibility of driving in new wedges.

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But it is necessary to keep a sense of proportion. It is known that the establishment of some sort of direct contact between the two capitals had been talked about, without fluttering the dovecotes, for some time past. Is it really of more than formal importance whether the representative is called a chargé d'affaires or an ambassador, or with what precedence he goes in to dinner? One of the fears that has been expressed is that, by this action, the Bonn government has gone a step towards recognising the legitimate existence of the puppet government in the Soviet Zone. But Dr Adenauer specifically reserved his position on this, and he contrived to extract the promise on the prisoners of war without being made to talk to the East Germans about the subject—although they have a very real interest in it. By the exchange of ambassadors, Dr Adenauer recognises only the existence of the Soviet Union (which does not require much of an intellectual effort); but the Russians formally acknowledge the legitimacy of the Federal Republic of Germany—which is a real advance on what they have been willing to do hitherto.

The other fear that lies behind the western reaction is that, once ambassadors are exchanged, a sort of mutual magnetism will draw Russians and Germans into each other's arms. There is some substance in this apprehension—it would not be such a standing nightmare in the west if there were not. Russians and Germans have always been almost as much fascinated as repelled by each other. But whatever their attitude to each other may be at any time in the future, it is not going to be created by the presence or absence of a couple of embassies. If the German government, now once more sovereign, wants to do a deal with the Russians, it will find a way of doing so. If it wishes relationships to be more distant, no amount of caviar and Crimean champagne will change its mind. The whole basis of western policy (in which Dr Adenauer concurs) is to make it as sure as possible that the Germans will not want to turn their faces to the east and their backs on the west; the day has long since passed when they could be compelled.

The whole episode would hardly be worth this much attention if it did not illustrate a point of more general application to the great issue of relations with the Communist countries. It was easy in Stalin's day to know how to act. The malice and the menace were perfectly clear, and whenever western solidarity seemed to be faltering, the old master could always be relied upon to do something that would drive the western nations back into each other's arms. Now it is more difficult. One cannot be sure of Russia's aims—and even if one is sure, it is much more difficult to convince other people that one is right. There is no proof—and this ought to be said over and over again—there is no proof as yet that anything of importance has changed in the Kremlin except its public relations policy. It is still possible—it is strongly probable—that the recent outburst of amiability is simply an attempt to gain time, and that the old aggressive policy will return in a few years' time with redoubled strength. Any western country that shuts its eyes to this possibility does so at the peril of its life. But the other possibility can also not be dismissed—that the new attitude denotes, or at least that with the softening influence of time it will come to denote, a real desire for truly peaceful co-existence.

Western policy will, therefore, for some time to come have to act on alternative hypotheses, without

much possibility of being able to choose decisively between them. We shall have to be very careful not to give away any of the essential foundations of our strength except for real consideration, delivered and not merely promised. On the other hand, if the Communists make advances, we must be willing to meet them in the way, if only because neither our consciences nor our public opinions would ever forgive us if we neglected to exploit any real opportunity of bringing peace to this threatened generation.

This double policy will be difficult enough to pursue in any circumstances, particularly for democracies, which like their issues clean-cut. But it will be made much more difficult if unbending rigidity in tactics, as well as in ultimate aims, becomes the order of the day. In some expert quarters, whose advice has a great deal to do with the policies of the governments, an almost theological dogmatism about the right way to deal with the Russians sometimes seems to be growing up. To get into this state of mind is not only silly in itself—since it will lead to many minor humiliations—but it cannot be sustained in a democratic country. It is those who most passionately hope that their countries will act *fortiter in re* who should be most insistent that they should also proceed *suaviter in modo*.

The case for watchful firmness needs no restatement in these columns. We must hope that the essentials of western policy will be adhered to by everybody. We must go on insisting that a freely united Germany must exist and be free to associate with the western nations before a stable settlement can be attained in Europe. We must go on insisting that the Western European countries (Germany included) must be free to assure their security by preserving their alliance with the United States. But the cause of sticking to the essentials will not be helped by theological disputations about how many ambassadors should dance on the pinnacles of the Kremlin.

A Hint About Housing

THE hint that the Minister of Housing dropped at Harrogate on Thursday has brought a sudden access of hope to those whose faith in the Government's courage had been flagging. Mr Sandys reminded the Association of Municipal Corporations that "the suggestion has been made, in some quarters, that there should be an all-round increase in housing subsidies, to take account of the rise in the rates of interest on loans." And then, flatly: "The Government are certainly not thinking of increasing the burden of subsidies. The problem which is engaging our attention is how to reduce it." The Minister would not tell the conference what particular proposals he has in mind—"Parliament is the proper place for that." But he reiterated: "This nettle has got to be grasped. The Government do not intend to shirk the issue." And he went on to expound the virtues of "differential rent schemes, which ensure that the subsidy, instead of being handed out indiscriminately, is fairly allocated to each according to his need." He is going to discuss some of these problems with representatives of the local authorities' associations in ten days' time.

It may be, of course, that this is all a lot of talk, designed to cover some modest piece of governmental courage, for example in resisting pressure about compensation for higher interest rates, with a halo of undeserved glory. It may be that the Government, even if it prunes its own subsidy bill, will not follow this up by the essential second step, which is to amend or abolish the Rent Restriction Acts. But since Mr Sandys has dropped his hint at just the right time interval before the opening of the Parliamentary session, and since the officials of the municipal corporations were not the people to whom Mr Sandys could talk about Rent Restriction Acts, there is at least hope that his speech may be a far more significant presage of things to come. If the Government now really is going to tackle what Mr Sandys called "the unreal basis of housing finance," one of the spurs behind its decision may have been Mr Butler's need to control inflation. But this is not the main reason for action. The real case for reductions in the housing subsidies, and for abolition or amendment of the Rent Restriction Acts, is that they would represent a great social reform, and a reform in favour of a group that has at present no realisation of how it would benefit: namely, the rising generation of the British working class. This would not be a measure to lay the tenant open to exploitation by the landlord; more than anything else, it would be a measure to stop the exploitation by the older of the young.

At present Britain has more housing space per head than ever before, yet the lack of housing space is still spreading more unhappiness than any other postwar problem. The explanation of this paradox is very simple, or rather it can be reasonably accurately illustrated in a picture painted in only slightly too simplified colours. The picture is that of a country in which many people of forty and over have far more housing room than they need, and most people of thirty and under have far too little. The members of the older generation often qualified for a subsidised, or for what is now a rent restricted, house before or just after the war. As their children grow up and start earning, and as more money comes into their home, they do not move to the better accommodation they could now afford; and, certainly, as their children marry and move out, they do not move to the smaller accommodation they could now more conveniently handle. This is because any move

would be likely to shift them from the subsidised or rent restricted sector to the unsubsidised or unrestricted free market, and the gap between the two far outweighs any normal considerations of convenience. So they stay where they are, and every year an enormous quantity of accommodation originally built for young married couples with small children is held out of the market.

The young married couples (who have not been working their way up the waiting lists for years past) have to take what they can get, and they often bid up the price of one or two unsubsidised and unrestricted rooms to a rent above that paid by their elders for a whole council house. In these crowded single rooms, or amid the strains and squabbles of life with parents-in-law, the young couples rear their first children; and as they rear children, they breed points for the local council's housing list. But even this dearly-bought opportunity often proves to be a delusion, especially now that many councils in the big towns have run out of land on which to put up their new houses. The choice offered to a couple that has reached the head of the housing list is increasingly between an out-of-town house ten or twenty miles from where they work, and at a rent still two or three times that on a prewar house in the area where they want to live; or a flat built at great expense and offered to them at a rent three or four times greater than the local prewar house that they would prefer. Some attempts have been made, by a scrambling of subsidies, to mitigate these absurdities. But the anomalies still abound.

The only reasonable hope of reform lies in breaking the log jam of people who will not move as their living needs change; and the only way to do this is to take away from them the taxpayers' and rent legislators' gift of such very valuable squatters' rights. If this is done, if the rents they pay are left free to rise, rents in "unrestricted" property will inevitably and properly (if gradually) come down to meet them. The gains in industrial mobility, in making some of the most expensive parts of the current building programme unnecessary, and in freeing resources for the great social task of slum clearance, would be far greater than the mere saving of public money. The gains in terms of human welfare would be far greater than can be measured by the few extra pounds that would find their way into the landlords' pockets.

There has rarely been an economic reform for which a stronger case has existed than this, both in terms of national efficiency and of human happiness. There is, of course, a social problem in the way, in that some of the older squatters who would lose their rights and benefits belong to a generation that has been particularly hard hit by inflation; but this is no reason for being cautious about the reform itself, although it may be a reason for accompanying it with the same sort of pensions adjustments as accompanied the cut in food subsidies in 1952. There is a political problem, in that those who would lose from reform would be much more angry than those who gained from it might be grateful; but this again is no reason for caution, it is a reason for taking the necessary steps near the beginning of a Parliament instead of near the end of it. It is largely because of this timing factor that it has seemed worthwhile to take Mr Sandys's hint so seriously and hopefully. The call for reform has at last been made. Forward, now, to implement it.

Disarming by Numbers

THERE has been a markedly before-the-curtain atmosphere about the past month's discussions on disarmament in New York. No doubt this has sharpened the impression among observers of a certain lack of cohesion in the way the western case has been presented. With the United Nations Assembly about to take the stage (and the limelight) this week, and the four foreign ministers due to pick up the threads of the Geneva conference next month, the five-nation subcommittee has had no incentive to think deeply or freshly. Its members have mulled over their favourite themes once again, and engaged in a little improvisation and expansion, but by and large they have left the disarmament problem where it was—in the Russian case at the stage of the May 10th proposals, in the western case at the level of the various suggestions put forward at Geneva in July. It did not need Marshal Bulganin's letter to the Prime Minister to make this clear.

But the *ennui* produced by circumstances cannot take all the blame. There has been a noticeable difference in emphasis between the speeches of the western delegates, especially between the British and the American. For Britain, Mr Nutting has been insisting that there can be no effective control over the size of military forces and the volume of armaments unless the controlling organisation has unlimited rights of inspection over all places where warlike preparations could possibly be carried on—from barracks and arms factories to airfields and harbours. This is the classic western doctrine on disarmament, and a sound one; the Russian concessions of May 10th, by which the Kremlin accepted the western thesis on the size of forces and the relative timing of atomic and conventional disarmament, are quite valueless unless adequate controls enable each side to see that the other is obeying the rules.

The proposals which Sir Anthony Eden and M. Faure made at Geneva, as elaborated by Mr Nutting and M. Moch in New York, fit recognisably into this pattern. A system of joint inspection teams, operating in an agreed area of central Europe, would provide a

working model for the kind of world-wide organisation that would be needed to police an international disarmament programme. Although, at the moment, it is not linked to any scheme for an agreed reduction of armaments in the area, it would ensure rapid detection if either side expanded its forces significantly above the declared level. And the French proposal for budgetary controls, by which money saved on disarmament would be diverted to the aid of backward areas, is essentially a kind of double-check on the honesty of governments; although it would be insufficient in itself to guarantee that disarmament promises were being kept, it would reinforce the physical controls which are the backbone of the western system.

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When this attitude is applied to the problem of world-wide disarmament, however, it seems to have something of an all-or-nothing ring about it. It implies that the obstacle-cluttered ground leading to a system of universal disarmament ought to be cleared at a single stride; and that there are no worthwhile stages by which more gradual progress can be made towards a foolproof control system. By contrast, President Eisenhower's proposals, which Mr Stassen has been developing at New York, are concerned less with the disarming of nations than with keeping a closer watch on their behaviour.

The exchange of military information which the President suggested must be interpreted chiefly as a token of goodwill; for it is unlikely that either side would take the other's figures on trust, and all past Russian announcements about the size of their forces have been wildly unreliable. And the nub of the American plan—a system of aerial supervision, supplemented by inspectors posted at a few selected places on the ground—does not offer a method of control strict enough to justify the free countries in cutting their armies or scrapping their nuclear weapons. The American system is one designed to give warning against threatening preparations by armed forces the strength of which, under these proposals, could not be accurately gauged. It belongs to a much more elementary stage of international agreement than the very precise controls which the West has hitherto been calling for.

There is thus a visible difference between the way the British and Americans have been approaching the subject in the last month. Is it a difference of principle or merely one of priorities? A look at the problems involved in a thoroughgoing plan for world disarmament suggests that it is basically only a matter of priorities, though one of some importance. It was these problems which led President Eisenhower to sound a note of hesitation at his press conference on July 6th; and presumably the same problems have stimulated the President's advisers to search for some interim proposals that will help to prepare the ground for later, more comprehensive, controls.

Apart from purely extraneous complications (such as the continued Russian insistence that a disarmament plan must be linked with the evacuation of all bases on foreign soil) there are two main difficulties about a wholehearted programme of arms regulation. The first is the complexity and size of the control organisation that would be needed. Mr Nutting's description of the apparatus required even for the limited central European plan gives a hint of what would be involved in a scheme covering the territories of America, Russia, Britain and France. And to the sheer physical difficulty of the task must be added the danger that the inspection teams might be used as a cloak for espionage, as the Communists have already used those in South Korea. President Eisenhower asked in July whether Americans were willing to open their factories to this kind of investigation; the Ministry of Defence, as well as many British industrialists, might ask themselves the same question.

The other difficulty is that even the most minute and careful system of inspection will not give an absolute guarantee of security. It might take care well enough of the problem of conventional weapons; but it would be difficult for western statesmen ever to feel quite sure that the Russians had destroyed all their existing stock of nuclear arms, and that they were not keeping one or two up their sleeve until the free world had disarmed itself into a state of hopeless inferiority. So long as this feeling of uncertainty lasts, it would be unthinkable for the western countries to lay aside their own stocks of such weapons.

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Both these difficulties have their root in lack of confidence, and neither will disappear entirely until there is a great deal more good will and mutual trust in the world than the "Geneva spirit" so far warrants. But if it is admitted that the spirit required for a radical disarmament programme does not yet exist, does it follow that no worthwhile system of inspection can be evolved—apart from purely local arrangements—until the whole climate of international relations has changed? The answer seems to be that disarmament, like other of the world's problems, is best tackled in stages; and that the limited proposals now being put forward are a useful preliminary to a more general agreement.

The British plan for inspection in Europe has a two-fold advantage. It would confirm the *détente* which has developed recently in the area; and, if it worked smoothly, it would reassure both sides about each other's sincerity and encourage them to try more advanced schemes. But there is room in this first-stage programme for something conceived on a global scale; and the virtue of the Eisenhower-Stassen proposals is that they would cover most of three continents and parts of a fourth. It would be a pity if western spokesmen were to lack vigour and unanimity in championing

them merely because they do not tackle more than the fringe of the subject. The West's experience in Korea illustrates both the value and the limitations of the American plan. It would not help the West to penetrate very far into the perpetual obscurity that surrounds the size of the Soviet forces; but it would at least give a rough and ready warning of any major preparations for war. (And it would give the free world the benefit of aerial reconnaissance, which it lacks in Korea.)

It must be emphasised that none of these preliminary proposals are truly measures of disarmament. Army lists will not be cut to really modest proportions, or nuclear weapons dumped in the sea, until the Russians have accepted the western case for a far-ranging and all-seeing system of inspection and control teams. The spokesmen of the free world must hammer home the fact that wholly unverifiable Russian claims to have demobilised part of their forces are no substitute for adequate international supervision. This is the major part of the problem that faces the General Assembly now and will face the foreign ministers next month. But until some solution can be reached on this, any suggestions are worth considering which would make even a modest addition to the world's security and would give the West an opportunity of seeing how businesslike the Russians are prepared to be. Limited inspection is better than no inspection, provided that its limitations are kept clearly in mind and that it is not accepted as a substitute for the real thing. And even a couple of hesitating first steps would be heartening evidence that nine years of talking about disarmament have not been quite fruitless.

The Liberals' Next Ten Years

THE closing weeks of the first long recess of a new Parliament are, or ought to be, a period when politicians take stock of their strategy for the battles ahead. Two of the two-and-a-half great British political parties will soon be enmeshed in their annual conferences, and that will provide the occasion for every newspaper in the land to give welcome or unwelcome advice to them. There are, however, also some things that ought to be said to the Liberals before Parliament re-assembles, and this seems to be the most opportune and least crowded moment in which to say them. The Liberals can relish the occasion, for at last one can say that one is going to try to be realistic in assessing the party's position, without meaning thereby that one is going to be downright cruel.

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The Liberals did much better in the general election than might have been expected, and they can now afford to look forward with sobriety—instead of with sickened apprehension—to their prospect for the next ten years. To realistic Liberal eyes the constituencies of Britain should now appear to fall in three groups. The first group comprises the six seats that they hold already; they retained all of them last May, in four cases by increased majorities. It is true that all but one (Mr Grimond's) of these seats were held by grace of the Conservatives' decision not to put up a candidate. But in three of the five Liberal seats where the Tories did not run last May, they are likely to abstain again next time—because they know that intervention would merely give the seats to Labour. The exceptions are Huddersfield West, where the Conservatives would certainly put up a candidate (and probably win) if Mr Wade retired, and Montgomery where the Tories would probably put up a candidate (and possibly win) if Mr Clement Davies retired. By 1960 Mr Clement Davies will be 76 years old.

The second group of constituencies, from the Liberals' point of view, comprises three or possibly four Labour seats, and six or possibly seven Conservative seats, in which they can enter a three-cornered battle with some chance of winning. They would probably capture all these seats if the weaker main party in each case would stand aside; but Labour is most unlikely to do so (except, just possibly, in a by-election), and the Tories' willingness to keep out of more races in the next election will presumably depend on how desperate they feel about blocking Labour at that time. The Liberals may therefore be wise to rest their hopes of advance on another point. All of these "hopeful" constituencies are in the western or northern fringes of Britain, and the Liberals' most effective argument in them seems to be that areas with problems so very different from those of the great cities will be best served by distinctive MPs who are not tied to either of the great party machines. This argument has probably at least an even chance of growing in strength if —and this is another at least even chance—the general temper of British politics is toned down in the next few years, as Mr Gaitskell takes over the Labour leadership for which he is now so obviously poised.

The third group of constituencies, from the Liberals' point of view, falls a very long way behind the other two. These are the six hundred and more constituencies which the Liberals have no more chance of winning than a Shetland pony has of winning the Derby. In each of the last two elections the Liberals have fought more than eighty of these "hopeless" seats, and the factor that has decided whether they shall contest any particular seat has been a largely accidental one: it has been whether some faithful individual or indivi-

duals have devoted their evenings between elections to keeping alive a local party organisation, often an embryo organisation run from their own homes.

There is a great temptation to say that the Liberals should abandon hopeless contests of this sort. But it needs to be resisted. The people concerned are happy in their voluntary work, but if a limited number of them were not allowed to play at elections every five years they would soon give it up. The small Liberal organisations they keep alive up and down the country serve as useful pressure groups for Liberal ideas even when they have no chance of returning a member. And, finally, it is no longer sensible to claim that the whole course of British history can be aggravatingly and illogically changed by the accident of whether some devoted Liberal in a marginal constituency in Battersea keeps a party organisation in being in his spare time while his neighbour in Clapham does not. There was strong evidence last May that electors with a definite preference between the two major parties now vote that preference in a marginal seat whether the Liberals intervene or not, even although they might be the sort of people who would vote Liberal in constituencies where a Tory or Labour victory was not in doubt. In other words, the Liberals do no real harm to other people even in the most crucial of these hopeless seats, and they presumably do some good for themselves.

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This, then, is the background against which realistic Liberals should view their prospects now. They hold six seats in Parliament, and four of them look reasonably safe for the next ten years. There are up to another dozen seats which they have some possibility, even if not a very great one, of capturing during that period. And there are another six hundred Parliamentary divisions which they have no chance of capturing under the present electoral system, but in some of which individuals enjoy keeping a party organisation alive—and good luck to them, too. This background will exist whether leading Liberals recognise it or not; but if they do recognise it, and draw the proper and obvious lessons from it, they will be a more effective pressure group and—an important point in a small party that still has to struggle to keep together—Liberal party workers will have very much more fun.

These proper and obvious lessons should be simple to understand. For some time now the Liberals have been caught on the fork of three problems. Their first problem has been that nobody has been quite sure what are the Liberal principles for which the party is supposed to stand. This problem should now be much less serious than before 1951. The party's six MPs and its leading members outside Parliament are a fairly homogeneous group—more homogeneous, since the drifters first to the right and more recently to the left have deserted them, than any Liberal party since 1914. There can be some argument about which principles they should emphasise most—freedom from the new despotism, more open competition, opposition to discrimination, defence of the underprivileged (which no longer means the unionised working class), and so forth; but these differences of emphasis can at last fade before the salient fact that the leading Liberals think alike, and think in the way that radicals ought to do. Liberal policy no longer needs to be manufactured. On every major issue that arises it exists, in the hearts and minds of Liberal members; and if one or the other great parties happens to have the same policy on that particular issue, then Liberals should realise that this is not loss, but pure gain.

For the party's second great problem has been the sad realisation that these Liberal principles can only be put into effect by a Government formed by one of the other two parties. This problem remains, and is going to remain throughout the foreseeable future. The third problem, however, has been the fear that if one of the other parties did run away with most of the Liberals' clothes, then the Liberal party might be recognised as an anachronism and totally extinguished at the polls. The new fact that arises from the election of 1955 is that this fear can be exorcised, certainly for five years and in all probability for ten.

And with this fear the party should now be able to afford to jettison the tiresome, and at times infuriating, principle that has dominated its Parliamentary and propaganda tactics ever since the war. This is the principle that "the essential thing for Liberals is to show that they are different from the other two parties." Instead, they should thankfully realise that the essential thing for the party now is to try to get the other parties—and especially whichever party is in office—to act and look as much like them as possible.

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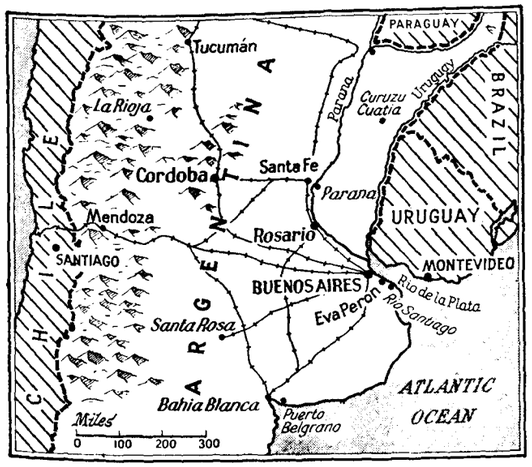
It is by their willingness or unwillingness to accept this point that the Liberals in the next few years will deserve to be judged. The touchstones for judgment will be there. For adoption of this policy would mean an end to the Liberals' desperate search for issues on which to be nasty to one main party, merely because they have used up their recent ration of being nasty to the other. It would mean an end to Liberal MPs' constant—and usually unsuccessful—manoeuvring to keep their Parliamentary record in the sort of tiresome balance between the other two parties that is the dull curse of the BBC. And it would mean the beginning of a realisation among the brave remnant of Liberal parties in the constituencies that Parliamentary representation is a means and not an end of political activity. The constituency parties should not find this realisation to be an unwelcome strain. For it is much more exciting to try to live as an effective pressure group in a limited state to which a non-quite-uniform electorate has called one, than to devote all one's efforts to the transparently dreary—and now temporarily accomplished—task of merely keeping alive.

Notes of the Week

Humpty-Dumpty in Argentina

It will be some time before the smoke clears over the River Plate, and any views about the immediate future of post-Perón Argentina are bound to be speculative. But the swiftness of the collapse of the Perón regime is itself of great interest. It now seems clear that the unsuccessful *coup* of June 16th had, in fact, split the loyalties of the army and that only those units in the region around Buenos Aires and under the command of General Lucero were fully committed to the government. Second, the impression that Perón had lost much ground with his own followers is now confirmed; the General Confederation of Labour did not spring to arms in his defence, and many



of his political allies chose to distinguish between *Peronismo* as a social philosophy and General Perón as a man past the prime of his power. Finally, there can no longer be any doubt that Perón's campaign against the Catholic Church roused more opposition than anything else in his regime.

The nature of the military rising is worth careful study. Instead of founding all hopes on a *coup* against Buenos Aires—a *coup* which bad weather or betrayal could frustrate, as they did on June 16th—the military leaders struck at a number of points, seizing bases such as Puerto Belgrano and important provincial cities such as Rosario. This meant that they could absorb the strain of a long civil war, organise new levies in regions which Buenos Aires could not control and gradually throttle the capital. In the event, the *Peronista* forces did not materialise and the professional military men in Buenos Aires quickly discovered the better part of valour.

Jostling for Authority

But it is in this very formula of local risings by different army groups that the weakness of the victors may lie. Already there are some symptoms of separatism, although the provisional government set up in Córdoba is now being transferred to the capital, and General Lonardi has been accepted as President. It was reported that General Lagos, the commander of the forces in the Cuyo region, had set up quarters in Mendoza under the title of the "Army of the Andes," a name reminiscent of the days of liberation and subsequent provincial autonomy. Argentina will not necessarily disintegrate into regions ruled by *Caudillos*, but there is a danger that there may be a period of weak central government or even of local fighting until a strong personality can emerge. Moreover, by expelling General Perón and keeping its hold over Buenos Aires, the loyalist junta has retained considerable power. It numbers ambitious generals such as General Wirth, General Bargallo and General Molina, its titular head, and there is no reason to believe that it will give way meekly to junior commanders.

Equally problematical is the question of civilian participation in the new regime. Among potential leaders are the veteran Socialist, Sr Alfredo Palacios, Sr Mauricio Yadarola, a Radical, and Sr Corominas Segura, a Conservative. But it is not certain whether the services will deal with any of the established parties until the country is fully pacified.

In this confused picture only one fact seems to emerge clearly: it is that so far there has been a revolt rather than a revolution. The doctrines of *Peronismo* have not been directly challenged, nor could they be without unleashing a major rising among the working classes. The armed services find themselves, therefore, with a very complex problem in seeking to erect a new government on the partly shattered foundations of the old order. Moreover, the history of many Latin American dictators, including the present ruler of Chile, suggests that as long as General Perón is alive the last word may not have been said

Spies and Stories

The news that Burgess and Maclean were probably long-term Russian spies raises two important questions, and it is to be hoped that the White Paper that will be published this weekend will not seek to avoid them. The first point is that the long succession of ministerial statements about the disappearance of these two men, from the reign of Mr Morrison to that of Mr Macmillan, have not merely been evasive; given that Ministers knew that Maclean had

been under investigation by the security service, they were quite definitely misleading. There is a major constitutional issue here: Ministers need to be given a lot of latitude for stonewalling at Parliamentary question time, but not many people realised that they had assumed the latitude for making statements that have the same effect as lies.

The second question is: does this *débacle* mean that the British security services are as bad as the Americans have always said they are? Or was the real history of this affair that MI5 reported its unconfirmed suspicions of Maclean at an early stage, and that the Foreign Office simply refused to believe that a permanent member of their club could let the side down in quite such a lurid way? It is true that it may be better to live in a society from which two witches can occasionally escape on broomsticks than in one in which a witch hunt can become a major governmental industry or sport; the value of a traitor to a potential enemy is nearly always smaller than the newspapers tend to assume. But it has long been clear from evidence gathered in America, and still more from documents published in Canada, that the Russians have sought for more than twenty years to recruit agents among the intellectual groups to which both Burgess and Maclean belonged. This fact has presumably percolated to the men behind the cloak and dagger. Has it also percolated sufficiently through the front of Whitehall's more orthodox morning coats?

Call-up Conundrum

THE air is full of rumours about the various proposals before the Government for reducing the number of national servicemen. There seem to be three schemes in the field:

(1) A straight reduction in the period of service. A reduction of three months would cost the services about 35,000 men, but would leave them with as many men to train and with 35,000 fewer trained men to handle the trainees and the army's real duties.

(2) A proposal for gradually increasing the age of call-up—for example, by having three registrations a year instead of four. As each registration group usually includes about 35,000 men, this would mean that 35,000 less would be called up in 1955-56 than under the present system; but the men concerned would not escape service, they would merely start it in 1956-57 instead. To make way for them 70,000 men who now expect to be called up in 1956-57 would be deferred until 1957-58, and so on. Eventually, by about 1962-63, this would mean that all those reporting for service would be twenty-year-olds, deferred from 1960-61. As the age of call-up could hardly be raised above twenty, this system of putting off until tomorrow the call-up of age groups ready for service today would presumably then have to come to a stop. But the Government may feel that by that time one of the other methods of cutting the call-up might be militarily or politically possible.

(3) Some form of selective call-up, based on either the deferment of additional categories of employment, or on the retention of a general liability to serve with some form of lottery for service, or on jumping (not merely deferring) one of the four age groups liable for registration each year if the services feel they do not want them.

To politicians, the advantages of the straight cut are obvious; it would please the maximum number of voters and voters-to-be. But the services are likely to resist strenuously the further destruction of their trained cadre, unaccompanied by any reduction in their liabilities. The reduction of the intake by gradually increasing the age of the call-up would not be so bitterly opposed by the generals. But would the public really accept it as readily as some politicians assume? The gradual widening of the gap between leaving school and joining the services would bear harshly on those taking some forms of higher education, and would not necessarily benefit those going into industry—they would, for example, miss the preliminary skills the services give to many of them, and the period of living under the shadow of approaching service is a dreary and often rather unproductive time. The selective call-up would undoubtedly produce a lot of initial grumbling among parents, particularly when one was taken and one left in the same street; but it would be the most economic system and best adapted to the services' needs. Although political opinion is now again hardening against it, it seems to be the system to which outside commentators should increasingly give support.

Breaking the Cypriot Deadlock

IT looks as if the Cyprus problem must grow worse before it grows better, although at least it will probably not now be exacerbated by open debate in the sixty-nation forum of the United Nations. In the island itself there is growing disquiet about the security situation. Clearly the military authorities will have great difficulty in dealing with terrorist attacks, since those responsible rarely present a target. But there is no excuse for the failure of the civil authorities to take steps to snuff out at an early stage the rioting in Nicosia last weekend, which eventually led to the complete destruction of the British Institute and its valuable library. Such incidents make a mockery of the British claim to be the guardians of law and order on the island.

Meanwhile the Greek Government has, as was expected, rejected Mr Macmillan's proposals for Cypriot self-government. Is it too much to hope that the British Government will now see the light and realise that it cannot cut the Cypriot knot simply by offering constitutions, however liberal? And is there any chance that it will really make up its mind that Cyprus is an international and not a domestic problem? It virtually conceded as much when it summoned a tripartite conference to discuss the island. But the solution that it then offered was primarily a domestic one, with only half-hearted concessions to the vitally important international implications of the problem.

The British Government is now confronted with three choices. It can dig in its toes, hold the island by force if need be and continue to proffer its constitution. Such a course would be highly distasteful to British public opinion and likely only to perpetuate the present deadlock. Or it could throw in its hand and give way completely to the demand for self-determination. There are obvious objections to such a course—especially now, after all that British spokesmen have said; moreover, Turkish views cannot be ignored. But whiffs of grapeshot and a policy of scuttle

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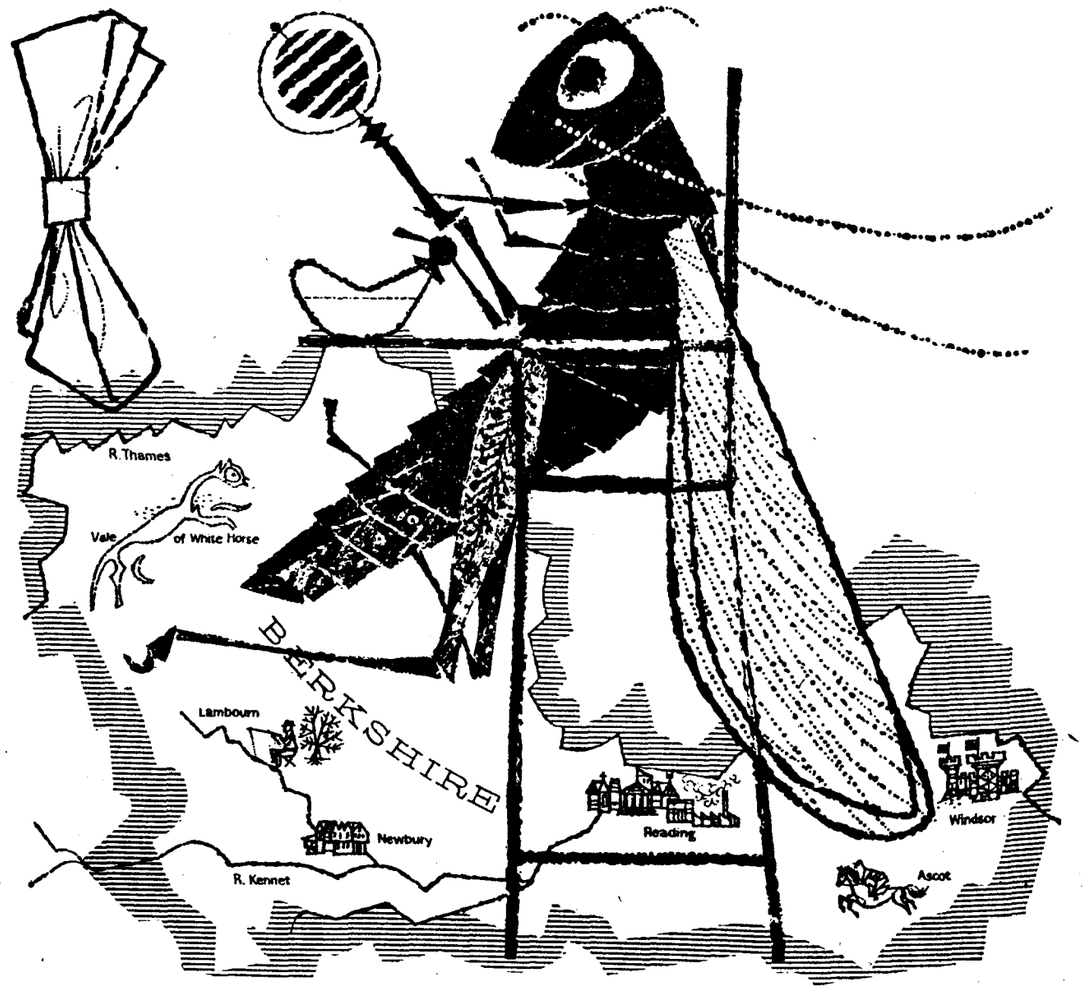

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are not the only choices. A third would be to produce some kind of condominium plan which, while preserving British sovereignty, would associate Greeks and Turks not only in the security arrangements of the island but in its civil administration as well. There would obviously be many difficulties and pitfalls, and all concerned would have to eat some words and swallow some pride. But a bold and imaginative plan along these lines appears to offer the only acceptable way out of the present deadlock.

Full Marks for Moscow

IN a week when the Royal Navy's bluejackets, in the name of Her Majesty, have been running up the Union Jack over another Atlantic islet, Moscow's decision to evacuate the Russian Atlantic base at Porkkala has been announced with all the self-conscious rectitude of a saint adjusting his halo. It is true, of course, that the Finns will have to pay a price of sorts for the relief of losing Soviet forces on Helsinki's doorstep: the Russo-Finnish mutual aid pact, due to expire in two and a half years, has now been extended until 1975, and with it the Russians' right to call for joint talks if an "attack" is threatened over Finnish territory; no doubt Moscow hopes that its latest move will revive the flagging fortunes of the Finnish Communist party, which holds nearly a quarter of the seats in the Diet; and reports from Bonn suggest that Finland may now be asked by Russia to recognise the satellite East German regime. It is also true that, as aircraft speeds increase and the day of guided missiles draws nearer, Porkkala's value as a base has tended to depreciate; and that the Russians have said nothing about the much larger slices of eastern Finland they seized at the end of the war. But all this does not disguise the fact that Marshal Bulganin and Mr Khrushchev have made a very astute propaganda move.

The aged President Paasikivi, who has had little cause to be grateful to the Kremlin in the past, has been able to carry home from Moscow a much more substantial present than the new motor car, television set and pot of caviar that his attentive hosts pressed on him. In Sweden (on whose reactions Moscow always keeps a careful eye) the leading newspaper of the government party has spoken warmly of the withdrawal as a "generous gesture." And throughout the free world it will need all the vigour and lucidity that statesmen possess to make clear that the Russian withdrawal is no argument for the abandoning of the American bases in the West; because, with or without Porkkala, Russian troops are poised within easy range of most of their European objectives, whereas retreat by the Americans would leave a whole ocean between them and the countries that need their protection. But, after a stiff noggin of the "Geneva spirit," few people may be ready to follow this reasoning. The main lesson of the Porkkala withdrawal is that the new Russian leaders have learned (as Stalin never did) that a local concession may be well worth while in terms of the benefits it yields on the broader scene. If this new sophistication in Moscow's political warfare persists, the West may soon look back fondly on the good old days when Russian designs had no such camouflage.

The Cold War Goes on in Berlin

HERR ULBRICHT, confident of the full might of the Soviet Union behind him, has warned Berliners that they are to be used to blackmail the West. Except with regard to Berlin, the new pact which the East German leaders have concluded this week in Moscow changes little in practice. It is a copy of the Paris and Bonn treaties, which gave sovereignty to the Federal Republic and admitted it to Nato; it has been produced now in order to emphasise that Russia is dealing with two German states, one of which Moscow ostentatiously supports. In the treaty with Herr Ulbricht, a limitation similar to one in the Paris pact reserves to the Soviet Union the right to deal with matters affecting Germany as a whole. It will be exercised by Mr Pushkin, the Soviet Ambassador in East Berlin. And the East German "barrack-based police"—already six divisions strong—will not greatly change through being called an army which will be East Germany's contribution to the Warsaw alliance of Communist states.

It might be possible to treat the new pact lightly if Herr Ulbricht had not emphasised that in future all questions concerning access to Berlin must be dealt with between the German governments. Hitherto, the Federal German and West Berlin civil servants have been forced to conduct a great many negotiations on a technical level with officials of the Communist state, but they have always carefully distinguished between these encounters and recognition of the Ulbricht regime. Now, however, it is evident that the East Germans will insist upon official talks between ministers, whenever the West Germans want to protest against the extortionate autobahn dues, or any of the other twists of the screw which Herr Ulbricht has recently been applying to West Berliners and visitors to the Soviet Zone. If the federal Government refuses to be blackmailed, it will mean that still larger subsidies will have to be paid to the city by the federal Treasury (leaving all the less for defence) and by the United States. The present improvement in Berlin's economy, caused by a backwash from the western boom, should not obscure its vulnerability. The free Germans are at present encouraged to hold the city by the fact that there is no sign of any slackening of American interest in it. But it is hard to see how this abnormal situation can continue for many more years if, as it seems, Berlin is still to be the objective of a ruthless though unspectacular Communist cold war.

The Tories' At Home

"HOW can we engineer a good row?" asked an official of the Conservative party this week, in despair at the memory of press comment on last year's glutinous assembly at Blackpool, and in the knowledge that there is nothing like a good row for hitting the headlines. His fear that this year's conference, at Bournemouth from October 6th to 8th, may be another intolerably quiet and respectable "At Home" seems to be amply justified now that the agenda for the conference has been published. The largest number of resolutions under any one heading are forty-eight on

"electoral reform"—although the Tories' definition of this subject is very different from that of the Liberals. Half of the resolutions merely want the restrictions on the use of cars at elections to be removed; the other half want an extension of the postal vote facilities to cover people on holiday or away from home on business. The Tory party workers in the constituencies clearly regard their main function to be that of cogs in an efficient vote-collecting machine.

They are fulfilling their other role, as a pressure group within the party, in a most gentlemanly way. Like their Labour counterparts, their main interests this year are heavily domestic; there are only seven resolutions on the Commonwealth and Empire, and only six on foreign affairs. The real theme of the conference will be economic affairs, but in a rather sketchy way. There are 73 resolutions on these—scattered among industrial relations (21), economic policy and taxation (21), nationalised industries (16) and co-partnership and profit-sharing (15). They contain little that is of much help to the Chancellor of the Exchequer in his present difficulties. He will, one supposes, be as polite as usual to the Lancashire Lobby, represented by resolutions from Darwen, Nelson and Colne, and Clitheroe; and he is sure to welcome the resolution on which the principal economic debate is to take place and which pledges support for "the strictest economy and all measures designed to eliminate the dangers of inflation." But how is he to apply it? Not surely by accepting the Dewsbury Conservative Association's plan to stop work on open-cast mining and to divert all the resources thus released to road-making. Nor will the Chancellor be happy to notice 25 resolutions calling for higher pensions for old people and retired officers, and the usual small but insistent bunch demanding more protection for agriculture and horticulture. As Conservative confidence develops, faces and theories change; but the old soldiers and the farmers never fade away.

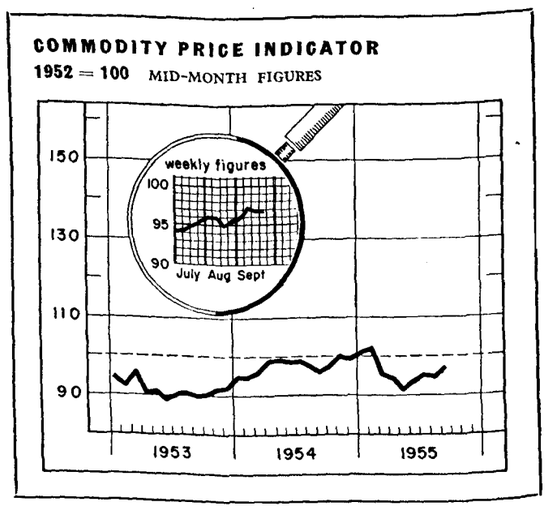
Maltese Cross-Roads

MALTA'S constitutional future came before a round-table conference of parliamentarians this week, and next week the issue is likely to be decided. Members of all parties in the British and Maltese parliaments will consider the rival arguments of Mr Mintoff, the Prime Minister, and Dr Borg Olivier, the leader of the Maltese opposition, why Malta should or should not send members to Westminster as Ulster does. (No Ulster member will be there, however.) British MPs will consider the effect of two or perhaps three Maltese members on their own balance of power, and the possible precedents to other colonies. Mr Mintoff is pressing his familiar thesis that Malta's need for a non-colonial status can only be met by integration beginning in the House of Commons and ending (after a decent interval for attracting new industries by lower labour costs) in common wage levels. Dr Borg Olivier will retort that the minority opposed to the *Anschluss* is too great for any precipitate action, that the status of a Commonwealth country would suit Malta better, and that the Maltese are disinclined to have their distinctive culture submerged (even at a range of 1,500 miles) by that of Great Britain.

The British MPs will no doubt see something of Maltese political exchanges, which are liable to be heated and personal in Malta itself. Mr Mintoff has already declared that his party has been elected on a mandate for integration; and that if this fails to come about he will have to resign, thus producing more chaos in the Mediterranean. To Dr Borg Olivier he retorts that even if the British parliamentarians agree to open the doors of the best club in Britain to Maltese members he will submit the offer to a local plebiscite (where he expects to get a far larger majority than at the election). Dr Borg Olivier's anxieties seem to reflect those of the exceptionally austere Roman Catholic viewpoint in Malta; but his opponents believe that the Church has already been reassured, at an even higher level than the Maltese Archbishop, and that what some of Dr Borg Olivier's supporters really want is to keep the door open to a possible later integration with Italy—an Italy, of course, with rather less pronounced tendencies to Communism and rather more readiness to raise the living standards of southern appendages. The fact remains that Malta exists as a British and Nato base, is inextricably involved in British foreign and defence policy, and that Britain alone can give the economic aid and wider Commonwealth opportunities the island needs. The precedents may set a problem, but a discontented Malta would surely set a far greater one.

The Taste for Bacon

IN the final year of the Anglo-Danish bacon agreement the Danes have at last succeeded in getting a cut of the fat profits made by the Ministry of Agriculture and Food from sales of their bacon. Those profits have recently been quite fantastic. The Danes have been paid 237s. 6d. per cwt, and the Ministry has been selling at as much as 328s. per cwt. The arrangement for the twelve months beginning on October 1st is that the contract price is raised to 240s. per cwt. But if the price realised by the Ministry exceeds 270s. the excess is to be passed to the Danes. To begin with, therefore, they will get an extra 58s. a ton.



Their share of the profits is likely to remain substantial for many months—unless a new rise in retail prices causes a break in the present keen demand. This is a complete reversal of the market situation last year, when the Ministry was embarrassed with pork and bacon that nobody wanted, but which British producers (getting a guaranteed price considerably higher than that granted to the Danes) kept on bringing to market. The Danes foretold at the time that the Ministry's policy would lead to a fall in their pig population—and so it has proved: a fall of 15 per cent. British sows meanwhile were also slaughtered after the guaranteed price was reduced in the spring. Pigs react very quickly to changes in price because they take so little time to reproduce. This sensitivity is heightened by their dual purpose: they can be sold at 5 score lb for pork or at 8 score lb for bacon. Earlier this year, when the bacon price was low, fewer pigs survived to become bacon. But by the summer demand was keen, partly because everyone who went to the seaside insisted on having bacon and egg, even if his usual breakfast was tea and toast. At the same time, and quite unexpectedly, pork remained popular, although in cooler, wetter summers, when one would have thought it would be more appetising than in a heat wave, butchers could not sell it.

The pig population has always fluctuated wildly. It rose from just over 2 million in 1945 to a peak of over 6 million in 1954, in response to the planners' efforts to build up pork as a substitute for beef. But its responsiveness has also been the planners' downfall, and it is just as well that this year is the last that the Government will be in the bacon business; just as well, that is, if British producers do not then get busy protecting their own inefficient pig-styes by keeping Danish imports out. Even then, however, the task will remain of fixing a guaranteed price that will not either make the British pig defunct or involve the Government in a ruinous subsidy to home producers.

Over to Rabat

GRUDGING and hesitant to the last, the right-wing members of the French cabinet have now agreed to stop baulking the policy for Morocco that they sanctioned last Monday week. On Tuesday M. Faure, emboldened by a sudden stiffening of opinion among the cabinet supporters of his policy, at last decided to place the well-being of Morocco above the survival of his ministry, announced that he must now be given authority to execute his policy according to his own lights, and challenged anyone who disagreed with this course to speak up and resign. Many sulked, but no one spoke. He has won his way because the only people who covet his shoes are rivals to his left, not his right, and his right-wing colleagues therefore dare not upset the boat.

But he has won the round at a heavy price—forfeiture of much of the respect in which not only Moroccans but Algerians hold Paris, and of esteem for France even among Francophiles abroad. For what is an outsider to think as he watches cabinet ministers publicly revealing their disagreement with cabinet decisions, or the Minister for Pensions telephoning directly to the Resident-General in Morocco behind the back of the Minister for Moroccan Affairs, or the Minister of Defence advising a Moroccan general not to take a seat on the Moroccan Council of the Throne that the rest of the cabinet is imploring him to accept? All these unedifying spectacles occurred during a week in which the so-called *modérés* attempted to sap and sabotage the policy of simultaneously securing Sultan Ben Arafa's voluntary withdrawal and the appointment of a three-man Council of the Throne.

Just as no one can agree who is to be Sultan, because much of France and all Morocco are divided into "Arafists" (or advocates of the *status quo*) and "Youssefists" (or advocates of a solution on Tunisian lines), so agreement has been difficult to reach on who shall be the third man or umpire on the Council. The Resident-General, General Boyer de la Tour, has now been despatched back to Morocco with orders to pick a third man off a short list of neutrals acceptable to Paris and to the other two nominees. As he has throughout been an advocate of an "Arafist" for the third seat, his will to execute a difficult assignment may be lukewarm, and cohorts of visitors—serving French generals as well as *colons*—will try to keep it so. Yet he can hardly break faith with M. Faure after the fulsome and touching expression of confidence the latter gave him upon his departure. The scene now shifts to Morocco, where, as *Le Monde* remarks, it ought to have been all along.

United Party's Costly Victory

THE South African United Party won a costly victory in last week's by-election at Hillbrow, the densely populated middle-class Johannesburg constituency. Its candidate, Dr Louis Steenkamp, a former senator from Natal, defeated the rebel Dr Bernard Friedman, who previously held the seat for the party but resigned because his liberal views could not be reconciled with the official line, by 641 votes in a total poll of just under 6,000. This outcome, however, is anything but cheering for the much-battered United Party (whose drooping fortunes are further discussed by our correspondent in South Africa on page 1037).

Dr Friedman, whose courage in standing up to the party's big guns is to be admired even if the political wisdom of his course is doubtful, won 45 per cent of the votes cast. Though Hillbrow, which is a rich constituency with a high proportion of Jewish voters, is untypical of the country as a whole, this substantial defection should prove to Mr Strauss, the party leader, and his associates that there is widespread dissatisfaction in the ranks against their policies. More important, however, than the distribution of the votes actually cast is the fact that a mere 57 per cent of the electorate troubled to turn out even though the contest was obviously of great importance and the full party machinery had been mobilised. Few of the absentees could, in Hillbrow, have been Nationalists who did not have a candidate of their own. The truth is that once again the chief enemy of the United Party was apathy. This alone accounts for the fact that the Nationalist Party, with the support of only a minority of the potential voters in the country, has yet been able to consolidate its grip on parliament. The result of the Hillbrow by-election proves that the lack of clear and consistent policies, especially on the colour problem, is fatal to the United Party.

Meanwhile on the government side, Mr Strydom is showing that he is the equal of his predecessor Dr Malan in political astuteness. At the recent congress of the Orange Free State branch of the Nationalist Party he made two statements of policy which were so calculatedly moderate in tone that they were clearly designed to spread further confusion in the ranks of the opposition. In answering questions about future steps towards a republic, Mr Strydom made it clear that he is in no hurry; it appears that the decision has been postponed to 1958, at the earliest. And when asked to state the government's policy on the protectorates, the Prime Minister strongly deprecated all talk of sanctions and counselled patient and friendly negotiation with Britain.

Many-Sided Spokesman

THE news that Mr William Clark, broadcaster and diplomatic correspondent of the *Observer*, is to succeed Mr T. Fife Clark, director-general of the Central Office of Information, as adviser on public relations to the Prime Minister from October 1st is of more than professional interest. When the job is done smoothly and without excitement, as it has been done by Mr Fife Clark, little is heard about it. Yet the public ought to be aware of the nature of a job which the Government regards as sufficiently important to warrant a salary of £2,750 a year. It should also understand why it is that the post keeps on being chopped into and out of the established civil service.

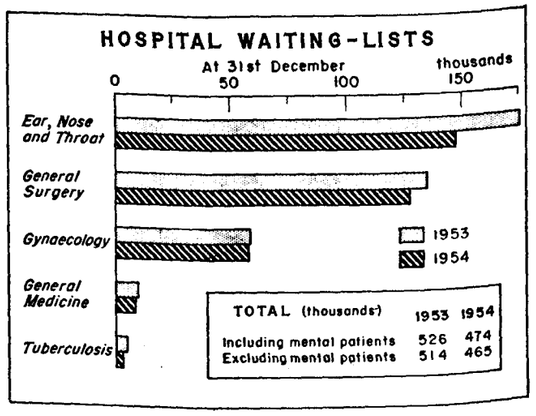
The difficulty is that the adviser on public relations to the Prime Minister has at least four functions to perform. His first duty, of course, is to the Prime Minister, who must be forewarned of troubles ahead. The adviser must search the press diligently for clouds no bigger than a three-lined paragraph; and he must also keep dredged the channel between Downing Street and the higher reaches of Fleet Street. His second duty is to keep an eye on all other public relations officers in Government departments. This calls for great tact: the departments cherish as much autonomy as they can snatch. When Mr Francis Williams was Mr Attlee's adviser in the early postwar years he jumped gleefully on all the corns of the Foreign Office public relations staff, who were strong enough to insist when he left that no successor should do the same. The third task of the adviser is to keep liaison between the Government and the British press—particularly the Lobby journalists, but others, too, who are concerned with political news. Lastly he is a link between the Government and foreign correspondents in London. For the American journalists he has to do his best to find some substitute for the Presidential press conference, which has become part of the system of government in the United States.

These four functions are all different from each other, and they demand of the ideal adviser an acute news sense, far-sightedness, immense patience, and a great deal of tact. It is the differing emphasis put on these differing qualities that explains why the job is sometimes given to an established civil servant (Mr Fife Clark), sometimes not (Mr William Clark); but the holder, whatever his status, would be hopelessly handicapped unless he had had first-class experience of journalism. Both the Clarks hold this qualification.

More Efficient Hospitals

THERE is welcome evidence in the Ministry of Health's annual report (Cmd 9566) on the health service that the hospitals are now better able to meet the increased demands on their services. Waiting lists for in-patient treatment at the end of 1954 were not only about 52,000 smaller than at the end of 1953, but were also about 14,000 smaller than in the first year of the health service. The distribution of the total among the different main specialties is shown in the accompanying chart.

The nominal totals of patients waiting for beds should always be regarded with some reserve. Sometimes people who have moved house while waiting appear on the lists of more than one hospital; sometimes they no longer need treatment when their turn for a bed arrives. A regular weeding out of the waiting lists can of itself make inroads upon them, and this process may have helped towards last year's apparent reduction. But it is also gratifying to see that, with an increase of only some 5,000 in the average number of available beds, the hospitals treated 87,000 more



in-patients in 1954 than in 1953, including 6,000 more in mental and mental deficiency hospitals. They did this, not by cramming their wards more fully (the occupancy rate of the available beds remained fairly stationary at around 90 per cent), but by reducing a patient's average length of stay in hospital. There is still considerable variation between individual hospitals in this respect; but hospital staffs are now appreciating the effect on the waiting lists of even one day less in the duration of a patient's stay. The apparently tiny increase in the average turnover of hospital beds last year (from 12.8 to 13.1 patients in all hospitals other than mental or mental deficiency hospitals) made room, says the Ministry's report, for some 70,000 additional patients.

Ho Gets Burmese Rice

WHEN President Ho Chi Minh of the Democratic Republic of Vietnam returned to Hanoi in July, laden with economic presents from his Chinese and Russian friends, it was noticed that one of the things he did not

bring was rice. The Viet Minh leader was thus left with little but words to console his subjects in the famine areas of northern Vietnam. This left the non-Communist south with one economic advantage over the north—American aid being largely offset by the economic assistance agreements that the Viet Minh had reached with China and Russia; but the advantage no longer exists.

From its own resources, the Viet Minh republic, desperately short of foreign currency, would not have been able to make good the chronic rice deficit of the over-populated north. But the long arms of its Russian big brother have stretched out to Burma with the necessary money. Before the end of the year 150,000 tons of Burmese rice, bought by the Russians, will have reached Haiphong, the port of Hanoi. This is 50,000 tons more than the usual deficit of 100,000 tons in northern Vietnam, which, in normal times, was made good by shipments from the south. It may well not only fulfil the needs of the two areas that have been suffering from actual hunger but also make up for the loss of production caused by seven years of war.

This relative increase in the strength of the Communist north of Vietnam is unfortunately being accompanied on the political plane by continued infiltration in the south. According to radio reports which have not been denied, the former Viet Minh field commander in the south, General Van Tien Dung, last month spent a week at the secret headquarters of the Viet Minh, during which he held talks with Communist agents throughout Mr Diem's non-Communist southern half of the country. Substance is lent to these reports by the news that the Vietnamese national army has launched several attacks against Viet Minh irregulars in Cochinchina. The overt military attack, however, remains the least likely method for the Viet Minh to use in overcoming the frustration of last year's Geneva agreement. Subversion and the eventual *fait accompli* of a virtually Communist administration seem more probable lines of approach. They are unfortunately the methods against which western assistance is least profitable.

Petrov's Gift to Australia

THE Petrov inquiry is likely to be remembered less for its revelations about Soviet espionage in Australia than for its more general political implications. The massive, 100,000-word report of the Royal Commission was, indeed, at its most negative when dealing with the subject ostensibly under review. The inquiry disclosed no trace of any significant leakage of information from the Australian Department of External Affairs since 1949. Mr Petrov's assiduous cultivation of indiscreet or disloyal journalists seems to have yielded only minor and valueless poison-pen reports.

The inquiry was nevertheless an important eye-opener to the Australian public. As in this country, the Communist party in Australia has proved an ineffectual parliamentary weapon; but, even more than their British counterparts, the Australian Communists have been successful in infiltrating the trade unions, and they have often—despite setbacks in the past three years—proved able to call disruptive strikes at will. It remains to be seen whether the average Australian unionist, whose "anti-boss" outlook sometimes seems a survival from more depressed times, will be affected by the revelations of the Petrov inquiry. The evidence that some of the strings which pull the party are held in Moscow may sound merely a repetition of a familiar, and privately discounted, rumour; but most unionists voting Labour at the elections would react adversely to the more specific disclosure that the secretary of the Communist party received $25,000 from the Soviet Embassy in October, 1953, to enable the party to recoup the expenses incurred in opposing the anti-Communist referendum held two years earlier.

The inquiry has already had its effects on the political standing of the Federal Labour leader, Dr Evatt, whose attempt to demonstrate that the whole Petrov incident was an electoral trick, engineered by Mr Menzies, badly misfired. It is likely that the overtones of the report will continue to be heard long after the immediate noise of the evidence has died down. The commissioners unequivocally supported the Prime Minister's view that Australian law, as it stands, is inadequate to deal with political subversion. And this may strengthen Mr Menzies's hand if he should ever make a fresh attempt to extend the power of the Commonwealth to deal with hidden enemies.

Mr Thackeray

It is by considering what [Fielding] is, that we best perceive what Thackeray, with all his excellencies, is not. We may admire the skill which produces on paper correct likenesses of the men and women whom we are daily meeting in the world; we may marvel at the wit which deepens the lines of the portraits to the very verge, and yet stops short of the limits of caricature; we may smile and sigh alternately at the humour which draws from its own grotesque groups cutting reflections on the vices and follies of mankind; we may praise the justice of the censor and commend the impartiality and severity of the moralist; but with all this we go away unsatisfied, and feel that, after all, a clever satire is one thing, and the world in which we live and move is another. But in reading Fielding we are moving in the actual everyday world. We find not likenesses of men and women, but the men and women themselves. . . . It is not because we find a striking picture of the state of the Church, and the social position of the clergy a hundred years ago that we admire "Joseph Andrews," but because we love to be in company with Parson Adams. . . . We do not read "Tom Jones" because we like to see society shown up, or to gaze with morbid interest on the reflected spectacle of our own depravity, but because we enjoy a change of life: after hurrying about the city or travelling by an express train, it is pleasant to jog about the roads and lanes of Old England on horseback; after being wearied out with analytical disquisitions on human nature in the abstract, it is refreshing to come in contact with such a genuine specimen of concrete humanity as Squire Western. . . . Fielding, like Shakespeare, creates; Thackeray, with more or less skill, imitates and moralises. The former is dramatic, the latter didactic. In "Tom Jones" art is artfully concealed, in "Vanity Fair" or "The Newcomes" the artist is never lost sight of: it is impossible to forget that his characters are puppets; we continually see Mr Thackeray pulling the strings, shrugging his shoulders, and reiterating a conviction, which never yet formed the foundation of a great artist's work, that all men are rogues.

The Economist

September 22, 1855

Letters to the Editor

Officers and Gentlemen

SIR—Your article under this title in the issue of September 17th, after acknowledging the difficulty of comparison with the civilian salariat, went on to draw an analogy between officers and the administrative class of the civil service. The analogy is a fanciful one. It is well known to those who have close experience of the War Office and the other Service Ministries where uniformed officers work side by side with civil servants that (save for the highest ranking officers) the correct analogy is with the executive class of the civil service. The correct equations are:—

Captain equals Executive Officer.
Major equals Higher Executive Officer.
Lieutenant-Colonel equals Senior Executive Officer.
Colonel equals Chief Executive Officer or Principal (Administrative Class).
Brigadier equals Assistant Secretary.
Major-General equals Under-Secretary.

These are the equations used in classifying work. Thus, if a civil servant takes the place of a major he is graded higher executive officer. If an army officer takes the place of a senior executive officer, it is a lieutenant-colonel's charge. The responsibility assigned to a major on the staff at the War Office or at Command Headquarters or Administration office never approaches that of a Principal in the civil service.

Your figures showing emoluments for army officers are also off the mark. The War Office confirmed last year that the cost (excluding superannuation) of a captain is £1,080 to £1,200 a year, not the £950 shown in your table. An executive officer in the civil service receives £870 at his maximum, which he does not reach before the age of 37. The Air Ministry stated last year that "a civilian costs less and sometimes appreciably less, than his Service counterpart." Taking all relevant factors into account the average cost of a forces officer is some £250 to £350 a year more than the civil service equivalent.

It is a little difficult to accept the suggestion that a major has some divine right to a guaranteed pension of at least £1,000 per annum at age 60, merely because assistant secretaries have that expectation. Surely there are majors who, having arrived thus far, have achieved their market worth just as in other walks of life not everyone can reach the summit. If a major is retired at age 45, is it such a hardship for him to receive a pension of £500 per annum in addition to any emoluments he may secure in the civil employment to which he gravitates at that age? His civil service equivalent—the higher executive officer—normally does not become entitled to his pension until he reaches age 60 and which on current assessment presuming 40 years' service would be valued at £545. By the time the retired major reaches the age of 60 he will have drawn £7,500 in pension, which is an appreciable capital sum.

Civil servants would be the last to begrudge improvements in pay and conditions for forces officers, but by civil service standards for comparable duties and responsibilities they already do rather well; and the figures show that a good deal more pay will have to be granted to civil servants before they provide a valuable precedent for improvements in the pay code for the forces.—Yours faithfully,

G. F. GREEN, General Secretary
Civil Service Clerical Association, SW1

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SIR—No one could reasonably object to a general comparison between the pay of the armed forces and the civil service, but to compare the regular officers of the forces as a whole with the particular and numerically small administrative class of the civil service is another matter. The comparison breaks down at once on the questions of recruitment and duties. The assistant principal is normally recruited from the universities by a competitive examination at honours degree standard and only the most able graduates have been successful. It is unusual for the armed forces to require an educational standard up to honours degree level for candidates for regular commissions. Again, administrative officers are mainly concerned, in their ordinary duties, with the formulation of policy; the only members of the forces engaged on comparable duties are a relatively small proportion of staff officers. As regards the great majority of officers in the forces, a reasonable comparison, based on educational attainment at recruitment and on duties performed, should surely be with the executive and, possibly, professional, scientific and technical classes of the civil service.

The references in your article to a "minimum guaranteed rank" for the administrative class are misleading. In the postwar years it was the practice of the Civl Service Commission to state that entrants to the administrative class could expect to reach the rank of assistant secretary. This is no longer so, and it is unfortunately now quite clear that many officers of marked ability in the administrative class cannot possibly get beyond the rank of principal, with an effective maximum salary of £1620 per annum, because of the lack of promotion opportunities. It is therefore incorrect to suggest that all members of the administrative class can reach a salary of £2200 a year and the consequential pension.

A more important mistake is contained in the statement that "the home civil service still gets all the recruits it needs." In the context of the article this statement must be taken to apply to the administrative class. In fact it is not correct. In the recent examination for the administrative class the number of candidates had dropped to 474 as against 651 in 1954 and 655 in 1953. Further, although fifty vacancies were advertised, the Civil Service Commission were unable to find more than 31 candidates of the standard they required. At least one of these has already refused appointment. Clearly the administrative class is losing its attractions as a career for the graduate. I notice also that although your article points out that "since 1946 officers' pay has risen by about 35 per cent, which is little more than half as much as the national income figures suggest for salaries in general," it does not go on to point out that in the same period the maximum salaries of assistant secretaries and principals have risen by only about 30 per cent.

My object in writing is not to suggest that the pay and conditions of officers of the armed forces do not require the urgent inquiry which was proposed. However, the article could be taken as suggesting that the position of the administrative class is satisfactory. I am certain that in view of the articles you have from time to time published in recent months, you did not intend to convey that impression; and I am anxious to correct it at a time when the report of the Royal Commission on the Civil Service is imminent.—Yours faithfully,

J. M. WOOLF, Chairman
Association of First Division Civil Servants, SW1

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SIR—The fighting services will be grateful to you for bringing out into the open the situation as regards pay and retired pay, which certain authorities are only too keen to hide or gloss over. For forty years or more the forces have obtained fine personnel at absolute bargain prices, and an endeavour has been made to continue this policy even in an era of over full-employment, with nearly half a million unfilled jobs in trade and industry.

Pay in the forces should be comparable to that earned by those who are successful in civil life plus a reasonable addition to allow for all the inconveniences, difficulties in family education, the moving round, extra expenses, separations, and so on, inherent in life in the services. It should, in fact, be more, not less, than that obtainable in civil life. The entertainment allowances of all commanding officers from the most junior (who at present have none) should be adjusted to fit the facts, for in these days officers can no longer subsidise the Government as was done in my time in the service. This is particularly necessary for officers serving in foreign countries. The emoluments of flag officers call for review, and especially of the Lord Commissioners of the Admiralty themselves, who in most cases, in spite of the position they occupy and the responsibility they bear, receive only a small percentage of what a moderately successful stockbroker now earns.

As regards retired pay, it is not encouraging to youngsters to see the treatment meted out to their elders who have retired from the services. There are at present four scales of retired pay, each one more outmoded than the other, reaching back to a scale of 1888. This means that for the same length of service the same retired pay is not given: while inflation has completely altered the standard of living of deserving officers. The Government should take a leaf out of America's book, where, for instance (in the navy at least), there is only one scale of retired pay, which is related to the existing active service pay. —Yours faithfully,

H. T. BAILLIE-GROHMAN, Vice-Admiral (Ret'd)
Sidlesham Common, Chichester

Black Market in Cars

SIR—In May and June last I sought to buy a new car of a popular make, but was informed by some twelve dealers I visited that there was a waiting list of from two to nine months. This information was given almost gleefully, but in many instances in a lowered voice —almost spiv fashion—they added that they could let me have one immediately secondhand at from £25 to £50 above the list price.

Determined to get a new car, I ordered one where delivery was promised within six weeks. At the end of that time they said it had not arrived and could not give a delivery date. An urgent business journey left me with no alternative but to hire a new car for four weeks at a cost of nearly £60. I was being charged this for making a new car secondhand, so that it could be sold at a premium to an unsuspecting member of the British motoring public, who would hardly be told that the car had been driven by many people on self-drive hire terms. The "fair trading code" of the manufacturers has actually created a black market of which they are aware, but they say that there is little they can do about it.

My new car has been delivered. The metal bracket supporting the exhaust pipe has fractured, I have torn a pair of trousers on the jagged edges of the stamped bumpers, and my wife has lacerated a pair of shoes on the inside metal edging of the carpet. This is surely symptomatic of an economy inflated by merchants on a seller's market, and witnessed by workers who have to pay and who feel, if belatedly, they should follow the example by also exploiting the labour shortage.—Yours faithfully,

J. H. SEAGER
New Malden

Books & Publications

Fifty Years of Saving

A STUDY OF SAVING IN THE UNITED STATES. *Volumes I and II.* By Raymond W. Goldsmith.
Princeton University Press (London: *Geoffrey Cumberlege*). 1168 pages and 656 pages, respectively. Volumes I and II together £12 or $30.00.

THIS massive study of savings in the United States in the first half of this century was undertaken by Dr Goldsmith and his staff, with the assistance of an advisory committee, under the sponsorship of the Life Insurance Association of America. The first volume sets out the main findings and reproduces 550 tables of annual estimates of national savings and its components; the second discusses the intricate principles involved in their measurement, the problems encountered, and the accuracy of the estimates. A third volume will consist of some special studies.

This research covers much ground hitherto untouched and measures the contributions of different savers and different forms of savings in the United States over a longer period and in more detail than ever before. It goes a considerable way towards answering the riddles of who saves, how much, in what form and why. Yet, as the author frankly admits, there are many disappointments in the outcome. As unexpected difficulties were encountered, the time taken on numerical research was prolonged, and, in consequence, the analysis of the results is less extensive than was originally intended. Much of the material is thus still in an undigested state.

The general picture is nevertheless clear. However savings are measured—and there are a number of different conceptions—they have unquestionably increased in the United States over the first fifty years of this century, the depression being the chief interruption of this course. The upward trend in the volume of national savings per head has been equivalent to a rate of growth of a little less than 2 per cent a year—a rate which implies a doubling of real savings per head every 40 years. But one year's savings may be very different from the last and there are sharp fluctuations, much larger than those evident in other main economic series, but with turning-points that seem to correspond with those in business cycles.

Dr Goldsmith finds that, in normal times, personal savings account for about three-quarters of the nation's total savings and, not surprisingly, a very high proportion is provided by the most wealthy households. In an average year in the United States two out of every three households save while one dissaves, and over the whole period between 1897 and 1949 households saved on the average about one-eighth of their income. But the proportion of saving out of disposable personal income showed no marked upward or downward trend over the period. Among business enterprises, about one-third show a cumulative deficit even in good times, while their saving habits are not closely linked with income as those of individuals are. Leaving out the war years and the depression, there has been a marked increase in the share of savings through consumer durables, life insurance, pension and retirement funds, with a corresponding decline in the importance of shares, mortgages, and real estate.

Many of such findings are hedged in with warnings against relying too much on year-to-year changes in the data. As is well known, savings are difficult to measure. Most of the estimation in this work has been done by the aggregation of statistical series, checking the balance sheet method against that of income and expenditure, and thereby casting savings into the mould of social accounting. The results of sample surveys play only a minor part. The sources of all the figures in the tables are given meticulously; indeed, there is so much cross-reference that it needs a stout-hearted research mind to cope with it.

Some evidence is put forward that savings in the United States have now gone back to their pre-1930 trends. But, from this present analysis, no simple curve has been found to fit the trend of national or personal savings throughout the whole period. The econometrician has still a long way to go before he can hope to predict the future course of savings. This study is a most valuable contribution to knowledge; but there are still gaps, and in spite of their drawbacks, sample surveys of savings habits may have to play a larger part in future.

Timeless Mystery

ALPS AND ELEPHANTS: HANNIBAL'S MARCH.
By Gavin de Beer.
Bles. 138 pages. 10s. 6d.

THE Director of the Natural History Museum is what this century needs: a humane polymath. His formidable bibliography deals with more subjects than anyone else nowadays

would dare to deal with: as well as his own subject of zoology, it covers literary, scientific, military and Swiss history, alpinism and more beside, discussed with equal elegance and ease in English and French. He has now drawn all these subjects together, added for good measure something of climatology, numismatics, philology, astronomy, ecclesiastical geography and pollen analysis, and with their help he attacks the old and still uncertain question of Hannibal's route over the Alps—a timely answer to those who, at the recent meeting of the British Association, have been accusing the scientists of illiteracy and over-specialisation.

Sir Gavin's book is short, and is designed for the general reader: if he knows a little Latin and Greek (or any other of the disciplines which Sir Gavin employs) so much the better, but it is not essential. Sir Gavin has set out clearly the elements of the problem and given his solution, with the arguments that lead up to it. The reader is invited to check the train of thought and do better if he can. The result is fascinating: it joins the highest order of puzzle-books, and it will give hours of pleasure even to those who know nothing of Hannibal or the Alps.

The solution which Sir Gavin propounds is convincing, though not all the arguments seem as strong as he claims them to be. He appears to have fallen once into the trap of over-enthusiasm which awaits all those who make a discovery outside their own field: his identification of a river mentioned by Livy and Polybius seems probable on geographical grounds; but one cannot share his view that it is made certain by the rather odd philological arguments with which he supports it. However, on his own ground, he should be hard to beat.

There is much more in the book about Alps than about elephants. It includes an interesting appendix on the question whether Hannibal brought any Indian elephants with him, beside the African ones which the Carthaginians chiefly used. But this is almost a detail. The main theme is the passage through the Alps.

Underrated Victorian

ANTHONY TROLLOPE.
By A. O. J. Cockshut.
Collins. 256 pages. 16s.

IT has frequently been maintained that the posthumous publication of Trollope's "Autobiography," a book always pedestrian and frequently commercial in tone, destroyed the novelist's reputation for nearly half a century. Mr Cockshut shows that this will not stand examination. Trollope's unhappy childhood and frustrated adolescence were the foundations of his success in middle life, for they endowed him with a power to rejoice in and convey all those ordinary pleasures that "had once seemed to him like whispers of an impossible paradise." Hence the atmosphere of those books which were most popular in his own day and which returned into esteem in the 1930s. We are still apt to think that a short holiday in Barsetshire is a capital thing in convalescence.

But in fact Trollope's highest achievement came later, from about 1868 to his death in 1882. This was a phase of "retreat, questioning, and satire." In books like "He Knew He Was Right" and "The Eustace Diamonds" he faced his own deepest preoccupations, and an immediate decline in popularity followed. Thus Trollope's management of his literary career, superficially so successful, was in fact disastrous. He brought forward the wrong sort of wares first. "If Mr T. S. Eliot," we read, "had written *Old Possum* before *The Waste Land*, it is doubtful if the latter would have been given all the critical analysis and praise that it has received for over thirty years."

Mr Cockshut perhaps overstates his case when he declares that his book is thus "an attempt to rescue Trollope's reputation from the consequences of a tactical error." There was no tactical error, since Trollope could no more have written "The Way We Live Now" in 1852 than Shakespeare could have written "The Winter's Tale" in 1590. Nevertheless Mr Cockshut's study is extremely valuable; it is indeed one of those rare critical books which justly and radically reinterpret and revalue the work under discussion. And this is achieved on a broad front. We are persuaded not only that Trollope's last phase sets him high among the most serious Victorian novelists but also that throughout his career his frequent diffuseness, chattiness and "deceptively low-brow" air have prompted inadequate reading and condescending appraisal. From the first Trollope's books had notable art and notable depth.

A publisher's note tells us that Mr Cockshut is planning a new book on religious controversies in the nineteenth century. This will be something to look out for. But it is to be hoped that he will also follow up his present distinguished start in literary criticism.

Human or Personal?

AFRICAN JOURNEYS.
By Fenner Brockway.
Gollancz. 227 pages. 13s. 6d.

IN this rather slight book Mr Fenner Brockway, MP, does not add much to what he has already said and written about the problems of Africa. It is an account of a series of journeys he has made in Africa in the last few years, to Kenya, Uganda, the Sudan and Tunisia, with some detail, occasionally trivial, of the people and places he visited. There is a lot of political chit-chat interleaved with serious discussion and airing of the views already well associated with Mr Brockway.

Nevertheless, the book is not to be overlooked. It is described on the cover as "a finely human approach to urgent problems." "Personal" would describe it better than "human"; it is full not of universal humanity so much as Mr Brockway's personality. But it is studiously moderate, sympathetic to Africans but not emotionally so, and altogether a reasonable statement of a constructive, restrained and slightly old-fashioned pro-African viewpoint.

Broadly the viewpoint is that especially for East and Central Africa, "even before the machinery and adjustments for self-government are established, policy should be decided not for the people, but *with* the people." True, but Mr Brockway goes on to propose that colonial peoples should have "self-determination" before self-government. The voice of Africa should be obeyed before the voice has means of making itself heard. What could be neater as a side-stepping of all the practical problems of government in the African colonies today?

Two Views of the Far East

COLOUR OF ASIA.
By Fernand Gigon. Translated by Christina Stead.
Frederick Muller. 229 pages. 15s.

MINORITY PROBLEMS IN SOUTH EAST ASIA.
By Virginia Thompson and Richard Adloff.
Standford University Press (London: *Geoffrey Cumberlege*). 303 pages. 32s.

THESE two books present an instructive contrast in methods; considered together, they illustrate the strengths and the weaknesses of the journalistic and academic approaches. *Colour of Asia* is an engaging kaleidoscope of impressions, presented in a lively, almost breathless style by a Swiss journalist whose work has sometimes been seen to better advantage in the columns of *Le Monde*. The canvas is so wide and the pigments are splashed upon it with such Topolski-like abandon that the beholder has no time to focus upon major topographical features. Such verve discourages closer scrutiny; the untravelled or uninitiated reader, carried forward from the geisha quarter of Tokyo to the postwar miseries of Seoul, or from the competing armies of Vietnam to the dense jungle of Singapore's Chinatown, will feel as though a friendly airline has touched down for his benefit at these and other places, with all expenses paid, so long as no single visit lasts more than twelve hours. Every now and then, his curiosity about the deeper problems of Asia will be stimulated by a shrewd remark from the lips of his travelling companion; but no more than stimulated.

M. Gigon's book is, indeed, so disarming that it may be as well to warn the unwary that it is far from accurate, at least as it is presented to English readers. To pick random examples, Singapore is "ruled" by a governor, not a governor-general; and it was certainly not true when M. Gigon wrote his book that there were twelve thousand terrorists in the Malayan jungle, or, indeed, many more than half that number; nor were these terrorists either Malays or nationalists, as the English text would have us believe (it is conceivable that in the French original the author was guilty of only the second of these errors).

It is perhaps a pity, then, that so many more readers will read "Colour of Asia" than will plough through the accurate austerities of "Minority Problems in South East Asia." But the specialist will find this admirable academic study among the most rewarding of the Institute of Pacific Relations' studies. It is perhaps churlish to criticise the authors for not having done what they did not set out to do, but one may lament certain deliberate omissions, particularly the exclusion of the Karens from the section dealing with Burma's minority problems, on the ground that numerous studies have already been devoted to them. This is as if the publishers of a European geography omitted France. The incompleteness of this book, however, in no way detracts from its comprehensiveness within self-chosen limits. A similar regard for accuracy would have improved M. Gigon's book as much as a touch of his verve would have widened the potential public of "Minority Problems."

A Jesuit's Apologia

WILLIAM WESTON: THE AUTOBIOGRAPHY OF AN ELIZABETHAN.
Translated by Philip Caraman.
Longmans. 259 pages. 18s.

FATHER CARAMAN, who translated and edited the narrative of John Gerard, that prince of proselytisers and escapers, has now done the same service for the autobiography of another Jesuit, William Weston. A former student of Christ Church, and an introspective ascetic, Weston was Superior of the Order in England from his landing in 1584 to his arrest in 1586. Until deported in 1603 he remained in prison, spending eleven years in Wisbech Castle in conditions which became surprisingly lax, and then in rigorous solitary confinement in the Tower. His health, eyesight and even mind became affected, and his narrative lacks the precision and colour which made that of John Gerard so illuminating and absorbing. Father Caraman considers that in a Catholic century Weston might well have been declared a saint. The odour of piety indeed clings heavily to his narrative, which is largely a work of edification, perfumed with stories of holy living and dying. It is interspersed with accounts of the exorcisms practised by Weston, a "somewhat nauseous subject" as Father Caraman remarks, and with unpleasant stories of the mental and physical sufferings of the trimmers who tried to combine loyalty to the Catholic church with obedience to the state.

But though Weston spent so long in prison his account might have had considerable historical value; for from the feuds which occurred among the Catholics at Wisbech and for which he was blamed, there developed the wider quarrel between the Jesuits and seculars which split the Catholic community in England. Here Weston has little to say, and expresses his irritation that the government knew so much of "incidents and personalities which I had so much rather had been kept within the prison walls, not published to the heretics with so much scorn and infamy." Unfortunately Father Caraman is almost equally reticent, holding that Weston stands in no need of defence, dismissing his Catholic opponents as "factious priests," and, surprisingly, stating that throughout this period the Jesuits were on terms of the friendliest co-operation with the seminary priests, a few renegades excepted.

Mr Evelyn Waugh's foreword suffers from no such reticence. He suggests that "for the fullest development of our national genius we required a third conquest, by Philip of Spain." He also observes that the work of editing is of even greater importance for Weston's account than it was for that of Gerard. It is unfortunate that this work should have been carried out in so partisan a spirit. Thus Father Caraman suggests that the Jesuit version of the Babington plot (from which he quotes freely) is "far closer to the truth than the version put out by the Government," implying that Walsingham stage-managed the whole conspiracy. Again it is true that the work in which the Jesuit Father Parsons advanced the claims of the Spanish succession to the English throne can be described as "a genealogical discussion of the claims of various contenders for the throne"; but it does not explain why the English government should have made it high treason for anyone to possess a copy of this work. Father Caraman has no difficulty in explaining why the Jesuits made converts; but he does little to explain why they also made enemies.

John Wilkes and all That

ENGLISH RADICALISM 1762-1785.
By S. Maccoby.
Allen and Unwin. 534 pages. 45s.

DR MACCOBY has given this volume the unexpected subtitle "The Origins"—as if there had been no radicalism in John Ball or Jack Cade, let alone the Levellers. Little else in it is unexpected or original. It follows the pattern of his other volumes on the same subject: a string of narrative chapters, each preceded by telling contemporary quotations. He does not write smoothly—"Fox made a strong point" and "Personal issues . . . blazed up sharply," in the same paragraph, exemplify his style. But few indeed are the modern authors who can compare with the masters he quotes: "We are governed by counsels from which a reasonable man can expect no remedy but poison, no relief but death" (Junius); "the greater, far the greater number of those who rave and rail . . . are vehement and clamorous, only that they may be sooner hired to be silent" (Johnson); "Baffled, discountenanced, subdued, discredited, as the cause of justice and humanity is, it will be only the dearer to me" (Burke).

A more important defect in the chronicle is the lack of informed comment to sustain an old-fashioned narrative. Is it really worth while, for example, to recite the complaints of the "outs" at the profitable places enjoyed by the "ins," without any reference at all (beyond including his book in the bibliography) to Professor Pares's authoritative explanation of the whole patronage system in "King George III and the Politicians"? Moreover, we are not even told what we might reasonably be expected to want to know: having been treated to a good deal of detail about City of London intrigues during Wilkes's period of ascendancy, we are fobbed off with little more than a summary of parliamentary history, sustained by a profusion of division figures, for the last few years of the period—just when it would be interesting to be told what effects the American declaration of independence had on English radical thinking. Four chapters at the close touch on problems of labour, religion and philanthropy, without having much to say about the springs of thought or action.

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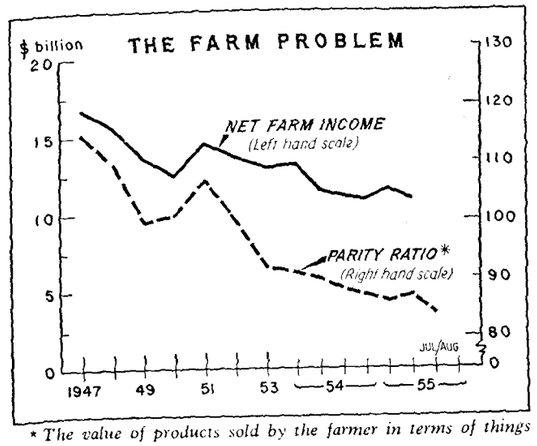
American Survey

AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Making Political Hay

Washington, D.C.

IF speeches during the last fortnight give any true indication, the United States is in for a most depressing argument on the state of the farms. There is obvious political hay to be made out of the continuing decline of farm incomes in the midst of industrial prosperity. When the Republican party's state chairmen were in Washington recently, they were full of warnings that, if Congress was to be won back from the Democrats next year, Mr Benson, the Secretary of Agriculture, had better think up some new policies and produce them quickly. Last Monday the Democrats, with a polemical flourish, launched their new advisory council on farm policy, headed by two of Mr Benson's predecessors. No one has forgotten that there was a similar decline in farm income in 1948 and that Mr Truman exploited it to win his unexpected victory.



* *The value of products sold by the farmer in terms of things he buys.*

The central problem is that, out of about 355 million acres of cropland, there are some 40 million acres producing wheat, cotton and maize which nobody wants at the high prices resulting from the present system of government loans and production controls. The practical effect of all this has been to bring about $8 billion worth of unwanted crops into government ownership and to cut down wheat plantings by 23 million acres, cotton by 9 million acres and maize by 6 million.

Although this system has no doubt eased the transition on the farms from the inflated production drives of war to more normal market conditions, it has developed some conspicuous weaknesses. In the first place, it has not stabilised farm incomes; they have been falling steadily in the past four years. Secondly, the existence of such enormous government-owned stocks has a depressing effect on prices. Finally, the legally enforced restrictions on planting have had two awkward results. On the land left to him for growing wheat or cotton the farmer has piled on the fertiliser, so that output is not in fact reduced by nearly as much as acreage. On the remainder he has switched to growing feed grains, which are also now in an excessive supply; this is embarrassing in itself and is intensifying the problem of supporting the price of maize.

The danger of a full dress political controversy over agriculture is that it will concentrate attention on essentially minor aspects of the problem. To dispose of the dreariest issue first, there is President Eisenhower's campaign promise in 1952. There seems no dispute about his words: he promised that the existing high price props should continue until the end of 1954 and that after that the farmers should have a fair share of the national wealth. The wording of the pledge was certainly a little disingenuous and the Democrats may well be right in holding that whoever put the words in Mr Eisenhower's mouth intended the farmers to feel that, if they elected "Ike," he would see they did not come to any harm. But it is to be hoped that the Democrats are not going to rely too much on pinning a label of bad faith on the President.

The argument over whether price supports should be "high and rigid" or "flexible" is only a little more respectable. Most of the fall in farm incomes took place while the rigid system prevailed; the flexible system only came into effect with this year's harvest. The income referred to is not income a head, which has not fallen seriously since there has been a substantial migration from the farms, but "parity" income, which is supposed to reflect the farmer's relative position in society and which has fallen more sharply. Roughly speaking, if a bushel of wheat fetched the price of a shirt in a base period, a state of parity would exist if it did the same today. Mr Benson's great change, which he fought through Congress in a fierce battle against most of the Democrats and some of the Republicans, was to switch from rigid price supports at 90 per cent of parity—that is, the level at which a bushel would buy nine-tenths of a shirt—to a sliding scale related to the size of the crop, the carryover from the previous year, and the expected demand. The great danger now is that the Democrats, finding that any new departure is likely to split their followers, will come up with nothing

better than a proposal to change back again to rigid price supports. Indeed, such a proposal was passed through the House of Representatives during the last session of Congress and Senator Lyndon Johnson has promised that it will be brought up in the Senate in January. There it will probably also be passed, only to be vetoed by the President; this would make "rigid versus flexible" a major issue of the election campaign next autumn.

*

This would be a pity, since most of the objections to present American farm policy apply almost equally to both price support schemes. On Mr Benson's side, it may be conceded that it is something gained if farmers can be weaned from the idea that they are entitled to a fixed level of income on particular crops, regardless of the state of the market. Psychologically they are perhaps now better prepared to think in terms of real supply and demand. On the other hand the Democrats are entitled to point out that, in presenting his programme to Congress, Mr Benson so combined his previous experience as Mormon preacher and farm lobbyist that the practical effects of the change were greatly exaggerated. Moreover, farm income has not been stabilised. Mr Benson's claim that all would have gone well, had it not been for the increased yields on the limited acres and the depressing effect on prices of the surpluses already in stock, would be more convincing had not these factors been obvious from the time the plan first came up for debate. The real weaknesses of both schemes are those of subsidies the world over. They help the rich more than they help the poor; they help the inefficient and unwise, as well as the efficient, farmer.

One point is getting particularly confused in the polemics. Opposition orators are eagerly picking on any reference by the Department of Agriculture to the waste of human resources on the soil. Their argument is that Republicans, having no soul, want to do away, on impersonal grounds of efficiency, with little farmers who regard the land as "a way of life." But neither support scheme has much relation to the 1¼ million families who are trying to live on farms bringing in under $1,000 a year. Debate can do nothing but good if it produces some definition of the public policy which subsidies are supposed to achieve.

Fortunately, there are some proposals in the air which contain a more candid and realistic approach. One suggestion, directed to the 40 million unwanted acres, is that the federal government should create a "fertility bank" by paying farmers to plant them with crops which improve the soil. Alternatively, it could rent the land and plant such crops itself. Another idea is that subsidies should be frankly paid to the medium-income farmers who need them most. The idea here would be to let prices find their natural market level and make up the difference between those prices and parity on the first $7,000 of the farmer's gross income. But there are serious obstacles, both technical and political. For one thing, there is complete deadlock between the experts on a rather essential assumption: will the increasing population need to draw on a fertility bank or will rising productivity keep the supply of food as much ahead of demand as ever? For another, it will not be easy for either party to line up united support behind a new approach quickly enough to be ready for the election. As usual in politics, there is a lingering affection for old familiar arguments.

Everything Booming

THE American economy is entering the autumn, habitually a season of statistical plenty, after a summer which did not show the usual seasonal slackness. Employment has been going steadily up and in August the number at work exceeded 65 million, for the first time and by nearly half a million. In that month, too, industrial production reached a peak, with the index at 140, in spite of the fall in automobile output as the change-over to new models began. Spending on new construction was at a new high for August, although it was not as high as in earlier months this year, and housing starts rose sharply and contra-seasonally, making up for the unexpected and worrying drop in July. Factories were working longer hours, so that average weekly earnings in them, at $77.11 a head, broke all records in August. Dividend payments in July, the latest month for which figures are available, were also up and personal incomes were running at an annual rate of $304.5 billion, $3 billion more than in June, largely as a result of the increase in the salaries of government servants, in spite of the difficulties of the farmers.

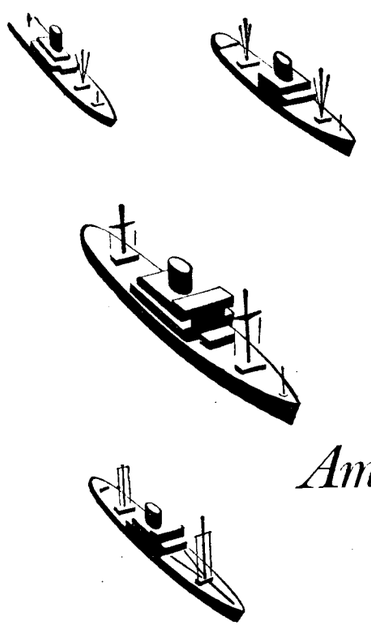
With more money coming into their pockets than ever before, and with apparently no doubts about the future, consumers are spending lavishly—and borrowing lavishly as well. Manufacturers' shipments are rising fast, and their backlogs of unfilled orders even faster. The general confidence has had a significant effect on businessmen's plans for capital expenditure. Outlays for new plant and equipment are now expected to run at a record rate for the rest of this year and, if estimates prove correct, the total for 1955, at $28 billion, will be 3 per cent higher than was forecast earlier. All of this adds up to something approaching a guarantee that prosperity will continue into 1956. But it would certainly be premature for the Republicans to start printing campaign literature with their latest slogan: "everything's booming but the guns."

Anti-trust Exported

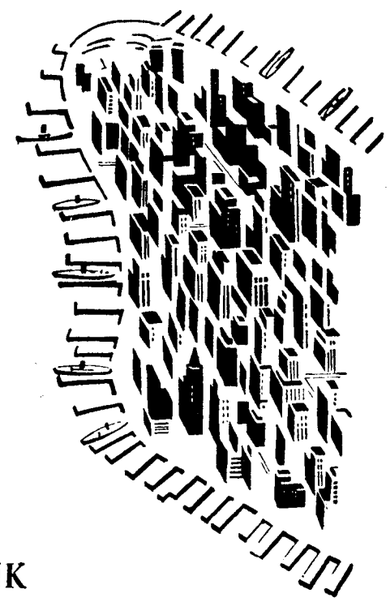
Washington, D.C.

SENATOR KILGORE'S antimonopoly subcommittee spent last week listening to complaints that the wires of American foreign economic policy have been getting crossed. According to witnesses from foreign trading groups the rigid application of anti-trust laws to the activities of American businessmen overseas is running counter to the official drive to step up private investment abroad. On the other hand the State Department's spokesman insisted that nothing whatever must be done to weaken the force of American example in persuading other countries to legislate against cartels.

Two instances, in particular, are cited to show how the uncertain menaces of the law frighten off firms that might otherwise be tempted to try their luck in foreign parts. In the first place American businessmen have been urged, as a contribution to technical assistance programmes, to let foreigners have access to their inventions and "know



Close to the American Scene



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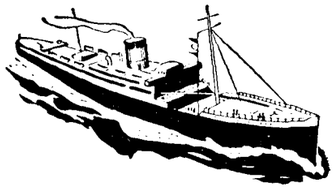

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how." But how is a firm that offers a patent licensing agreement to protect itself from finding its own products, reproduced with cheaper labour abroad, flooding back into the United States? Lawyers doubt whether it is safe for their clients to accept a guarantee against such competition in exchange for a promise to keep out of the foreign firm's own home ground. The second example arises where legal necessity or international tact suggest that, instead of opening a branch of the home office, it would be better to set up a locally-incorporated subsidiary, perhaps with a majority of local shareholders, to build up an American business overseas. But there is a Supreme Court decision which, according to some lawyers, makes arrangements about prices and markets between the parent American firm and its foreign subsidiaries a "conspiracy" under anti-trust law.

Behind these special cases lies the feeling that an American business, operating as best it can where American law does not prevail, ought not to find itself suddenly under the cloud of a criminal indictment. Some witnesses argued forcefully that the "rule of reason," taking foreign conditions fully into account, should apply rather than the strict letter of the law, *per se*, that charges arising from actions abroad, especially when foreign firms are involved, should be handled in a regulatory fashion by the Federal Trade Commission rather than by the courts, and that some agency should be set up to which a businessman could turn for legal clearance before going ahead with a foreign enterprise.

But these business pleas for latitude ran into heavy opposition. For one thing the State Department is all the more determined that the principles of American anti-trust law must be kept pure now that it has withdrawn its previous support for the draft United Nations convention on the subject. This came under heavy fire before the subcommittee from many directions; the most decisive argument was that such a treaty, between countries with no common ground in their domestic laws, would cause more friction than it was worth. But the main obstacle to any easing of the legislation is the fear that concessions made to American businessmen abroad would be used as a cover for evasion of the law at home.

Capitol to Kremlin

WHEN asked in a recent poll whether they wished to visit Russia "if someone were paying your way," 34 per cent of the Americans interviewed answered "Yes." It so happens that members of Congress are among the few who do have their way paid and this summer a surprising number have left Capitol Hill for the delights of the Kremlin, and more are on the way. Eight Senators, including leading Democrats such as Senator Kefauver and Senator Sparkman, have already taken the ritual tour of ancient churches and modern factories, have eaten caviare on collective farms, and have shaken so many hands that they have been suspected of campaigning. Five of them have even conferred with Marshal Bulganin and Mr Khrushchev on the subject of trade expansion. Their colleagues from the House of Representatives have been less fortunate; two declared angrily that the artificial rouble rate was robbery and Mr Joseph Holt, a Republican from California, spent some awkward moments at the point of a Russian gun when all he had wanted to do was photograph some women in a Moscow suburb.

The most startling outcome of this grand tour has been the change in attitude of Senator George Malone of Nevada, long a member of the Republican right wing. Senator Malone has discovered from his brief jaunt that the State Department's theories about an economic or political crisis behind the iron curtain are "poppycock"; he has stated flatly that the Soviet bloc is "self-sufficient in all major strategic minerals"; and he has discussed with Mr Malenkov a free exchange of data about reserves of raw materials. Senator Allen Ellender, a powerful Democrat from Louisiana, has come back equally sceptical of the State Department's appraisals of the Soviet Union and has cheerily asserted that anyone visiting Russia and Poland will learn "to see things in a different light."

Officials in Washington are perturbed by these manifestations of what President Eisenhower has called "the Geneva spirit." They will certainly not make it any easier for the Administration to keep its defence programme up to scratch. At the same time, however, an increasing number of Americans are asking to visit Russia and the State Department has appointed Mr William Jackson, an expert on intelligence and psychological warfare, to act as Mr Dulles's special assistant on the development of contacts between east and west.

Defending the Constitution

THE retreat of McCarthyism ended some of the more immediate and dramatic threats to the freedom of the individual citizen, but many Americans feel that civil liberties as a whole have suffered gravely over the last few years and that the time has come for a counter-offensive. Their efforts are being assisted by the general change in political mood and by specific financial aid from such bodies as the Fund for the Republic set up by the Ford Foundation.

The boldest move so far has been a petition filed before the Supreme Court by 360 distinguished citizens including a Senator, scientists and educators. Acting as "friends of the court," the petitioners are asking that the Internal Security Act of 1950—which is being tested before the Supreme Court in a brief submitted by the American Communist party—be declared unconstitutional. This Act, which was passed over Mr Truman's veto, provides, among many other things, that all members of the Communist party and officers of "Communist-front organisations" should register with the Attorney General. Senator McNamara, who signed the petition, stated that he abhors Communism but feels that the Act "attempts to take away the basic right of free association guaranteed to the American people by the Bill of Rights."

Congress, meanwhile, was preparing to have its own look at the "erosion of civil rights." To open its proceedings, a Senate subcommittee on constitutional rights invited a panel of ten citizens to present ceremonial appeals for the redress of grievances. A Negro lawyer spoke of the oppression of coloured voters in certain southern states; a

distinguished churchman denounced the techniques used by congressional investigators; a newspaperman accused government agencies and Congress of infringing the freedom of the press by withholding information.

These various moves will not go unchallenged. The American Committee for Cultural Freedom, which includes many staunch liberals, has denounced the 360 "friends of the court" as naïve. The national commander of the American Legion has attacked the Fund for the Republic for threatening to cripple "national security"—a charge indignantly rejected by a past commander of the Illinois department of the Legion. Whatever the Supreme Court's decision on the Security Act, however, the issue of civil liberties is certainly being hotly debated.

Rush to the Air

WITH airlines carrying three million passengers a month, with one out of every three persons who travel long distances by public transport going by air, and with air passenger traffic up by 20 per cent over last year, the boom is flying high. Airline officials pride themselves on the fact that it is not also costing high; their charges, unlike everyone else's, have gone up hardly at all, even for first-class service, in the last twenty years, and today's cheap air coach, or tourist, services were not offered at all in 1935. The latest of these is Trans World Airlines non-stop transcontinental flight; so far this is the only company to offer tourist passengers the non-stop coast-to-coast service which is a recent attraction even for first-class travellers. Coach passengers on all lines are, however, now paying only $176 for the round flight, from east to west and back, as a result of a 20 per cent reduction in fares.

These now match those charged for some years by North American Air Lines, a non-scheduled carrier—that is, a company licensed only to make irregular flights—which is in trouble with the Civil Aeronautics Board. The board accuses the company of having in practice provided regular daily services between the money-making points on its routes without paying the penalty, which the scheduled airlines have to do, of also serving the less profitable cities. North American Air Lines argues that the reduction in transcontinental fares proves the value to air travellers in general of the competition offered by the non-scheduled lines, and charges the CAB with favouring large companies and fostering monopoly.

While the board does not exactly encourage new entrants into the industry, it can hardly be said to suppress competition altogether. To meet the rising demand for services to, from and between such midwest cities as Chicago, Detroit and Louisville, the board has just authorised a number of new non-stop and shuttle services in this area. This will intensify competition between the airlines already serving it; but permission to come in was refused to several other companies. The board has also been recommended by one of its officials to allot new routes into the south and southwest, to Houston, New Orleans and other cities, to a number of big airlines; it will be interesting to see if the final decision is more favourable than was the recommendation to some of the smaller companies which had applied for new services in this area also. There is even more argument over the need for more competition on the ultra-profitable east coast Florida flight, on which the board has just been holding hearings.

Foundations of Learning

FROM A SPECIAL CORRESPONDENT

THE financial plight of colleges and universities in the United States has been much publicised; they are squeezed between ever-rising costs and the diminishing supply of millionaire benefactors. But now one possible solution to this problem is emerging. Partly as a dike against the remedy of government aid which universities traditionally abhor, partly as proof of that enlightened and socially responsible doctrine which American businessmen like to call "the new capitalism," business corporations are contributing to the support of higher education in dramatically increasing amounts. The latest evidence of this is the announcement two weeks ago of the National Merit Scholarships, backed by an initial grant of $20,500,000 from corporations and foundations, which will provide some 200 or more scholarships each year, on an open competitive basis for graduates of all the 25,000 secondary schools. Each scholarship will carry with it a matching grant to the institution selected by its winner. It is hoped that business will contribute to the expansion of this scheme, which will carry students through four years of college education; two hundred is viewed as a mere beginning.

Such help is badly needed by the colleges. About half of them are operating at a deficit, in spite of increases in students' fees, and most of the others are neglecting vital services in order to avoid doing so. Americans, who value the sometimes extravagant diversity of their institutions of higher learning, are especially worried because the private college is losing ground to the tax-supported institution.

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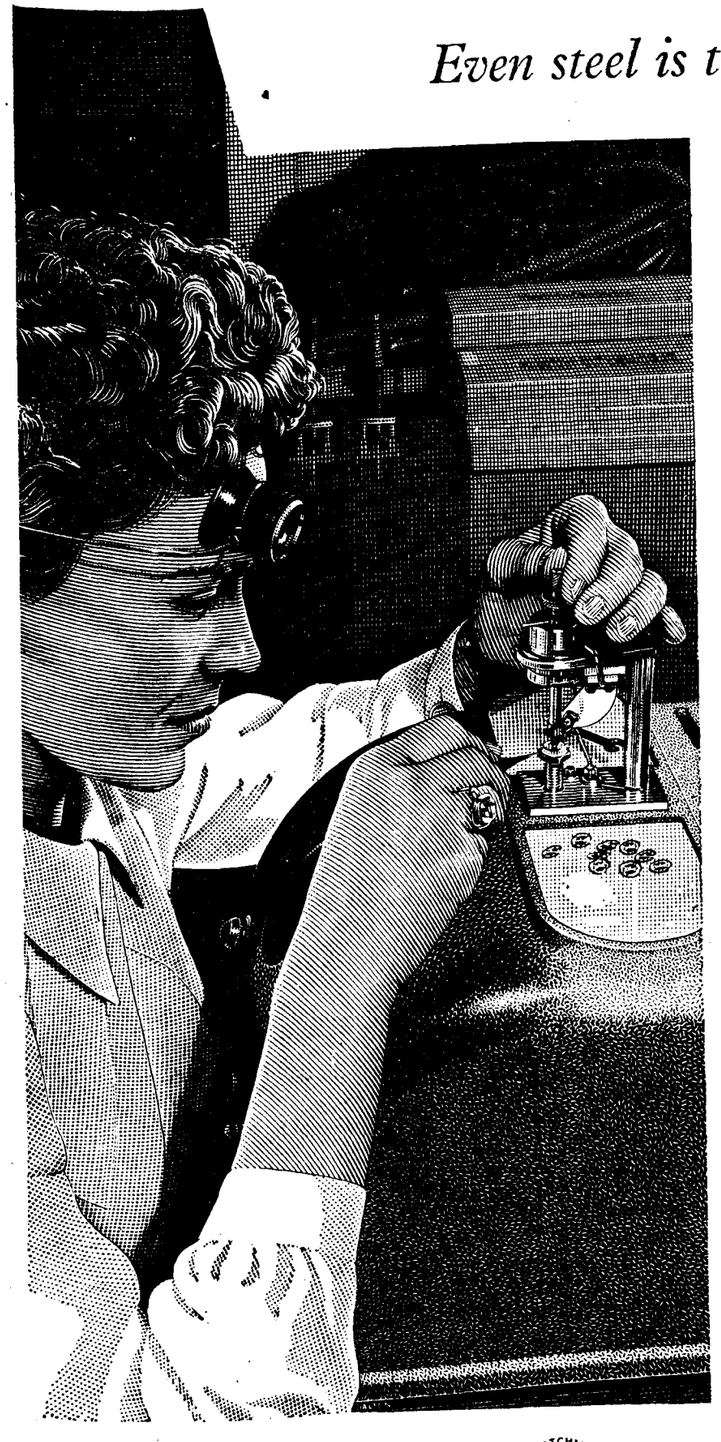

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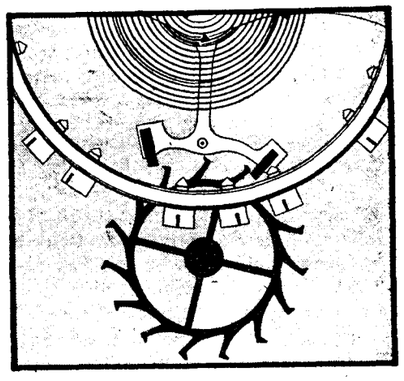

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SWISS FEDERATION OF WATCH MANUFACTURERS

A dozen years ago, 52 per cent of students were going to private colleges; today 65 per cent enter tax-supported ones. These state or city institutions have blossomed forth in new buildings, while the private "campus" combines dignity with obsolescence. The same discrepancy often applies to teachers' salaries. To wipe out the present deficits in American higher education, to equip the colleges for the oncoming rush of students—who will number 4½ million by 1970, as against 2½ million today—and to enable the private colleges to meet the competition of publicly financed universities more effectively is a staggeringly large programme. But it is probably not beyond the resources of American corporate enterprise, with its $40 billion in annual profits.

In 1935, federal tax laws began to allow businesses a 5 per cent deduction for philanthropic gifts. Such donations increased from $30 million in 1936 to $399 million in 1952. In 1953, institutions of higher education received something like $70 million from business corporations. The *New York Times* estimates that seven or eight cents of every dollar spent on higher education now comes from this source, and there is every indication that the proportion will continue to increase. Mr A. P. Sloan, chairman of the board of the General Motors Corporation and a leading evangelist of business support for higher education, has even advocated abandonment by the colleges of their historic attempt to manage with income from endowments; apparently he feels that colleges should "rely on the overflow from an expanding American economy for year-to-year needs."

★

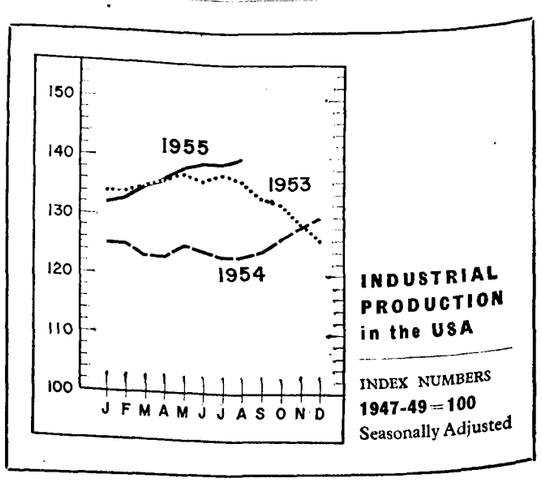
There is no doubt that corporate giving, which may reach $500 million a year by 1970, could, in theory at least, meet the colleges' needs and some of the problems associated with it have been all but solved. Probably the greatest obstacle was the fear of opposition by shareholders, yet it appears that scarcely any grumbling has been heard. One attempt by some shareholders in a New Jersey company to block a gift of $1,500 in unrestricted funds to Princeton University, on the ground that it served no real interest of the firm, resulted in a clear-cut court decision in support of the corporation's freedom to make such gifts. This went far to remove another obstacle—the fear of legal repercussions.

But there remains the vital question of how to give. Should the aid be given to colleges selected by the corporation? If so, what should be the basis of selection? How can business avoid charges of trying to "buy" the colleges, or at least of influencing them against offering courses or hiring teachers whose attitude towards free enterprise is unenthusiastic? How can the balance be preserved between gifts that bring a direct benefit to the donor, such as fellowships for technical training in sciences of interest to the company, and the unrestricted funds so urgently needed by colleges emphasising the liberal arts.

The answers that corporations have made to such questions are as various as the educational institutions they aim to help. Many companies set up autonomous foundations or funds to administer their programmes. The Ford Foundation this year started to give $50 million for the improvement of teaching salaries in some fifty colleges; the grants have to be matched, dollar for dollar, by money which the colleges raise from other sources, such as their former students. Some companies choose to support colleges in the vicinity of their plants or markets. Others have developed ingenious formulas for making their selection impartial, yet related to company interests. The Columbia Broadcasting System gives to the colleges from which 16 of its top executives graduated. The General Electric Company matches the donations of individual employees to their own alma maters, up to a limit of $1,000 each. Still other firms simply turn over their gifts to one or more of the thirty-odd newly formed associations of colleges, organised for fund-raising purposes. The association then distributes the money among its members, according to its own formula.

Some fears have been expressed concerning the consequences of this growth of corporate aid to the colleges. Most businessmen want to steer as clear as possible of any interference in educational policies, but some observers feel that a college which relies for its support on business donations cannot avoid some loss of independence, spiritually at least. There have in fact been some public rumblings, and undoubtedly a good many private ones, from businessmen, to the effect that the colleges, if they wish free enterprise to support them, must make their atmosphere more friendly than it often is towards the philosophy of capitalism.

Perhaps a more serious threat is the possibility that corporations may feel less generous as soon as the present boom slows down. What would happen to Mr Sloan's vision of the colleges living on the surplus from an expanding economy if that economy should cease to expand? Shareholders might no longer be so acquiescent. Corporate philanthropy would feel the pinch of retrenchment even before the advertising budget. Against such grim possibilities must be weighed the expressed determination of the business leaders concerned not to be guilty of fair weather friendship for the colleges, and the fact that organisations such as the foundation set up by the United States Steel Corporation are not mere temporary structures, likely to collapse at the first breath of a recession. In the meantime, many a college president is content to accept business aid, with a sigh of relief that higher education has some hope of sharing, however belatedly, in the great American prosperity of the nineteen-fifties.



The World Overseas

South Africa's Paralysed Opposition

FROM OUR CORRESPONDENT IN SOUTH AFRICA

SELDOM has South Africa stood in greater need of a virile and determined opposition, conscious of the nation's political needs and ready to present the country with a clearcut alternative to Nationalist republicanism and *apartheid*. Seldom has a major opposition party been in such poor shape at a time of crisis as the United Party is today. And it finds itself in this position despite the fact that its approach to constitutional, economic and agricultural problems is sound and acceptable, that it propagates a desperately needed and imaginative immigration policy, and that it takes its stand on a broad South Africanism in which the English-speaking and Afrikaans-speaking sections share on a basis of complete equality in contrast to Nationalism's policy of Afrikaner exclusiveness. But all this avails the party nothing in the face of the tragic fact that on the fundamental issue of South African politics, the colour problem, it has failed to produce a policy with sufficient electoral appeal to pit against *apartheid*. And failure on this front has paralysed it on others, immeasurably reduced its value as an opposition, and made it increasingly difficult to visualise the party as an alternative government in the near future.

Dissension has bedevilled the United Party since it went into opposition in 1948. The first major break-away which came after the 1953 general election, when six United Party MPs established the Conservative Party, was followed by the formation of groups such as the Federal and Liberal parties on the parliamentary front, and extra-parliamentary bodies like the Anti-Republican League. These and other splinter organisations are basically a manifestation of disappointment in the United Party and frustration at its failure to provide a vigorous and effective opposition to the ruthless and determined governing party. In a measure the failure was one of vigorous leadership with a clearcut objective. But primarily it was due to the United Party's attempt to be all things to all men. As a result it has vacillated and failed to produce an acceptable and effective alternative to the talisman of *apartheid*.

Its dilemma is and has been a real one. A progressive colour policy stands little chance of electoral acceptance either now or in the foreseeable future. Mr Strauss and his advisers have therefore been obliged to move cautiously not only because of the dead weight of conservatism and reaction in their own ranks, but also because of the deplorably backward state of public opinion in the country at large. The result was the uneasy compromise on colour policy arrived at a year ago—a compromise which brought real satisfaction to nobody in the party. Morale therefore continued to drop and culminated, two months ago, in a parliamentary caucus crisis which all but brought about seven further resignations from the party. The immediate cause of the crisis was an ambiguous and ill-advised statement on the party's attitude to the restoration of the Cape Coloured vote on the common roll, which was followed a day or two later by an "explanation" which satisfied six of the United Party MP's but failed to mollify the seventh, Dr Friedman the former member for Hillbrow, Johannesburg. He resigned his seat in order to fight it as an independent, but in last week's by-election lost it to the UP candidate, Dr Louis Steenkamp.

Dr Friedman's charge against the United Party, which is shared by most progressives in the country, is not only its vacillation on the Coloured vote issue, but its failure to function as an opposition—a failure due entirely, he believes, to the fact that it will not join issue with the Nationalist Party on the colour question. The United Party, he maintains, is obsessed with the fear that it will lose its *platteland* or rural support, and therefore it will in no circumstances appear as the defender of non-European rights. "This explains," says Dr Friedman, "why a party which claims to be the stalwart champion of democracy is prepared to allow a weak and defenceless minority to be robbed of their political rights." The United Party flatly denies that it had or has any intention of giving up the fight for the Coloured vote, although it has difficulty in answering the broader charge that its colour policy is ineffectual.

The sad fact is that, in the face of the very grave constitutional crisis about the Senate Act and all that flows from it—the removal of the Cape Coloureds from the common roll and the establishment of the sovereignty of Parliament "beyond doubt"—the United Party has not succeeded in rallying and uniting the diverse forces opposed to Nationalism, even on the narrow constitutional front. The conclusion is inescapable: that it will have to shed support on either its Left or its Right flank, or on both, and by thus reducing the size of its political umbrella regain vigour and homogeneity. If it now moves Left and strikes out on a bold colour line, it must be content to lose a great deal of electoral support but it will become a more effective fighting force. On the other hand, if it moves nearer to the protagonists of "gradual" *apartheid* it might seek some accommodation with the Conservatives and the

so-called moderates in the Nationalist Party. In either event it seems to face a rather bleak and dreary future because at present there is little hope in South Africa for liberalism, even of a milk-and-water variety, and the market on the reactionary side has been cornered by the Nationalists. The chances are, therefore, that it will continue on its present ineffectual course, and hope for a political miracle either to divide the Nationalists or to swing public opinion against them and an extremism which has thus far not visibly worried their followers.

Hellenism in Danger?

FROM A CORRESPONDENT IN ATHENS

THE Greek government is facing a savagely disappointed public opinion at home, and an almost complete rupture with Turkey abroad. Serious as this is, Greek political opinion is concerned with an even starker issue—namely the fate of Hellenism itself in the Mediterranean. This has been thrown into vivid relief by the riots in Turkey, and Athenian political circles are wondering uncomfortably whether the events of 1922 could not repeat themselves if relations with Turkey deteriorate any further.

The riots in Turkey have silhouetted the position of all Greek communities in the Levant. Greeks believe, for example, that the Turkish government may now pursue the same restrictive and harassing measures against the Greek communities of Turkey as the Egyptians have been employing for the past ten years in an attempt to drive the Greek communities out of Egypt, or at any rate to clip their wings. Indeed, from the point of view of the Athens Foreign Ministry, nothing less than Hellenism in the Levant is at stake and Greek foreign policy will have to be oriented to counter this extremely grave threat. The Patriarchs in Jerusalem, Alexandria and Constantinople may well become a key factor in determining Greek policy, since no government in Athens could face the charge of having brought about the extinction of any of these Hellenistic spiritual colonies. There is also the position of the widespread Greek holdings in the Levant to be considered.

In Cyprus the provincialism of Cypriot Enotist thought has received a severe shock, and one gathers that for the first time the Ethnarchy Council in Cyprus has faced the Cyprus problem not as an internal political affair but as a grave international situation which might be aggravated by any rash decision taken in Cyprus. Until this month, Archbishop Makarios had refused to consider the foreign policy problems of Greece, and his tireless nagging of Athens and appeals to Greek public opinion have driven the Greek government ever deeper into the bog.

In Athens itself, pessimism about the fate of the Cyprus case has reached meridian. The doubts that have been openly expressed as to whether Cyprus will even achieve inscription on the United Nations agenda now look like being continued, especially as there appears to be some uncertainty whether the Latin-American bloc will prove friendly; the overtures made to the Greek government by the Holy See (which wished to establish formal diplomatic relations with Greece) were rebuffed because of the hostile and obdurate tone taken by the Athens clergy, and the resulting coolness is judged to have brought Catholic influence in Latin America out against Athens. Recently too, Israel, it is said, has been making unofficial overtures to Greece with a view to obtaining official recognition of its existence; it is said to have even offered its vote at Uno. But Athens has been unable to accept this because it fears that any such recognition might endanger the lives and property of 120,000 Greeks in Cairo and Alexandria.

What will emerge from such an unholy deadlock? It is difficult to say; but it is clear that the Foreign Office in London was unaware that in avoiding the basic question on which the whole problem rests, namely self-determination for Cyprus, it has raised an issue which may prove a grave international headache.

Indonesia at the Polls

THE persistent mirage of Indonesia's general elections seems at last to be turning into reality. For more than ten years—ever since the proclamation of Indonesian Independence on August 17, 1945—there has been talk of general elections. Plan has succeeded plan, but all, until now, have been frustrated by war (the Dutch police actions), insurrections and general political instability. And it must be conceded that even without these major handicaps, it would have been a long and difficult task to organise nationwide elections in the hundreds of scattered islands of the Indonesian archipelago. To the geographical impediment of vast distances and inadequate communications must be added those of widespread illiteracy, linguistic variations—which the development of Indonesian as a national language has done much to remove—religious differences (for instance, Bali) and the existence of minorities, particularly the large, prosperous and unpopular Chinese community.

Even now, voices are being raised in Jakarta to complain that "certain quarters" are attempting to delay the elections on the pretext of security problems and incomplete preparations. It looks, however, as though the new government is too closely bound by the commitments it has inherited from its predecessor, and too sensitive to the pressure of public opinion, to allow any last-minute postponements from the scheduled date of September 29th. Twenty-four of the 208 constituencies have not yet, however, completed their electoral arrangements; these laggards will be required to vote before November 29th; and those that fail to do so will have to forfeit their chances.

It is not generally realised outside Indonesia that the general elections will not automatically end the mandate of Dr Harahap's present "caretaker" government. In view of the reforming zeal of Dr Harahap's administration, it is a fact of some importance that it is likely to be in office at least until next spring, and possibly well into the summer. The reason for this is that the general elections are being held in conjunction with elections for a Constituent Assembly. The latter, however, will not be held until December 17th, and as it is unlikely that the Assembly will get through its work in less than four months, the present government will enjoy a correspondingly long lease of life. This should enable it to round off its self-imposed task of reducing corruption, simplifying external trade procedures and tackling inflation. The effect of any measures taken by the Harahap government is likely, in the long run, to prove beneficial to western business interests and to western policy as a whole, if only because Dr Harahap, as a leader of the Masjumi (Islamic) party, is determined to reverse the pro-Communist policy of his Nationalist predecessor, Dr Sastroamidjojo.

The poll is likely to boil down to a straight fight between the Masjumi and the Nationalists (PNI), which the Nationalists will probably not win, despite the prestige of their founder, President Soekarno, and the precaution he took recently reaffirming the fervour of his religious faith by making the pilgrimage to Mecca. The only competition of any importance comes from the Socialists (PSI), whose main asset, the enormous local and international standing of their leader Dr Sutan Sjahrir, is unlikely to offset the paucity of its organisation at village levels; and the Communists (PKI). It is particularly difficult to assess the real electoral strength of the latter, but it will probably be a good deal less potent than might be suggested by its rapid progress in membership and in the trade union movement during the Nationalists' tenure of power. But the Communists' leader, Mr Aidit, has felt sufficiently confident to forecast that his party would win 30 per cent of the 260 seats in the new Parliament.

A Rash of Symbols

Despite the predominance of the two major parties, proportional representation on the Netherlands system may be counted upon to ensure a multiplicity of parties in the new Indonesian Parliament. Suffrage is universal for members of both sexes over eighteen; the Chinese, Arab and European minorities will be represented by nine, six and three reserved seats, respectively. The major problem of the illiterate voter has been tackled imaginatively on lines suggested by the 1952 general elections in India. A rash of symbols has broken out all over the islands; for voters in individual areas, these will certainly make the party lists a little clearer, but the general effect on the outside observer is confusing because each party's symbol varies from place to place. Thus the Socialist emblem is a *renchong* in Sumatra, where this fearsome knife is in common use, and a ship in the Celebes, in deference to the traditions of a seafaring people. Determined to learn from the mistakes as well as from the successes of the Indians, the Indonesian election committee has abandoned the voting method at first favoured, which consisted of requiring illiterate voters to place their voting slips into the ballot box bearing the symbol of the party they support, in full view of the officials. Instead, in the secrecy of the booth, voters will perforate a voting slip bearing various symbols at the appropriate spot, and then place it in one general ballot box outside.

There are more than 42 million voters on the list, out of a total population of nearly 80 million. More than 300,000 of the voters are in West Irian (Dutch New Guinea), for which three seats in the Parliament and six in the Constituent Assembly have been reserved. The election committee has not yet explained how the voters in this contested territory are to exercise their democratic rights. Nor does it seem any more likely that the voters in the disturbed areas of the south Celebes and of northern Sumatra will ever get to the polls. Apart from such doubtful areas, however, the electorate will probably turn out in commendable strength.

Dr Adenauer Faces His Critics

FROM OUR SPECIAL CORRESPONDENT IN BONN

ALL parties had decided to vote for the German-Soviet agreement before the Bundestag debate opened on Thursday. But this apparent unanimity is only on the surface. Dr Adenauer has had to meet strong criticism for giving Marshal Bulganin the prize of full and immediate diplomatic relations. Attacks on the way he gave in to the Soviet ultimatum have been almost as sharp as they would have been if he had returned without having secured any direct contacts with the Russians or the release of the German prisoners. Where praise is heard in Germany, it is often for the wrong reasons. Federal Germany, it is stated by some neutralist nationalists, must now develop a "Russian policy" of its own and Dr Adenauer must follow up his realistic move in Moscow by discussing reunion with the East German government. The Social Democrats and some others who are in favour of relations with Russia criticise Dr Adenauer—not without reason—for having achieved nothing for reunification in return; they demand a complete new thinking of the problem, based on the release of Federal Germany from its treaty with the West. They are furious that Dr Adenauer has declared again that the twelve German divisions will be set up in three years from January 1, 1956.

Dr Adenauer and Herr von Brentano have revealed their own uneasiness by making very defensive speeches since their return. Dr Adenauer, himself, has been reaffirming Germany's loyalty to its treaties. At the same time, however, he has claimed that with a Soviet Ambassador in Bonn there will now be a chance of direct discussions about "how to proceed towards German reunion." It is evident that the Chancellor has been greatly impressed in Moscow by two somewhat obvious facts about the Soviet Union—that its rulers are justifiably conscious of their country's might and that the Soviet economy needs a long period of peace. The Chancellor is planning for this period, evidently thinking that German reunion in freedom may emerge at some time in the course of it.

Soviet Lures

In the meantime, the fear of the Chancellor's critics is that the Russians have gained a valuable foothold in Western Germany, which they will certainly exploit to the utmost. Their new Embassy will be the centre of activities designed to woo the Germans into recognising the East German regime and collaborating with Russia in the economic field. The banquets at the Soviet Embassy will become a feature of Bonn's political life. In the warm glow of a Soviet party, surrounded by well-spoken "People's Democrats," acceptance of Herr Grotewohl in the interests of German unity may well seem possible to some of the less hardy Germans. The Moscow conference has shown that even Dr Adenauer, though he is a very strong personality, a fervent anti-Communist and staunchly loyal to the Western alliance, cannot stand up to the Soviet mixture of carrot and stick when to do so seems contrary to patriotism and political sense. The lesson that Germany's allies should take to heart is that they must make the most of the time at their disposal while Dr Adenauer still holds the reins in Bonn, to strengthen their own links with the Germans and to do nothing that would open the way to recognition of the East German regime.

Moneybags at Buraimi

AUDIENCES in the cool halls of Geneva have listened to ugly stories before now, but seldom to one so tainted with bias and bribery as that which emerged during the arbitral proceedings on the Buraimi oasis dispute. The quarrel, which is between Saudi Arabia and Britain, concerns title to land in an area of undemarcated frontiers; the background to it was described, when it began over two years ago, in *The Economist* of March 28, 1953.

The impression that last week's proceedings left on an onlooker as he watched, first, a Pakistani judge arrive a week late because he had been frittering away time in Arabia as the guest of the Saudi government, then a Saudi witness announcing that "of course" he had consulted the judge of his own nationality before giving evidence, and later, this Saudi arbitrator passing notes to the Saudi counsel, is that there is no bridging the gulf which separates Saudi ideas of impartial arbitration from those which prevail in Europe. The eminent Belgian jurist who presided was more than once caused to look startled and the British arbitrator, Sir Reader Bullard, in the end resigned rather than put his seal to conclusions that could not be judicial.

The area in dispute is a tract about 200 miles long by 70 miles wide, and consists of rocky monotonous desert,

unrelieved except at the oasis of Buraimi, which consists of eight villages, and at a lesser series of oases running over about 70 miles and known as Liwa. Its interest to claimants is as a field for oil prospection; to the north-west, the Al Hasa province of Saudi Arabia contains the world's richest known deposits; to the north and east, the impecunious Sheikh of Abu Dhabi and the Sultan of Muscat are hoping for similar wealth in their possessions; the British connection with the affair is that the first of these two principalities has for a century entrusted its foreign relations to Britain; and the second has directly sought British help in the matter. The point in dispute is exactly where their lands stop and King Saud's begin—in other words, where prospection is open to Petroleum Development Limited (which is the Sheikh's and the Sultan's concessionaire, and is a subsidiary of the Iraq Petroleum Company) and where to the Arabian-American Oil Company, which operates in Saudi Arabia. Two of the major American oil companies are participants in both concerns.

What is to happen now? Speaking for the Saudis, their American counsel suggested that Buraimi should be a no-man's land presided over by a neutral umpire selected by the arbitral tribunal. But the success of this paragon would hang on the will of both the parties to make his rule work, and this does not exist. Further, he would need to be arch-incorruptible to be proof against the enormous bribes the Saudis are in a position to offer.

The tribunal is out of joint now that it lacks a British member, and the British Government will not appoint another to a panel that contains a member who briefs witnesses. Some Pakistanis are hugely critical of the behaviour of the Pakistani arbitrator, whom they think to have cast a slur on Pakistani standards of justice. It is difficult to conceive any panel that would be both incorruptible and acceptable to both parties. There once was a line, suggested by the Saudis in 1935; they now say the official who suggested it spoke without authority. But some such line must be drawn. Otherwise the Saudis, equipped with their infinite wealth, may bribe their way coastwards—a course that would be facilitated by the poverty of the many minor thanes in the area, and that would enable the Saudis to swallow the rich coastal sheikhdoms gulp by gulp. The sheikhs' only bulwarks against such an onslaught are the patronage of their concessionaires the oil companies, and the British protection that was granted to them, for quite other reasons, in the nineteenth century.

Brazil Elects a President

FROM OUR CORRESPONDENT

ON October 3rd, Brazilians should go to the polls to elect a new president. By the time he takes office in February he should, if he follows the usual custom, have appointed almost an entirely new administration which will take over from the caretaker government set up after the fall of the Vargas regime. The man in the street will have an even greater responsibility than usual, for he may be voting for or against the chances of peace and quiet in Brazil. Even at this late stage, however, there is still some doubt as to whether he will in fact be allowed to exercise his electoral rights. But if he is allowed to go to the polls and if he votes as the army and a good many other responsible Brazilians fear he may, it might mean the election of Sr Kubitschek and the resurrection of the spirit of the Vargas regime. This is a result which the army would not be prepared to accept.

In Brazilian affairs the army plays the part of a unique and disinterested political watch-dog. It is pledged to uphold democratic institutions, guarantee the October elections and to keep out of politics; but it allows one of its members—General Távora—to stand for President and is apparently prepared to take over from the politicians again if it does not like the result of the elections. There is no military leader in Brazil today with any real inclination towards dictatorship, or the backing to try it out. But some

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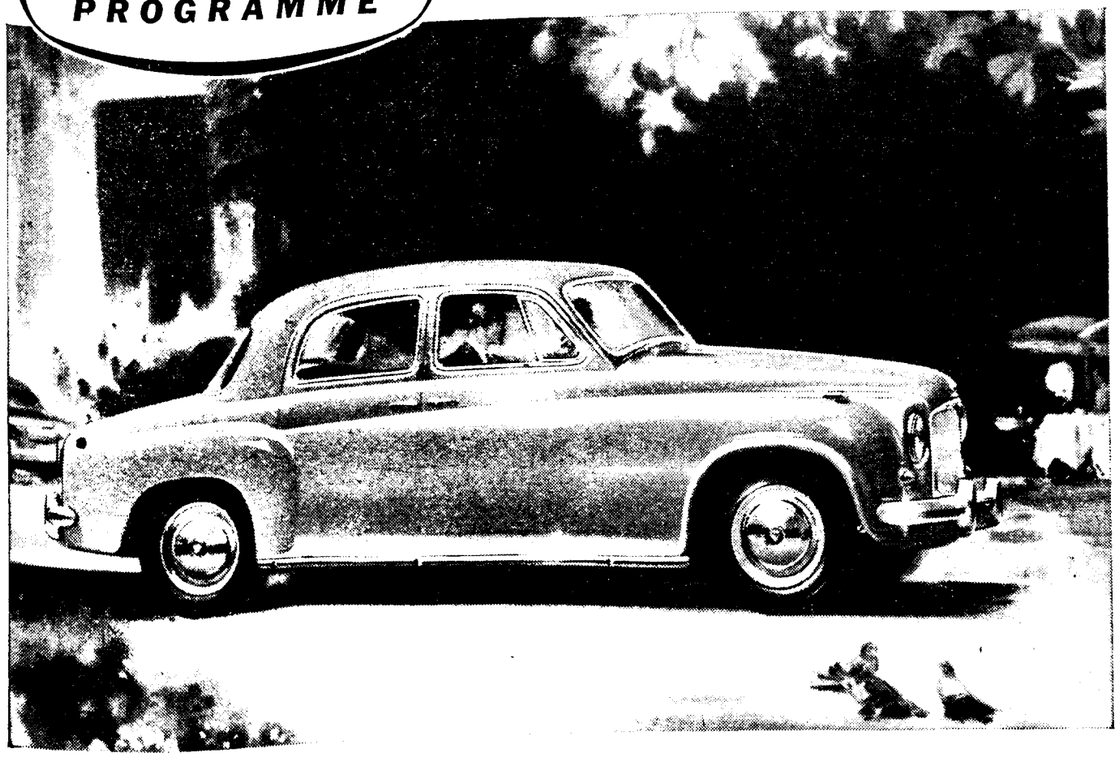

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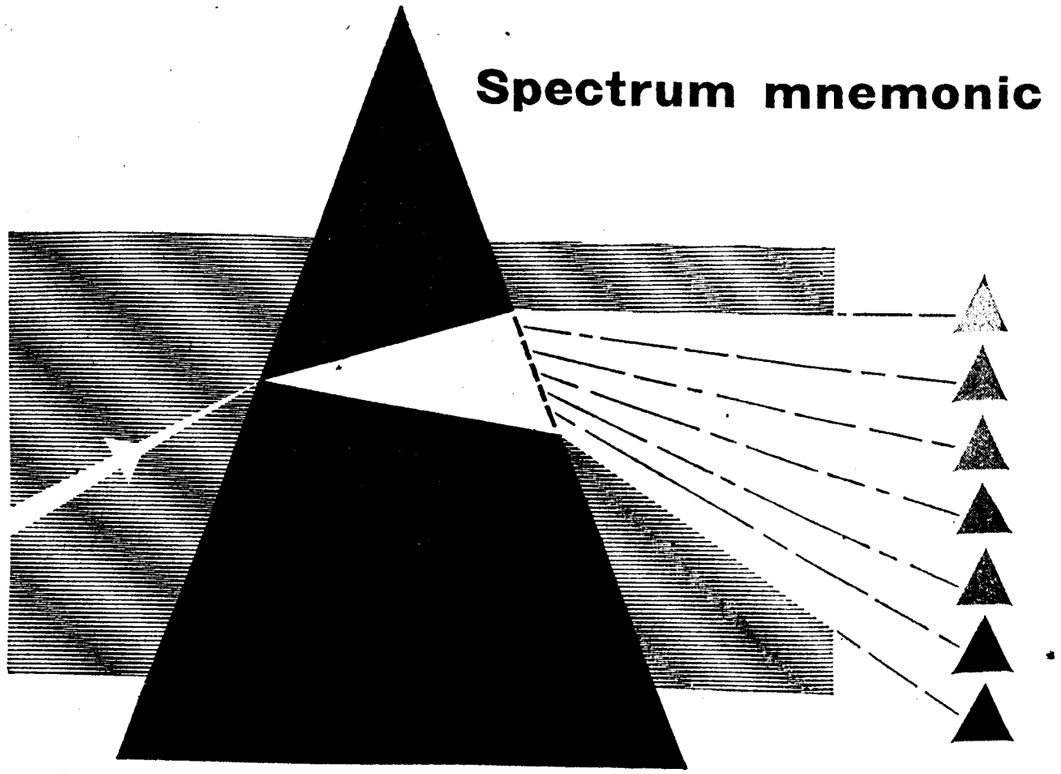

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Brazilians fear that if the army steps in again, it might decide this time to extend and sustain its supervision in a more tangible form.

While the armed forces are again grouped waiting in the wings, what of the ten million or so Brazilian voters? The most important thing about them today is that they are more critical and freer than they ever have been before. The four years of empty promises of the last Vargas regime have bred a new fastidiousness. The electors showed this in last October's congressional elections, barely two months after the crowds had wept in the streets mourning the passing of their champion, when they defeated some of the self-proclaimed heirs of Vargas's mission. Thanks to the precedent set by Vargas, and to wireless and the aeroplane, all candidates today must also reckon with the big electorate in the interior. Until fairly recently they never bothered to campaign outside the big towns, and left the job of bringing in the vote elsewhere to the local political organiser. But in recent months Brazilians have had their ears and minds pummelled by a blaring campaign which awes even American visitors. Candidates use brass bands and volleys of rockets; harangue the crowds through loudspeakers from low-flying aircraft; launch newspapers; pelt rush-hour crowds from the air with leaflets; and stick their posters to the backs of buses and circus elephants.

Confused but Elated Voter

The intimacy which the elector now enjoys with candidates and the bewildering yet passionate nature of their wooing has left the average Brazilian voter confused but also elated with his new importance. In 1950, for instance, he was able to elect his candidate, Dr Vargas, against the official nominee backed by the government's machinery, which was the first time such a thing had happened. But while the working-class voter is becoming cynical about his champions, he is also increasingly critical of the so-called responsible and conservative elements which he identifies with capital, and the *élite*, who are now also demanding his attention but often in language which he either cannot understand or resents. For generations the latter have done little for him of their own accord. In the cities the gap between the very rich and the mass of the poor is flagrant and conditions of life in and around the great coffee and cotton estates of the interior are among the lowest in the world.

Today, this electorate is faced with four very different candidates. Two of them are on the army's index and these are the most likely to appeal to popular sentiment. The first is Sr Kubitschek who is receiving financial support from capital interests which flourished during the Vargas regime; running with him for Vice-President is Sr Goulart, a minister of labour in the Vargas government and a raucous populist. To raise the army's fears and hackles still further, there is evidence that the outlawed Communists, too, are offering their support to Sr Kubitschek. His strongest rival and much more of a spell binder, is Sr Adhemar de Barros, a former governor of the heavily industrialised state of Sao Paulo. Although there have been legal enquiries into his administration, "our Adhemar," as he is popularly known, still enjoys a good measure of tolerant esteem among the workers because of his championship of their interests, his undoubted energy and uninhibited approach to problems of government. Many months ago Sr Barros coined the catching phrase that "Brazil needs a manager" and there are Brazilians who feel that this is a job he might be qualified to fill.

The remaining two candidates are Sr Plinio Salgado, the leader of what was the Brazilian Fascist Party but which most Brazilians long ago dismissed as the "Green Chickens" (because of the colour of their shirts) and General Juarez Távora on whom the conservative element must now pin its hopes. Although an army man, General Távora does not enjoy the unanimous esteem of his comrades; in fact, in the circumstances his candidacy was somewhat embarrassing, especially to those who still feel that these elections should never be allowed to take place at this time. General Távora was until recently head of the military household in President Cafe Filho's caretaker government, but his duties went further. He was a popular hero in the days of Brazilian revolutions and today he is widely respected as a student of political science and as a high-principled austere personality. But in the hurly-burly of a Brazilian election these qualities can be hampering.

Reluctant Columbuses in Milan

FROM A CORRESPONDENT

IN the last week of June, 1950, just when the Korean war was beginning, 118 writers, scientists and artists from 20 countries met in West Berlin to assert the claims of intellectual freedom. Their meetings were attended not only by large audiences from West Berlin, but also by many students and others who took the risk of crossing over from the Soviet Zone. It was decided to give a permanent form to the gathering and thus the Congress for Cultural Freedom came into being as an international organisation with its headquarters in Paris. Since the initial meeting in Berlin the Congress has held general or regional conferences in Brussels, Paris, Rome, Hamburg and Rangoon, and its most recent gathering has just taken place in Milan.

The idea behind the international activity of this association is that the cause of liberty is the one principle on which all non-totalitarian shades of opinion can find common ground and which can provide the basis for a movement uncommitted to any specific political programme, yet sufficiently positive to sustain a widespread interest and enthusiasm. In his opening address to them Professor Michael Polanyi twitted the "reluctant Columbuses" of the twentieth century who were unwilling to acknowledge the new worlds revealed by social and economic experiment. But there was no lack of stimulating debate at the conference which had for its theme "The Future of Freedom." Much of the discussion dealt with the implications for liberty of economic planning and the welfare state. Socialists argued with Professor Hayek about the possibilities of avoiding "the road to serfdom," and about the rival appeals of western democracy and the Soviet model for economically underdeveloped countries.

The liveliest debate was provoked by a paper read by Mr Peter Wiles of Nuffield College, Oxford, in which he quoted figures to show that the rate of growth of the

economy of the Soviet Union exceeded that of any free country "at the period of its maximum development." His estimates—in the absence of verifiable statistics they could be no more than that — of the rate of Soviet economic growth, which he put at 6 per cent, was challenged by a number of other experts. But more than his statistics, it was Mr Wiles' suggestion that the free world could gain by adopting some of the Russian methods that stirred up a hornet's nest. His view was vigorously refuted, among others by Mr George Kennan, the former American Ambassador in Moscow, who pointed to the cost—particularly in terms of individual freedom — involved in Communist methods.

Although the conference showed such a great diversity of opinion, it was remarkable that debate could nevertheless be carried on with so much mutual toleration and effort at understanding. The founders of the organisation seem to have discovered a method of achieving a solidarity of the normally fragmented liberal intelligentsia without imposing articles of faith that would inevitably be unacceptable to large sections of those brought together in these conferences.

The Amnesty in Malaya

FROM A CORRESPONDENT IN KUALA LUMPUR

THE amnesty in Malaya is not expected to draw out of their jungle lairs anything like even a thousand of the 3,500 odd armed Communist terrorists. This is the opinion of men who have fought the war and who expect to continue to fight it in the months to come. Nevertheless, the authorities, in discussion with the Malay Alliance Ministry, decided that both external events and the course of the internal war justified trying an amnesty. Their hope is that their own pundits may prove wrong and that the declaration of the amnesty by the Chief Minister, Tengku Abdul Rahman, and the Director of Operations, Lieut-General Sir Geoffrey Bourne, will succeed where, in a country clamouring for independence, a British announcement by itself would not have done so ; indeed there is already one instance of some Malay and Chinese terrorists wanting to surrender to Tengku Abdul Rahman personally. If the tremendous surge of enthusiasm which swept the Federation on the declaration of the amnesty is maintained, the prospects of drawing in those with relatives in local areas are good—and that would mean a fair-sized "catch." A gigantic publicity and psychological warfare campaign has saturated the country with millions of leaflets describing the amnesty. Terrorists have even been surprised by patrols when reading the pamphlets, but with the natural immediate reactions of the hunted, they have flung the pieces of paper down in favour of another fleeting engagement.

The Alliance Ministry does not feel particularly optimistic that the amnesty will have reverberating results, although it hopes for a snowball of surrenders once a "march out" has begun. Its attitude has been that, for political reasons, an amnesty should be declared ; if it fails then the law-abiding population will be more easily "mobilised" on the physical and moral fronts for what Tengku Abdul Rahman has called "an all-out war."

It will be particularly interesting to see just how many terrorists will emerge from the really tough territories of Johore and Perak in the next few months. These men are closely knit, well led, well fed and well supplied with other necessities by a host of supporters. In these two States, rubber planters still travel in armoured cars and their homes and factories are still carefully defended. To planters generally the amnesty is anathema—"giving in" and "giving pardon" to murderers, cut-throats, extortioners, and turncoats. They cannot be blamed. Although certain assurances given by the Director of Operations about detaining really bad thugs who might take advantage of the pardon has made the planters less sour, they will still watch their step on their estates.

It is unlikely that Chin Peng, the Secretary-General of the Malayan Communist Party, and other Communist leaders and tough field leaders will surrender. In their view, their destiny lies in keeping out of sight and continuing, not a militant, but an underground war. Subversive neutralism is to be their creed, with the aim of preparing the country for a Communist take-over. Time is on their side ; they remember Mao Tse-tung's "30 years in the jungle then victory." They have nothing more to lose. In 1951 they realised they could not win the fighting war, so they ordered a change of tactics to infiltration and subversion. Those are the methods that have already met with such marked and alarming success in Singapore where Chinese schoolchildren and certain classes of labourers have revealed how deeply they have been indoctrinated and made subservient to orders.

The next move is expected to come from the Communists. What form it will take cannot be prophesied, but the likeliest is another attempt to negotiate peace on the best possible terms. They will probably play on the emotions of the Malayan public, particularly if the months pass without too many surrenders. If the amnesty is a failure, it might boomerang on to the general public who in sheer desperation might demand a negotiated peace. This possibility must be present in the minds of the Alliance Ministry and its advisers. Indeed, one expert considers that the Malayan Communist Party may have this in mind and may hold out long enough for the public to be restive and consequently malleable to "negotiation." In the meantime, the Party may well create serious incidents for the benefit of their followers and in order to indicate to the public that they still have the strength to kill and wreck. But if they do this they run the risk of stiffening public opinion.

Armed Vigilance

The prospect in Malaya therefore is that the fighting war will gradually reduce itself, while all the paraphernalia of defence and offence that has been built up in the past seven years will still have to be maintained. The real Communists will either continue to lie-up in the jungle, or else make their way northwards through their jungle "corridor" to Siam to absorb themselves in the local scene until the next call for their services. They may also attempt to insinuate themselves into the villages and towns of Malaya, hoping to remain unrecognised. But the danger of subversion by terrorists who surrender will be limited since they are known to the police and will presumably be watched. The enemy of the future will be the new recruits and those unknown men and women, boys and girls, who have already begun their work.

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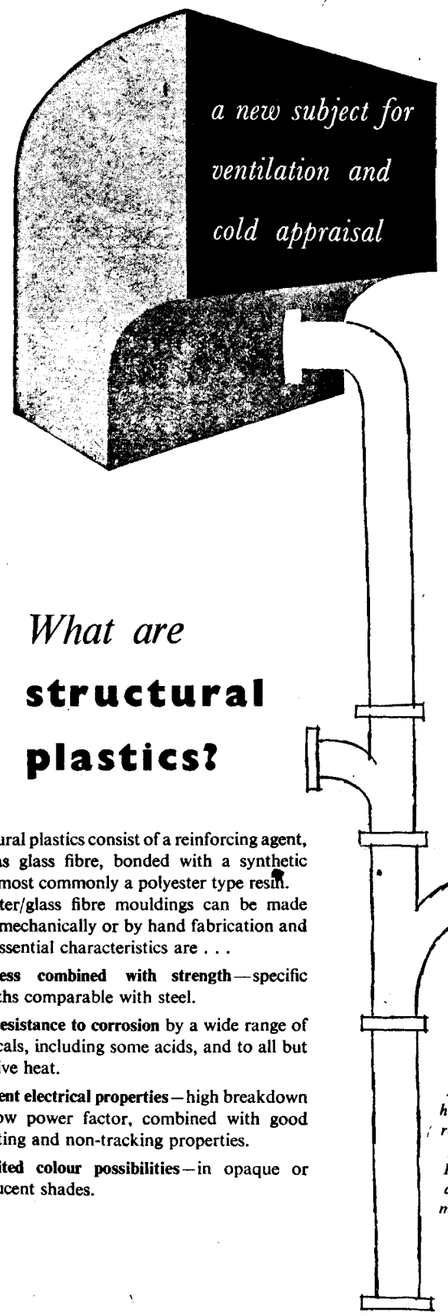

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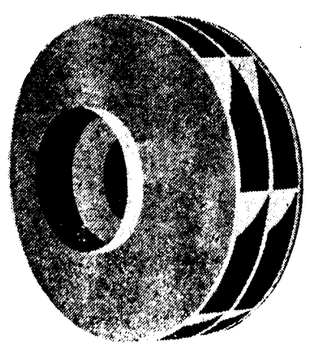

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THE BUSINESS WORLD

Will Television Pay?

As this issue of *The Economist* was going to press, the camera lights were being adjusted in Guildhall, and the tuning signals sent out from the Independent Television Authority's transmitter — in the last moments before commercial television opened in this country with a resounding burst from the Hallé Orchestra and an advertisement for toothpaste. In a shambles behind the scenes lie all those elegant calculations about programme costs, advertising revenue, and rates per thousand viewers that it seemed sensible and proper to make a few months ago, before the work of preparing programmes and erecting the transmitter was really under way. In the breakneck effort to be on the air by 7.15 p.m. last Thursday, the organisation of the ITA and its contractors has become a trampling melee of engineers and builders' labourers, bankers and performers, studio technicians, advertising agents, programme contractors who stayed, those who withdrew and the new applicants for their station, more bankers, more builders' labourers, and the ceaseless racket of concrete mixers and telephones.

Out of this, one point seemed clear: whatever programmes may cost, whatever may be the size of the initial audience, the two programme contractors now on the air are already certain of an income running to several million pounds from firm advertisement bookings during their first year of operation. The company putting out London programmes during the weekday, Associated-Rediffusion Ltd. has, it is thought, booked more than £1 million in advertising to be screened before December 31st. The other company, Associated Broadcasting Company, having only the two days of the weekend, may not have bookings of this order, but its commitments are not so heavy. Some judges, who ought to be well placed to know if anyone can at this early stage of the game, suggest that Associated Broadcasting ought to have a good chance of breaking even during its first twelve months' operations ; and they suggest that if Associated-Rediffusion, which has had to undertake some exceptional expenditure, does not break even until its second year of operation, it will fail this year only by a narrow margin.

But the foundations for any guess about the financial outcome of commercial television will be shaky for a longer time than the first year. The commitments of both contractors will become lighter as the ITA's television network develops and opens up the opportunity of sharing programme costs with contractors on other stations. By the beginning of next year, the ITA's transmitter at Birmingham should be ready to start services, and the two stations serving Yorkshire and Lancashire (which were originally to consist of a single transmitter on the Pennines beaming its programmes down either side of the ridge and hence have been treated as one station for programme purposes) should be transmitting well before the end of next year. The pattern of programmes will then be:

Associated-Rediffusion Limited	**London weekday.**
Associated Broadcasting Company ...	**London weekend and Birmingham weekday.**
Associated British Picture Corporation	**Birmingham weekend and Northern weekend.**
Granada Theatres Limited	**Northern weekday.**

The first company is supported largely by the *Daily Mail* and Rediffusion Ltd with some interest held by Mr Harold Drayton ; the second is the outcome of a partial merger between the original Associated Broadcasting Development Company formed by Mr Norman Collins and financed by Robert Benson Lonsdale —which received a contract in the original share-out— and a group headed by Mr Prince Littler—which did

not receive one. The third company is made up of Associated British Picture Corporation together with some provincial newspaper interests; it received only last week the contract for the Birmingham and the two northern stations that was surrendered by an earlier group organised by Mr Maurice Winnick and Lord Kemsley with some support from Great Universal Stores. The fourth company, which will be the last to start programmes, is controlled entirely by Granada Theatres.

★

The Independent Television Authority is extracting a swingeing rent from these four contractors of the order of £1½ million a year. It is mainly out of these rents that the funds have to come to finance further extension of the network—to Scotland, to the region lying between the London and Northern transmitters, to Wales and to Northern Ireland. The ITA is likely to have exhausted its £2 million borrowing powers by the time it has put up the first five or six stations and it is only expedient to make some provision for financing future capital expenditure out of current income. There is scope for about 20 ITA stations, and such a number would encourage the leasing of stations to single contractors instead of today's clumsy but inevitable system of sharing out weekdays and week-end time between different companies.

The two contractors who opened their services this week, Associated-Rediffusion and Associated Broadcasting, are skimming the cream of the potential advertising revenue, but they are also carrying the full burden of programme costs. They are charging advertising rates that range from £975 a minute (week-days) to £1,000 a minute (week-ends) for peak times in the evening to as low as £350 a minute at off-peak or "Class B" times. The peak hours in the evening—roughly between 8 and 10 p.m.—are sold out for the first 13-week period, and time on them, which is limited to six minutes every hour, could have been sold several times over. The second best periods, in the afternoon and the remainder of the evening, are also fully booked. Both companies charge about £600 a minute for this time. But the cheap, off-peak times—particularly the morning transmissions that start at 10 or 10.30—have been difficult to sell and probably not much more than half the advertising time available on them has been booked. It is not the rates which are unattractive, but the advertisers' fear that programmes put out at that hour are not going to find an audience. The potential viewers are women at home, and not all advertisers share the programme contractors' view that housewives like to relax for a while in the middle of the morning.

These bookings have been placed without anything better than the most conjectural estimates of the probable audience; they are a combination of an act of faith and a desire to obtain the goodwill of founder customers. Perhaps 400,000 sets capable of receiving two programmes have been sold in the London area during the past two years and between 100,000 and 150,000 old sets converted. The rate of conversions has been disappointing; few people are yet prepared to spend a minimum of £15 on adaptors and new aerials—while some radio dealers, regarding conversion as a gold mine, have been charging substantially more. On the BBC's estimate of 2.8 viewers to a set, the largest potential London audience might be about 1½ million. Beyond this, any estimate of the numbers of sets turned on at any one time, or the proportions tuned in to the ITA or the BBC, are at present so speculative that they are reduced to personal guesses. When techniques of measuring audiences become fully established, advertisers will start asking searching questions about the rate that they are paying per thousand known viewers. But by then rising sales of television receivers may have increased the number of licences, and so the number of households with sets, to such a level that advertisers automatically accept television as an established advertising medium.

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This, at least, is what the programme contractors confidently expect. The fact that television sales rose by more than 50 per cent in the first half of this year against the same period of 1954 lends substance to their argument—particularly if hire purchase restrictions do not take more than 10 per cent off the top of this rising wave, as some people in the trade are expecting. But the contractors face a testing time at the end of their first half-year, when advertisers who have spent heavily and generously in the early weeks sit back and ponder the return for their money. But if big advertisers booked on peak times decide to withdraw, their time may be allocated to another company, and lost to them perhaps for good. Some of them might stay in for this, if for no other motive. The difficulty of selling off-peak time is one that can be solved only by demonstrating that an audience for those programmes exists, and this may take time. But the whole rate structure is still tentative; and it may be that, in the meantime, the programme contractors will find it possible to demand higher rates at peak hours and cut their rates off the peak to attract business.

It is roughly estimated that the London contractors need an income from advertising of £2 to £3 million a year to break even; the wide margin is characteristic of the present vagueness of the finances of commercial television. At this stage they seem certain of getting such an income. Their costs, however, are proving very high. A good variety show, which is one of their strongest cards in competition with the BBC, can cost £8,000 for a half-hour and the average cost of producing programmes is not likely to be less than £2,000 an hour compared with the £900 shown in the BBC's last accounts. These figures do not include

overheads. Associated Broadcasting, the London week-end contractor, is providing many of its programmes on film, and has avoided some of the heavy capital expenses incurred by Associated-Rediffusion such as studios at Wembley laid out for a high proportion of live shows. Associated Broadcasting also benefits from using programmes that have already been sold to the United States. Mr Littler has another company, Independent Television Productions, that sells programmes to contractors, and some of its most expensive ones have found an American market. Associated Broadcasting can therefore get these programmes for a good deal less than cost. Associated-Rediffusion, on the other hand, has had to buy heavily from America in order to fill its 35 hours of transmission a week with good quality material, and the pressure to get the programmes ready on time has not left much room for negotiation on these deals.

Neither contractor reveals either its advertising revenue or its costs—indeed, in the present confusion, they probably have little idea at what level costs are running. But if it should prove that they are within sight, if not within touching distance, of breaking even in this, their honeymoon year, both company's finances will look healthier when the ITA's network is more fully developed. Already the two contractors share much of the equipment and studio space needed to run the London service, but when Birmingham and the Northern stations are working they also hope to share their peak programmes with those stations and to buy in programmes from them. This beaming of programmes across the whole network is an essential element in the economy of the new services, and later on it will provide the means by which smaller contractors can operate.

Those who believe that a potential advertising revenue of at least £10 million is within reach of the programme contractors are working on two foundations; more than £300 million is being spent in advertising in this country, and £10 million does not seem a lot to find out of such a sum; secondly, television advertising in the United States has proved its power. The experience of the last few months confirms the confidence of the programme companies that British manufacturers would be willing to try the new medium—but it has probably also taught the programme contractors that costs, especially programme costs, could easily get out of hand. Fine calculations of income and outgoings have no place yet in this noisy infant industry.

Clearings for Trade Payments

It is well known, nowadays, that the preponderant part of the community's payments, at least when measured by monetary turnover as distinct from number of transactions, takes the form of payments by cheque or other form of transfer between banking accounts. Over the years, the role of coin and notes has steadily diminished. Hence the deposit banks, by their provision and operation of facilities for cheque clearings, are in effect managers of the greater part of the nation's mechanism of payments—and, of course, they also perform vital services in ensuring an appropriate distribution of actual currency.

It is less widely appreciated that neither the commercial banks as a whole nor the clearing banks (so-called because they are members of the Bankers' Clearing House) have any legal or even practical monopoly of the function of clearing payments. Competing for the business of the personal depositor are the Post Office savings bank, with some twenty-two million personal accounts, and the trustee savings banks, with nine million. The payments facilities offered by the savings banks, though inferior to those available to holders of commercial bank accounts, do provide for the arrangement of periodic payments and for transfers of deposits; the transfers are subject to some delay, and in the trustee banks can be made only to other savings bank accounts (including, however, Post Office accounts).

Quite aside from this direct competition with the clearing mechanism provided by the banks, there are a variety of arrangements operated by particular trades, for reasons of convenience and economy, that have the effect of reducing the demands put upon the banking mechanism. Such schemes have been growing in number in recent years; in essence they all comprise the standard clearing operation. The retailer or wholesaler in the particular trade concerned, instead of sending a separate cheque to each of his suppliers, in settlement of, say, his monthly account, makes out at periodic intervals a single aggregate payment embracing all the suppliers' accounts, and sends this, together with a list of the individual creditors, to a bureau, which is in effect a small clearing office. The clearing centre then brings together the sums owing by the diverse retailers or wholesalers to individual manufacturers, and sends to each of them a single cheque in discharge of their aggregate credits. Both payers and recipients accordingly benefit from a very considerable reduction in the number of individual payments they have to handle, and from corresponding reductions in cheque poundage, bank charges, postage and clerical costs. The cost of the clearing scheme is, however, normally borne solely by the traders making the payments and it is far from uniform from trade to trade; in general it appears to amount to 2d. to 4d. for each cheque paid to the clearing office. This is markedly less than the charge generally made by the banks themselves for making payments

under their traders' credit system. The total charges paid to the trade clearing house may involve a sum no more than about one-quarter of the cost of making all payments individually.

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The first of these trade clearings dates back nearly thirty years : it is the Drapers' Clearing House, set up by the Drapers' Chamber of Trade in 1927. This was followed in 1935 by a clearing scheme for retail chemists run by the National Pharmaceutical Union. Since the war, schemes have been introduced by retail ironmongers and outfitters, and, most recently, a proposal has been put forward for centralised payments in the wholesale grocery trade. This proposal is of special interest, since the clearing schemes have hitherto been confined to retail trade. In many trades—including the drapery trade and the pharmaceutical trade—the number of separate wholesalers does not appear large enough to promise sufficient savings from a system of centralised payments.

A striking feature of the clearing schemes is that, even in the trades in which they have been longest established, they handle only a relatively small portion of total payments. In the drapery trade turnover through the clearing in recent years has been remarkably constant at around £40 million, and the proportion of the Chamber's 10,000 members making use of the scheme has remained at around one-fifth. Of the 11,000 retail chemists, about 3,500 use the clearing house every month and perhaps 4,000 at one time or another. There is no question that far greater scope for the use of the clearing machinery exists in these trades, and that a moderate amount of publicity could quickly extend it. Happily, there are signs that the trade associations are now convinced of the desirability of making their facilities better known than they have been hitherto. But it remains true that there are formidable obstacles in the way of a more general move away from the wasteful system of individual trade payments.

An important influence that may work against the clearing scheme in some trades is the practice of granting discounts for early payment. In the drapery trade, for example, the discount of 2½ per cent generally granted on receipt of payment within one month can admittedly readily be secured on payments made through the clearing ; but the larger discount offered by many suppliers for payments received within seven days is missed by payments made in that way. Furthermore, a number of manufacturers are fairly lax in applying the letter of their terms of discount, but the concessions they are prepared to make are naturally extended only to individual payments. This is one reason why certain retailers make a practice of settling only a portion of their accounts through the trade clearing.

A more general limitation on the scope of the clearings lies in the structure of distribution itself. The principle of clearing is most favourably applicable to units of medium size, all dealing with broadly the same group of manufacturers. Where the number of retail outlets is small, or where there is a direct link with suppliers, the potential saving through centralised payment is small correspondingly. The scope for saving may also be limited where the number of retail outlets and separate suppliers is particularly high. For the very small retailer makes few payments in any case ; and if these payments are made to small manufacturers who do little business with other retailers in the trade the amount of clearing possible will be limited at the outgoing end also. It was in fact considerations of this sort that last year induced the National Federation of Boot Trade Associations—which embraces boot repairing establishments as well as shoe shops—not to proceed with a clearing scheme that had been proposed at its annual conference.

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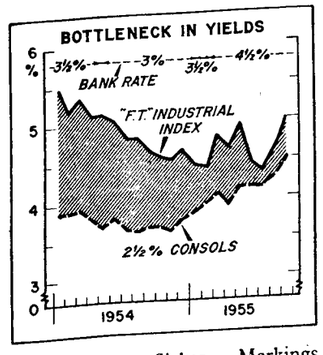
It should be noted, however, that a number of popular objections to making use of the schemes are generally without foundation. Individual receipts can be obtained for payments made through the clearing as for payments made individually, and certain of the clearing schemes (including the drapers') actually extend their services to the return of receipts, so that suppliers effect a considerable saving in costs of despatch. Secondly, due care is invariably taken to ensure that the information passing through the clearing does not seep through to traders' competitors or suppliers. The projected scheme of the wholesale grocers is actually to be run by independent accountants ; the schemes already in operation are managed by the trade associations on principles of strict banking secrecy.

What is the attitude of the banks to this partial usurpation of their clearing function ? The trade clearings, it should be noted, do not divert deposits from the banks, but merely reduce the activity—rate of turnover—of deposits. But in so far as the clearing mechanism of the banks (including the staffing and organisation of their branches) may be adapted to a turnover that is reduced by any growth of trade clearings, a slack could be created, so that in the short run the loss of business could not be fully offset by savings in costs. But the general growth of banking turnover makes it unlikely that any such slack would develop unless the trade systems expanded very fast indeed, and over a longer period it would almost certainly be possible for the banks to effect the requisite economies. Indeed, as the banks are faced with the major problem of absorbing a heavily rising burden of salary and pension costs, they have some inducement to look with general sympathy on schemes that help to reduce the most labour-expensive of their duties. From a national standpoint, the trade clearing schemes appear as a welcome contribution to greater efficiency in the organisation of clerical work.

Business Notes

A Stagnant Market

THE set-back on the Stock Exchange in the early days of this week has been generally attributed to the weight of new issues pressing on the market. Investors were selling or refraining from buying to make room for issues such as the new P and O Debenture, and the gilt-edged market was suffering from a little indigestion following the acquisition last week of some of the less desired stocks in the course of various switching operations through which the Government broker had been a steady seller. He had been making room presumably for the successor, whatever it may be, to the Serial Funding stock 1955, shortly due for redemption. That line of argument is naturally just another way of saying that the volume of investment is not adequate to absorb a flow of high grade new issues which in more active days would have been snapped up eagerly. The market is thin.



A flicker of interest came with the opening of the new account on Wednesday ; it carried the *Financial Times* industrial index up from 194.8 to 195.2. The revival continued on Thursday, and included both gilt-edged and industrials, but it was still hardly more than a flicker. Markings on Wednesday at 8,200 were exceptionally low for the first day of a new account. The now widespread support that the decline in the market may have further to go lies behind these stagnant markets. A further thought position that is now spreading is that present ratio of yields between gilt-edged and industrials may be due for revision. The fall in prices has been longer in gilt-edged than in industrials, so that, despite the recent fall in ordinary shares, industrial yields, as the chart shows, are still unusually close to gilt-edged yields. If indeed the next move in the drive to adjust Britain's balance of payments is a reduction of public expenditure, the result might be to depress ordinary shares and not to weaken—possibly even to support—gilt-edged.

Sterling After Istanbul

STERLING has this week made a substantial recovery, particularly against other European currencies. Against the US dollar the spot rate has improved from $2.78⅜ to $2.78⅛ despite some considerable purchases of dollars on tobacco account. But it is against Deutschemarks, Swiss francs, French francs and guilders that the big improvement has occurred. There is every indication that bear accounts on the continent are being closed. This rush to cover can be attributed to the vigour with which the Chancellor denied at Istanbul the familiar rumours of devaluation, and of intended flexibility, in the rate. The Exchange Equalisation Account may have operated in reverse this week to slow down the recovery of sterling in terms of European currencies, but it is unlikely to have regained anything like the substantial amounts of gold and dollars that it was losing, by intervening in the market for dollars and European currencies earlier this month. Unless there is a dramatic acceleration of the movement in favour of sterling, the end of September gold and dollar figures, burdened at the start by a gold payment of £21 million to the European Payments Union, are likely again to make dismal reading.

The Chancellor's speech at the IMF meeting seems by all accounts to have been the highlight of the proceedings. It was well received, particularly by the European representatives who expressed no disappointment at the implied further postponement of convertibility. Not even the German or the Belgian delegations appeared to be straining at the convertibility leash. The only hint of Britain being outpaced by other countries in the movement towards convertibility was the readiness of Germany and some other European countries to release the whole of their 18 per cent capital quota in the International Bank for Reconstruction and Development for loans, in contrast to the refusal of Mr Butler to make any further British releases. It should, however, be realised that although Germany and other countries have "released" their 18 per cent quotas, they still insist that loans made with these resources shall be spent in their respective countries. Of all the countries in Europe, Britain and France are the only two that have allowed any part of the amounts released from the 18 per cent quotas with the Bank to be spent outside their own territories.

The British Path

THE impression gained by many non-European observers of the Istanbul proceedings was that despite the setback in the British balance of payments and the obvious check to convertibility, the financial leadership of the United Kingdom is still undisputed. What the United States and Canadian delegates were anxiously asking was whether this leadership would be used to push Europe towards a multilateral system or towards giving permanent

shape to the regional organisation which has been created in Europe and which might well develop into an enduring mechanism of discrimination against the dollar world. The Chancellor's reassurances left no room for doubt that he remains a believer in the collective approach, but with reservations. The first of these is about the timing, and—since the United States is now "back-pedalling" in its foreign economic policy—about the feasibility of equating greater freedom of multilateral trade with greater freedom of international payments.

The other main reservation which some of the delegates held about the Chancellor's remarks concerned his support—albeit conditional—of the South African plea for an increase in the world monetary price of gold. The vast majority of the delegates at Istanbul were convinced that ultimately such a writing up in the price of gold is inevitable. But many argue that the South Africans by bringing up the subject year after year—even when the economic climate is most uncongenial for a general devaluation of currencies—are virtually compelling the United States to issue categorical declarations of opposition to the idea. This, it is argued, puts the US Government "on the record," and eliminates the chances of a higher gold price being accepted in the future.

Rough Ride for Underwriters

In the great bull market that reigned on the Stock Exchange through 1953, 1954 and the first half of this year, underwriters in the City of London enjoyed good times. They were glad to take what was offered to them; their commission was a profit and, as they were also usually investors, underwriting at the worst meant taking stock into their portfolios for a while at less than what the public had paid for it. Today the wheel seems to have turned full circle. Underwriters are finding not that they are shouldering a greater risk of having to take up stock but a certainty that they will do so and a probability that it will open at a big discount. The 6 per cent opening discount on the Kenya Power Debenture was a most dramatic example. High-class issues are being pressed forward by issuing houses that believe the market to be headed downward, and underwriters who have to take the rough with the smooth must be wondering how much rough there will be. The amount of stock taken up by underwriters from recent issues must be large, as these examples suggest:

	Amount of Issue	Amount left with Underwriters
	Million	Million
Goodyear Tyre 4¾% Deb. 1970/80.	3·5	2·35
Wiggins Teape 4½% 2nd Deb. 1980/84	2·0	1·61
APV 5% 1st Deb. 1980/85	1·5	1·02
Uganda Govt. 4¾% 1968/73	3·0	2·10
Allied Bakeries 5% Unsecured Loan Stock 1966/70	5·0	4·85
Kenya Power 5½% Deb. 1975/85...	4·0	3·71

In addition, two important issues still hang in the balance—the P & O £10 million debenture issue and the English Electric Company's offer of 3,805,430 new £1 ordinary shares to shareholders at 60s. in the ratio of one for three. These issues and several other recent issues illustrate two further signs of pressure on the market. Underwriting commissions are tending to rise. The charge to the P & O Company of 2⅛ per cent was admitted to be high. The commission payable by English Electric Company also to Lazard Brothers is 1s. 1½d. per share, a gross charge of £214,000 on the £11.4 million that is being raised. As the money is being raised on a rights issue announced at 60s. at a time when the existing ordinary stock stood at 74s. it might in firmer markets have been supposed that the risk that underwriters would have to implement any substantial part of their guarantee was remote. Even now they may still escape.

It seems possible that next week's offer of 850,000 5s. ordinary shares at 22s. in Simon-Carves may attract the public in spite of its awkward market setting. The public likes the first offer of an interest in a well-established family owned business. This one also has an atomic side to give added interest. The public is nominally being offered 22½ per cent of the capital of the company, but in fact when existing shareholders and employees have received their allotments the public interest will be less. The prospective dividend—a well-covered minimum of 22½ per cent—offers a yield of just over 5 per cent, which should attract support.

Back-log from the Strikes

British exports last month, at £264.2 million fob, were higher than ever before, but were greatly swollen by the inclusion of shipments delayed by the transport strikes. Imports, at £342.3 million cif, were also exceptionally high for August—but conversely they were not significantly swollen by the strikes. Imports, in fact, were slightly higher than in July and £75.5 million higher than in August, 1954. The recent contraction in imports has proved to be short-lived, and the average value in the first eight months of this year is 16 per cent higher than in the same period of last year; only about 4 per cent of that increase was attributable to higher prices. The items mainly responsible are shown in the table.

BRITAIN'S SWOLLEN IMPORT BILL
(£ million)

	Jan. to Aug., 1955	Increase on 1954
Total imports, cif ..	2,582	354
of which		
Cereals	157	55
Non-ferrous metals .	153	43
Coal	47	41
Iron and steel	57	37
Rubber	54	23
Timber	113	17
Pulp.....	71	15
Fruit and vegetables	154	15
Feeding stuffs	39	14
Meat	185	13
Ores and scrap.....	106	13
Non-elec. machinery	61	11
Coffee, cocoa, tea...	143	11
Tobacco	42	11
Chemicals	76	10
Petroleum.....	223	10

The sharp increase of £41 million in exports last month was widely spread, and it brought the average value in the first eight months to £235 million fob. That was only 5 per cent more than in the same period of last year, but the

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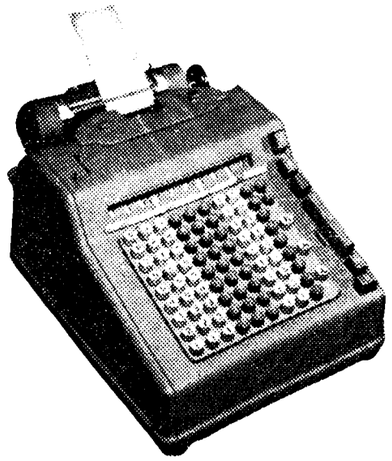

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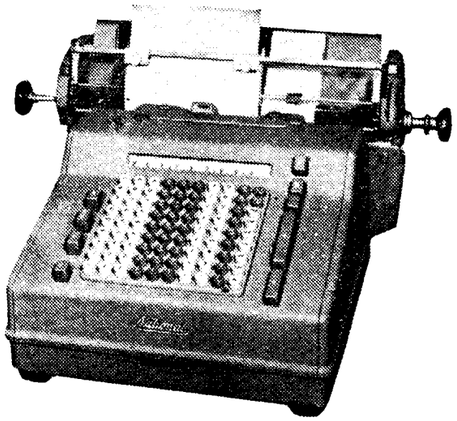

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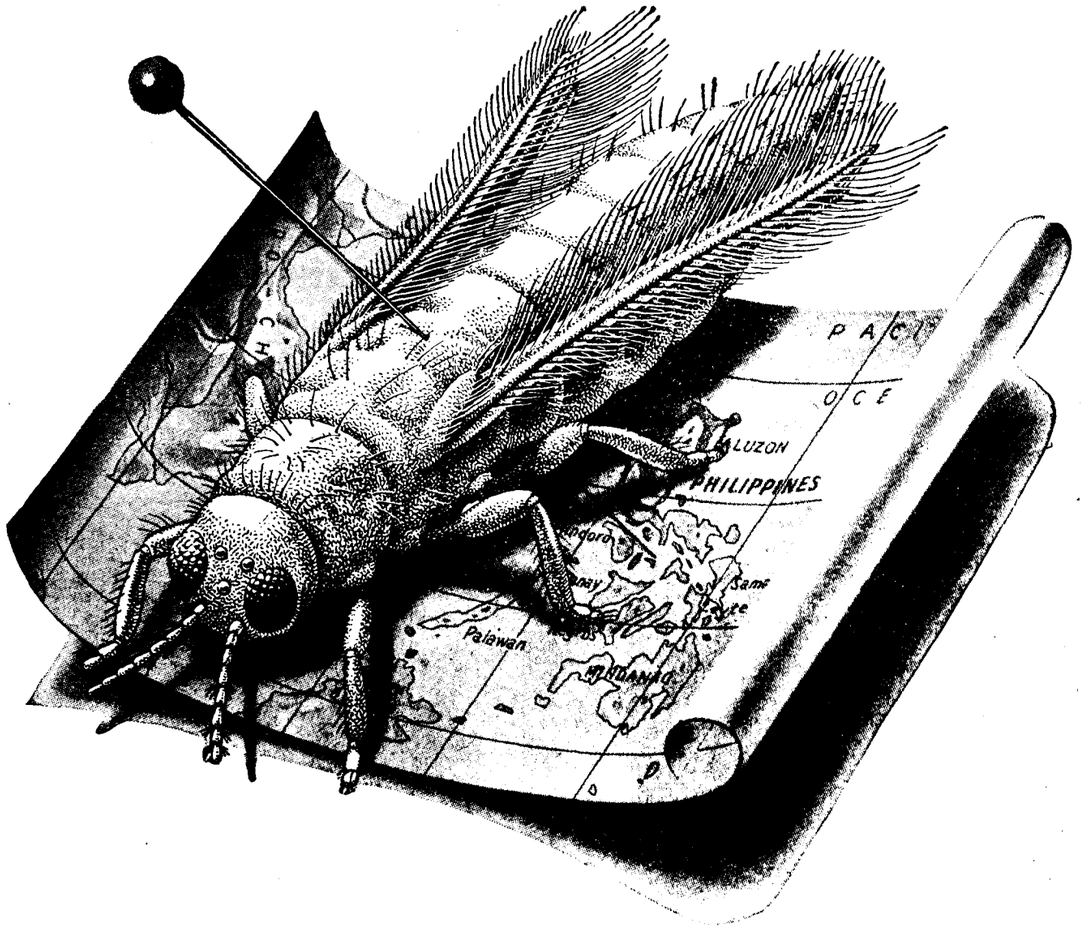

The case of *Thrips tabaci* . . .

To the farmers in the Philippines onions have always been a very important crop. But in recent years they have become less and less worth growing, due to the onion thrips, *T. tabaci*, which breeds in millions and distorts the foliage so that it dies off early, and can only produce a small crop of undersized bulbs. The eggs hatch in five days; in a fortnight the life cycle is completed and further generations continue to appear as long as temperatures remain high. Not only onions are attacked; many other crops throughout the world are damaged by this tiny but not insignificant pest.

Despite control measures, onion thrips were having the best of the battle . . . until the arrival of dieldrin. Extensive field trials proved that this insecticide, one of the newer types developed by Shell, possesses the greater killing power and persistence needed to bring onion thrips under full control.

One spraying of dieldrin, at ½ lb., or even less to the acre, gives three to four weeks' protection and, with the aid of dieldrin, onions are again a flourishing crop on the farms of the Philippines.

Dieldrin is one of the newer Shell insecticides, effective against a very wide range of insect pests which attack crops or spread disease. Its exceptional persistence, surer kill and lower dosages are now in the service of agriculture and public health throughout the world.

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comparison can be expected to improve as the backlog of exports is cleared (from October onwards, though comparison will be vitiated by the distortions of the 1954 dock strike). The increase in the volume of exports in the first eight months was rather less than 5 per cent, owing to the slight rise in prices recently. In August the export price index of engineering products remained at 103 (1954 = 100), but prices of metals and textiles fell by two points and "other manufactures" by one point, the composite index falling by one point to 102. As there was no change in import prices as a whole, the terms of trade moved adversely by one point to 100—which was still, except for July, the most favourable level for the past twelve months.

ICI's Steady Progress

THE stream of half-yearly reports from leading industrial companies is growing and giving investors modest encouragement. Imperial Chemical Industries' unchanged interim dividend of 4 per cent might well have seemed flat, had it not been coupled with an interim report showing a sharp rise in turnover and a smaller rise in profits. The group does not seem to have been wholly successful in holding costs down. Group turnover for the first half of the year 1955 was £206 million, a rise of 9.5 per cent on the second half of 1954 and of 11.7 per cent on the first half. These are the unaudited profits:

IMPERIAL CHEMICAL INDUSTRIES
(£ '000)

	1st Half, 1954	1st Half, 1955
Estimated net earnings (after depreciation before tax)	19,920	20,855
Estimated tax	8,660	8,880
Estimated profit after tax	11,260	11,975

In calculating the profit figures the company has charged its profit-sharing costs as though the total dividend for the year were maintained at 10 per cent, a method of calculation that obviously does not bind the company to that course of action. The market found modest—very modest—encouragement in the figures and the £1 units rose 3d. to 50s. 3d. after the announcement.

Royal Dutch-Shell's Gearing

IT has taken an enormous expansion of Royal Dutch-Shell's sales to make a tiny increase in the group's net income for the first half of the year. Sales have increased by nearly £100 million; but operating costs are up by £60 million, sales taxes by £25 million and provision against capital expenditures by £9 million. So the group's income, less costs, is up by a mere £4½ million, and the taxgatherers throughout the world will take three-quarters of that—leaving £1½ million of extra net income available for distribution to the two parents when the time comes.

	Jan.-June, 1954	Jan.-June, 1955	April-June, 1955
	£	£	£
Sales proceeds	885,792,890	982,481,432	508,793,036
Costs and expenses:—			
Operating costs, administrative expenses, oil purchases, royalties, etc.	496,855,868	556,384,321	284,056,533
Sales taxes, etc.	186,217,407	210,862,761	116,153,592
Depreciation etc.	77,773,757	86,116,014	44,429,256
	760,847,032	853,363,096	444,639,381
	124,945,858	129,118,336	64,153,655
Interest and dividend income	6,559,792	6,969,173	5,314,015
Interest paid	2,891,641	2,982,461	1,516,297
	128,614,009	133,105,048	67,951,373
Estimated taxation	50,544,194	54,126,776	27,839,460
Minority interests	8,876,525	8,249,711	3,526,565
Net income for period	69,193,290	70,728,561	36,585,348

If Shell stockholders had expected something different, they could not have heeded the warnings that the group's spokesmen have been issuing for at least twelve months past—warnings of rising costs, rising provision for capital expenditures, and increased dependence on the group's own surpluses for financing its heavy capital programme. Shell's flowers are growing, but they are not for the shareholders to pick—at least not yet. But it would be a myopic investor who supposed that everything in this enormous and expanding garden had suddenly turned unlovely.

AEI Looks Ahead

LORD CHANDOS is President of the Institute of Directors. He is also chairman of Associated Electrical Industries, and that company (despite what the Institute has said about the difficulties) has issued its first half yearly report. It is a simple unaudited account that must give satisfaction to

£ million

	1954 First Half	1954 Second Half	1955 First Half
Group trading profit (after providing a reserve for replacement of fixed assets £747,000) for first half of 1955	5·48	6·26	6·50
Value of output (excluding inter-company trading)	56·9	64·0	58·6
Orders received	58·4	43·6	67·2

shareholders. The figures need one qualification. In the half year to June 30th, the group absorbed both Siemens

Brothers and Co. and Australian General Electric, whose dividends on a part ownership only are included in the previous year's figures; these acquisitions affect the comparability of the profits figures; but the figures for output and orders received are comparable and it is on these that shareholders will concentrate.

No shareholder can have expected fireworks in the dividend. It seemed obvious when the company swung over to quarterly dividend payments this year that the rate would be 2½ per cent for each of the first three payments, leaving the final dividend to reflect the changes in the company's trading. Two of those half yearly payments have already been made according to plan and the shareholders may rest in greater comfort for the knowledge that a large increase in orders, mainly for delivery within three years, has been booked. That the flow of orders has swelled even while credit restriction has been progressively in operation in many countries is a notable achievement.

Investment in Coal

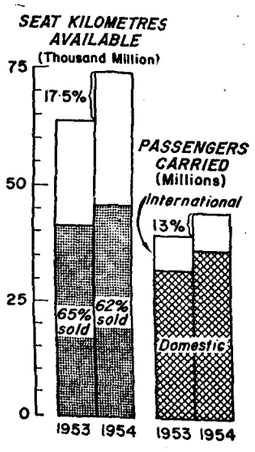
HINTS that Mr Butler may include capital investment in the nationalised industries among the items of "public expenditure" that he intends to cut further are alarming the National Coal Board. The board is uncomfortably aware that it can so far show little return upon the money it is ploughing into the mines; aware, too, that much less of this money is being ploughed back from depreciation provisions, and much more borrowed from the Government, than it at one time publicly proposed.

In the long-term plan that it published in 1950, the board said that three-quarters of the £635 million (at 1949 prices) that it planned to invest would come from depreciation provisions, and that only a quarter would be borrowed. Since nationalisation, in fact, it has invested about £330 million in its collieries and ancillary undertakings; up to the end of 1954 it had borrowed some £160 million (first as short-term advances "on tap" from the Minister of Fuel and Power, later funding these loans). But during its last two years, 1953 and 1954, its borrowings have amounted to a much higher proportion of its investment (about 65 per cent each year). It did, admittedly, increase its investment sharply during these two years, in an attempt to make up arrears of the 1950-52 period, when it fell far behind schedule. The board is contemplating a continued high level of investment over the next few years. Does it still cling to the intention of financing three-quarters of its spending from within?

The extent to which a nationalised industry ought to engage in self-financing is an open question (upon which, like many other questions of high policy, the board seldom gives any indication of what or whether it is thinking). There are various good arguments for finding a comparatively high proportion of new and recuperative capital expenditure in this extractive industry from within, and the board's original rule of thumb may have been a good one; but it has not been followed. The board might well argue that this has been partly because the prices out of which it would have to find the money have been held down to uneconomic levels by successive governments, and because consent to necessary changes in price has been withheld until the board has been forced to incur monstrous losses. But neither the board nor the Government have ever clearly explained and defended their price policy. It may be that the peak of absurdity reflected in the board's recent deficit of nearly £20 million in three months will soon force them to do so.

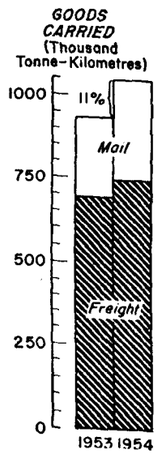
Airlines in 1954

THE world's major airlines carried more than 44 million passengers last year, across more than 1,500 million kilometres. They carried more mail, more freight and more excess baggage than the year before, and their staff and their fleets were increased to do so. By the end of the year these major airlines, members of the International Air Transport Association, were operating 2,525 aircraft. In numbers, this was only 25 more than the year before, but in carrying capacity, the fleets were substantially larger. The left-hand column shows the volume of "seat-kilometres" that the airlines offered for sale during the year. This amount of carrying capacity totalled 74,000 million seat-kilometres, an increase of 17.5 per cent above the previous year's total. The capacity that they sold rose appreciably, but not so fast as to catch up with the increase in capacity; the proportion of seats sold was less than in 1953, although the number sold was 14 per cent greater.



SHARE OF 46 BILLION PASSENGER KILOMETRES SOLD BY LEADING AIRLINES

	%
American Airlines	12·2
United Air Lines	11·5
Trans-World Airlines	11·1
Eastern Air Lines	10·7
Pan American	7·6
Air France	4·4
Northwest Airlines	3·3
B.O.A.C. / Trans-Canada / Delta C. & S. / K.L.M.	3·1
National Airlines	2·6
B.E.A. / S.A.S. / Sabena	2·0
Trans-Australia / Swissair	1·1



The striking feature of these IATA totals is the overwhelming importance of the internal American air services. Their traffic dwarfs the international traffic; the 23,000 million seat-kilometres flown on international services is not half the 51,000 million flown internally, most of them inside the United States. The big American airlines with internal networks emerge as carriers of the bulk of the world's air traffic, measured either by total passengers or, as here, by the total distances that they are carried.

No Change for London Transport

THE Chambers Committee, which inquired into the organisation and efficiency of London Transport, were impressed with the anomaly of retaining a separate executive for London after the other executives of the British Transport Commission had been abolished by the 1953 Act. The Commission, they said, was left with general control over the London Transport Executive and with the ultimate financial responsibility for it. But it had no power of appointing or removing the members of the Executive and no direct control over its operations. To divorce financial and operating responsibilities, they held, was unsound; and they proposed (without making any recommendation) either that London Transport should be reconstituted as a separate body responsible directly to the Minister and no longer to the Commission or that the Executive should be abolished and "its functions vested in the Commission."

Despite the formal logic of these arguments, the Minister of Transport has decided to reappoint the chairman and full-time members of the London Transport for five years. He is not to be blamed for following the easy course. Either of the sharply opposed alternatives contemplated by the Chambers Committee would have set up new problems which would have been no more certain of solution. To put London Transport under charge of the Minister would have exposed it to political pressures on fares and wages of an even more direct kind than those that have caused trouble in the past. To merge it with the Commission would not guarantee any greater efficiency of operation, for it would have to be managed much as it is now managed and a merger would touch sensitive personal and labour problems that could easily become damaging. To continue illogically as before is probably the best line, for there is no clear assurance of gain from either of the two courses that the Chambers Committee laid so neatly on the top of the fence.

Sierra Leone Diamond Pact

THOSE who dislike monopoly will welcome the new agreement between Sierra Leone Selection Trust and the government of the colony under which, if the agreement is ratified (which seems far from certain since it has been vigorously and a little unfairly attacked), the company is to surrender its exclusive diamond mining rights over all the colony's 28,000 square miles. But freedom—if freedom it is—is to be bought at a substantial price; the company is to receive £1,570,000 compensation, equal to 5s. 2d. per share on Consolidated African Selection Trust; it is also to retain reasonable opportunities for at least 10 years to prospect for deep diamonds outside the 450 square miles retained, and for 20 years up to 1975 the government will offer to the company the first refusal of any licences it proposes to grant to applicants other than Sierra Leoneans. The new policy springs from weakness. It is the answer to entirely uncontrollable illicit mining and smuggling estimated to reach between £4 and £6 million a year. Neither the Colonial police not the company's own security forces have been able to check it.

Whether exclusive concessions covering a whole colony are desirable or undesirable, a large part of a valid concession is being withdrawn and proper compensation must be paid. It is nonsense to suggest that the company is losing nothing that was of value. It is all too clear that the areas to be surrendered, though they are now being worked only by thieves, would have produced an immense revenue on the basis of a working life of 20 years. The prospective life is now shortened, though until the chairman of the controlling company—Consolidated African Selection Trust—makes his speech in November, it is not clear by how much. Superficially the compensation is about equal to one year's working profit—though it is tax free and therefore really amounts to more than two years' purchase.

From the colony's point of view the arrangement has two disadvantages and one obvious advantage. A large number of small local licensed miners are likely to do shallow mining, picking the eyes out of the deposits and shortening their effective life. The government's income from the company is likely to be reduced because profits are likely to fall below the level that attracts the maximum government share of 60 per cent earlier than they otherwise would have done. But a heavy leakage of illicit diamonds paying no tax to the government will be replaced by a local marketing scheme operating in agreement with the Diamond Corporation. From the point of view of the shareholders of Consolidated African Selection Trust, who are directly concerned, the market's answer was a rise of 1s. 3d. to 30s. 3d.

Dearer Cars

RISING costs have led both Rootes and Rover to increase their prices on the home market this week; it is not yet clear how much, if any, of the increase will be passed on to the export buyer. With considerable tariff protection at home, British manufacturers have usually been able to ask a higher price of their home customers than they could to buyers in more competitive markets abroad. Rootes has increased the price of its Hillman range by between £12 and £25, the cheapest, the Minx saloon, showing the smallest increase and the estate car the greatest. When purchase tax has been added, the increases range from £17 to £35, the

"Motor Business"

The September issue of this quarterly research bulletin for the motor and allied industries includes:

An Assessment of German Competition
The Small Car in Europe
Prospects for buses and coaches

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Minx saloon, after tax, now costing £667 and the estate car £802. The cheapest Humber rises by £28 to £1,014.

Rover's prices have risen rather more sharply. The standard version, the Rover 75, now costs £1,297 with tax, a rise of £28—the more powerful version has risen by £43 to £1,340. Both manufacturers have made a number of minor improvements which, under more normal conditions, might have been passed on to buyers without any increase in price. The new version of the British Motor Corporation's near-classic MG sports car is also dearer than the model that it replaces; but this is a radically different car. After tax, the new model costs £844, an increase of £64 on the old model, and £23 less than its nearest competitor, the Triumph sports car.

Revolving Loans Pay More

SMALL businesses should have no difficulty in paying the 5 per cent interest they are now to be charged, instead of 4 per cent, on the loans they receive from the Revolving Fund for Industry. Precious little money can now be borrowed on cheaper terms, and there must often be a high return on money allocated thus from the counterpart funds of United States aid for investment in schemes specifically designed "to raise productive efficiency." But there appears to be no uniformity in interest rates for the various government loan schemes. Farmers can still borrow at 4 per cent from the agricultural section of this fund; and industrialists get loans under the Fuel Efficiency Loan Scheme free of interest for two years, after which they have (at present) to pay up to 6 per cent. The different interest rates for the revolving fund stem no doubt from the existence of two separate advisory committees, but they read strangely with the way in which the two parts of the fund have been taken up. In two years just over £258,000 of the £300,000 set aside for farmers has been lent, whereas industry has received not quite £250,000 of the £700,000 it was allocated. There has been no dearth of applicants; 513 farmers have asked for £339,000 and 427 industrial firms have sent in applications for £4,613,000. There appears, however, to have been a shortage of schemes that fit the conditions laid down. Over 450 applications, for nearly £3¾ million, have now been rejected or withdrawn.

No doubt in order that the fund may revolve, the total sum must be lent over a period of several years. But loans are being made much more slowly than those for fuel-saving equipment, though these too went inordinately slowly at first. Now, after three years and several changes in the rules, £1.2 million has been lent to save fuel, more than double the total lent a year ago.

Meat Lorries in Limbo

WHAT will now happen to the nationalised meat fleet? The Transport Commission was never intended to take over any of these special vehicles; at the time of road haulage nationalisation it was thought that the meat lorries were sufficiently well organised already in the pool first set up in 1940. Nonetheless, about a third of the 1,500 or so meat lorries operating on chartered runs eventually fell into its hands as the result of its acquisition of Hays Wharf and other haulage businesses, and from voluntary sales. Now it appears that the Commission is unable to find suitable buyers at suitable prices for the meat lorries it was not meant to have. Most of the 575 vehicles concerned have been offered for tender twice; yet only 54 have been sold so far, and some of these have since been taken out of the meat business.

The largest unit, comprising 498 vehicles, attracted a bid on both occasions that it was offered. On the first occasion the Commission and the Disposals Board agreed that the tender could not be accepted. The second time the Commission again wanted to refuse; the Board disagreed; but on appeal to the Minister of Transport (the only time that this has been necessary during the denationalisation process), he decided that the offer should be rejected. Both bids were made by the same person, Mr George Dawson; presumably his second tender was higher than the £510,000 he previously offered.

The position is now an odd one. These lorries are in fact on charter to United Carriers, a company set up when the wartime pool arrangements ended, which was expected to make its own bid for them. But it did not. United Carriers is a co-operative organisation of the owners of meat transport businesses, and it could no doubt find the money from its own members to make a bid should the fleet be offered a third time. But its contract to charter the Commission's vehicles—which is incidentally a large shareholder of United Carriers as the owner of these lorries—expires next summer. Whether this fleet should be offered again in one unit or several, or as a single company, is now being considered.

Wolfram Prices Higher

THE market in wolfram (tungsten ore) can almost be relied upon to do the unexpected. Instability is its characteristic because it is thin; yet this summer prices were stable. And perversely, in that stability seems to lie the cause of the rise in prices this month. Some British and other European makers of ferro-tungsten, the concentrated form of tungsten used in the manufacture of high-speed steel and other cutting tools, evidently closed down their works for the August holidays without fully covering their requirements, expecting prices to weaken. But American consumers—who buy abroad at half the price the American government pays the domestic producer for strategic supplies—remained in the market and prices held steady. When European consumers were forced to buy this month sellers were gradually able to raise prices of wolfram by 20s. to about 275s. a unit (of 22.4 lb) cif, notwithstanding that British consumers were able to by-pass the market to some extent because the Board of Trade still has a stock for sale at the market price.

Given the steady expansion of steel production in Europe and the recovery of production in America the outlook for tungsten should be bright. But in this market prediction is rash. The immediate questions are whether some con-

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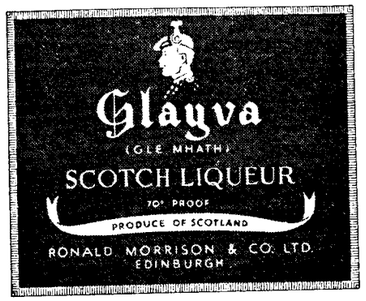

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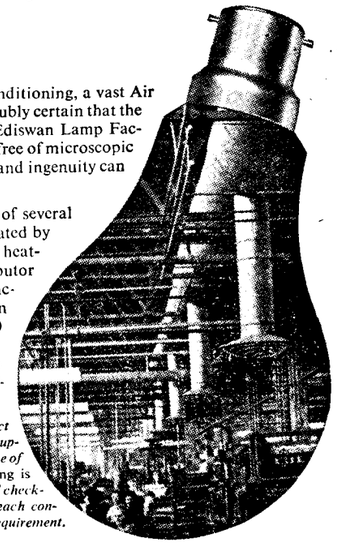

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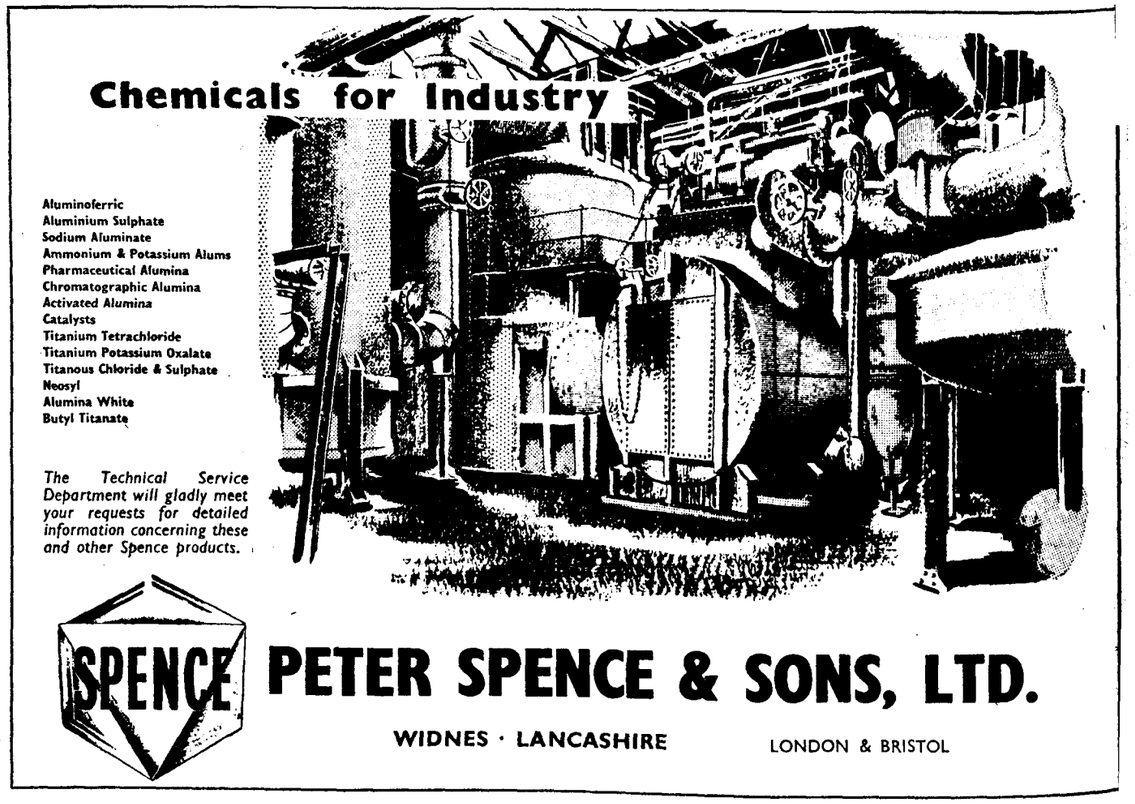

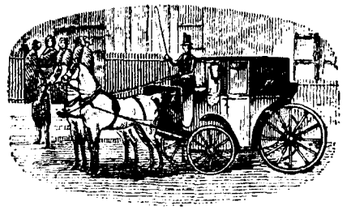

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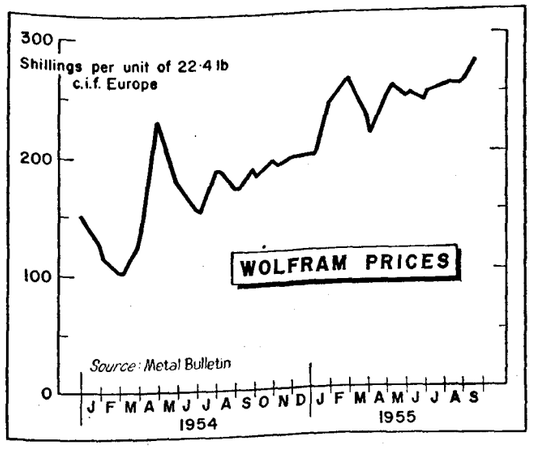
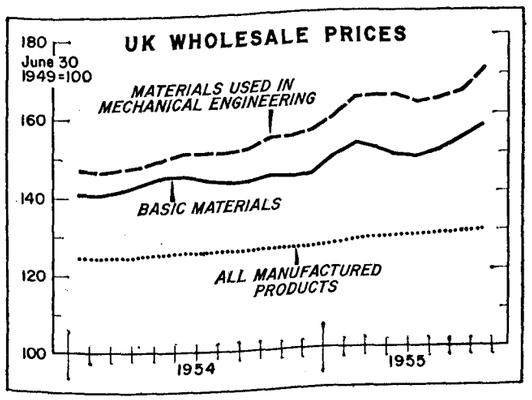
sumers are still short and whether present prices are inducing the small marginal mines to resume production. There are other questions to which the market would like to find the answer. Since the South Korean authorities offered 250 tons each month it has been mopped up without difficulty;



is some of that ore finding a home in the American stockpile? Some Chinese ore has recently trickled out to Austria via Czechoslovakia in a barter transaction. Is this an augury of more to come to the West from China, the largest producing country?

Prices of Materials Rise

PRICES of basic materials used in British industry rose again last month; as measured by the Board of Trade's index, which excludes fuel, the rise was nearly 2 per cent to 156.5 (June, 1949 = 100). That was the highest level for three years, and it was 12 per cent above the low point of 140 reached in February, 1954, when the post-Korean collapse



of commodity prices finally worked itself out. The rise in this index has gathered pace in the last few months owing mainly to the sharp increase in copper and rubber prices. Copper has also been responsible for much of the rise in the index of materials used in electrical engineering. Since February, 1954, this index has risen by 21 per cent to 188.3; the index of mechanical engineering materials has risen by 17 per cent to 171.4 in the same period. Both indices rose by 3 per cent last month, reflecting higher prices of iron and steel products as well as of most non-ferrous metals. Prices of manufactured goods are less responsive to changes in prices of materials, up or down. The index for all manufacturers rose fractionally last month to 130, making an increase of 4 per cent. over the past eighteen months.

Insuring Atomic Risks

THE insurance market is approaching with caution the big problem of insuring the hazards of the peaceful uses of nuclear fission. One instance was the speech of Mr A. B. Stewart at last week's conference of the International Union of Marine Insurance, which no doubt had in mind the warning given in the United States by Representative W. Sterling Cole, former Chairman of the Joint Congressional Committee on Atomic Energy, that inability to get insurance cover "could be the one factor to delay the peacetime industrial use of atomic energy." Mr Stewart maintains that the ceiling of insurance coverage for atomic risks should not be lower than that for catastrophes due to hurricanes and earthquakes. The risk of a nuclear reactor exploding is, on past experience, small; and the risk of a catastrophe in the insurance sense—widespread and severe damage confronting insurers with claims far in excess of the current year's premium income—is probably remote. What seems to worry insurers most is the risk of radioactive contamination that might render useless or seriously damage property a considerable distance from the point of leakage. Contaminated water might affect animals and human beings; absorption of excessive radiation by human beings may show its effects immediately or they may not appear for ten years.

Underwriters are justified in feeling their way in a field that the revelations at Geneva have shown to be only soantily mapped. They can only take the word of the scientists that "this" is safe and "that" is dangerous. Yet accident insurers are used to running their business at rates of premium that at first show only a modest return; an underwriting profit of 5 per cent, out of which some overhead expenses have still to be met, is rated good. And the capacity of the insurance market is so large that with full use of reinsurance to spread the risk and a limitation on maximum liability, there seems no reason why the nuclear power plants, a dozen of which will eventually be in the hands of the Central Electricity Authority, and the atomic driven ships, which were Mr Stewart's main interest, should not be insured. Practical experience of underwriting atomic risks has been limited to indemnities to universities, hospitals, laboratories and plants that handle radioactive material, as well as to the insurance in transit of radioisotopes some, but not all, of which are dangerous. Life insurance has also been effected on people employed at Harwell and elsewhere. In the absence of occupational mortality statistics for workers in atomic plants, higher rates of premium than normal have generally been charged as a precaution.

The Wellington Fund

BRITISH investment trusts show nothing to compare in size with the great open-ended mutual funds (unit trusts is the nearest English parallel) of the United States. A total assets value of $460 million and over 150,000 shareholders are the figures claimed by the Wellington Fund which is one of the 15 biggest. It is probably the biggest American fund that sells its shares wholly through brokers, using brokers' staffs as its salesmen and not itself knocking on the door. The fund, now two-thirds invested in equities, appeals to the small man and its shares are sold on the instalment plan, but it also appeals to the big investor and to the institution in a way in which the fixed trust in this country hardly could. Its investors include churches, hospitals, pension funds and educational establishments—all bodies that in this country would think little of themselves if they did not muster their own expert investment advice. These bodies apparently regard as cheap the trust's not inconsiderable sales charge ranging from 8 per cent on the small investment to 2½ per cent on the big one.

The president of the Wellington Fund, Mr Walter H. Morgan, now in this country, is interested on two points: Can he sell some of his fund's shares here? And can he use some British ordinary shares? The answer to the first problem is Yes; with the premium on the security dollar down almost to vanishing point and with a large floating supply of security dollars available to British investors they can, if they are persuaded, buy the securities of the American mutual funds. The Wellington Fund indeed already has a few British shareholders, though it will hardly sell its paper in the quantities to which Mr Morgan has grown accustomed while Stock Exchange members in this country are barred from aggressive selling. Clearly also the Fund could buy the ordinary shares of a few British companies in the quantities in which it might be interested. Could it get out again in London's narrow markets? Even in America the big policy changes (such as the decision to get out of tobacco at a lucky moment just before the lung cancer publicity started) have involved the organisation of syndicates (the Fund is not allowed itself to underwrite). The fact that the London market is narrow except in a few stocks has so far seemed to Mr Morgan a bar to using British equities in the Wellington Fund, though it seemed that some other American mutual funds did participate in the recent American buying of British ordinary shares. The alternative—it is at present no more than an idea with many obstacles—would be to organise a further fund on similar lines and management but containing British and perhaps Canadian shares.

The Decline of Jute

IT still comes as something of a shock to be reminded that the world now consumes less jute than before the war. The uses of this fibre are legion. Jute bags and sacks carry a score of farm and industrial commodities; it is a backing for carpets and linoleum; roofing felt, webbing and twine are made from jute; it goes into upholstery, clothing, and into many products of the electrical industry. By volume it is the most important natural fibre after cotton. But the world is making do with less. In 1934-38 world production of jute manufactures was about 1.9 million tons a year; in 1951-54 output was only 1.6 million tons a year, a reduction of nearly one-fifth. These and other changes in the world jute trade are described by the Commonwealth Economic Committee in *Jute Manufactures** ; handicapped though the Committee must have been by the paucity of statistics, it still seems a pity that the decline of jute was not examined in more detail.

Though the scarcity of jute during the war and immediate postwar years and the high price greatly stimulated the search for substitutes, a comparable fibre has not yet been produced on a commercial scale at a comparable price. Cotton has actually lost ground as a competitor of jute for bag making. In the United States, the largest consumer, cotton bags are now dearer than jute bags, having risen 2½ times since 1940, whereas jute bags are less than twice as dear. As a result the United States uses less cotton, relatively to jute, for bag making than before the war. The really serious competitor has been paper. Consumption of paper bags and sacks in the United States has quadrupled in the last fifteen years, while that of jute bags has dropped by a fifth. Prices of paper bags are still less than 50 per cent dearer than before the war. Stability of price, in contrast to the sharp fluctuations in jute and cotton, has also helped paper's progress.

The other important reason why jute has lost ground is the handling of goods in bulk, which since the war has spread from grain to sugar, cement and flour. As this trend is stimulated as much by the cost of handling as by the cost of packaging it can hardly be arrested. But in other fields the competitive power of jute rests almost wholly on price. Pakistan, which depends so much on exports of jute, might well consider whether its long-term interests will not be served best by crops—like the present one—that are large enough to keep export prices down to the official minima, thus giving the buyer the assurance of supplies at a stable as well as reasonable price.

SHORTER NOTES

There is still no sign of a check to the flow of machine tool orders. In fact in the six months to June new orders were half as high again as in the same months of 1954. These figures include orders placed by motor car makers who delayed filling the capacity they had reserved with several tool firms until almost the last moment. The tool industry's output over the six months was about an eighth higher than in 1954; but it now has a good seventeen months' business in its order books.

★

The first official estimate of the main cocoa crop in the Gold Coast is 220,000 tons, some 10,000 tons below the actual crop of last season. The cocoa market in London was unmoved by this news.

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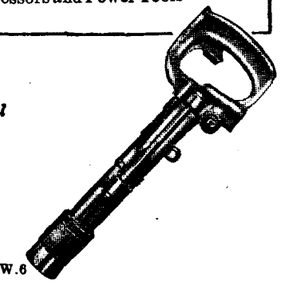

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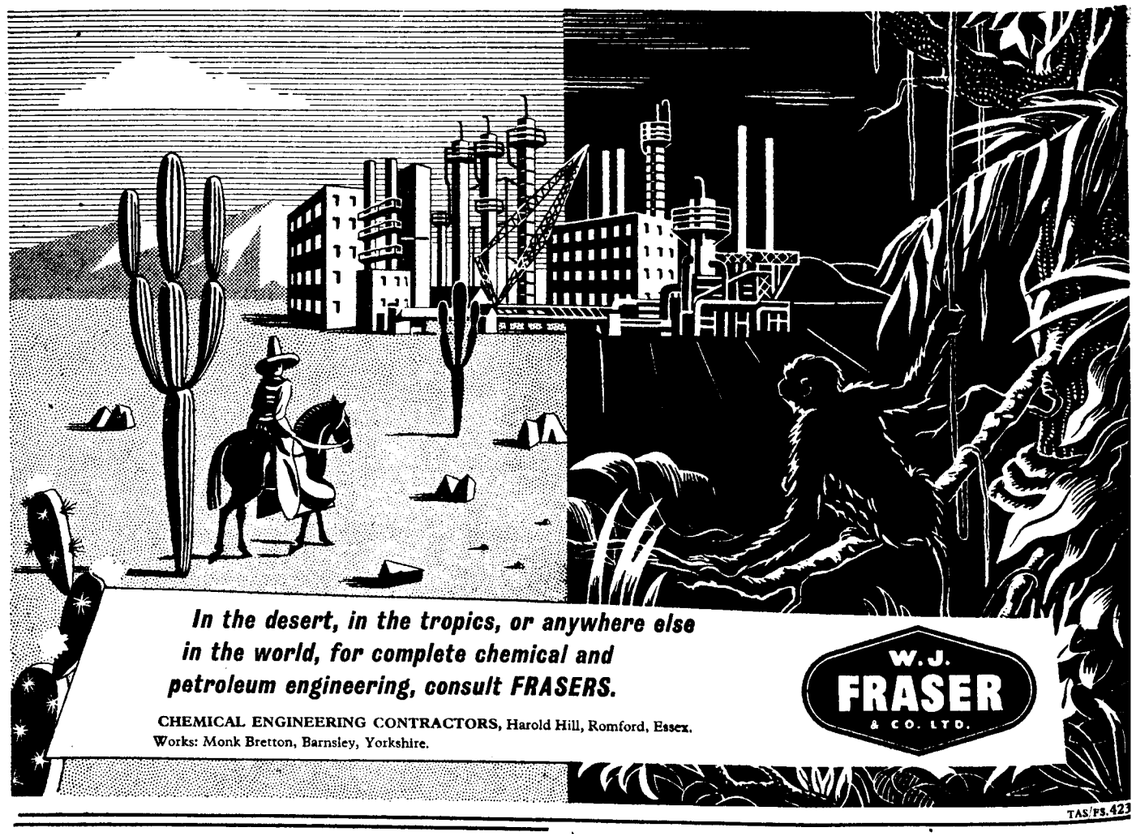

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SERVICES The estates are well equipped with public services and are adjacent to main roads. Easy access to docks, airport and railways.

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LIVERPOOL INFORMATION

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GV2-29

The directors of Hoover, with the advice of Helbert, Wagg and Deloitte, Plender, Griffiths, have devised a complicated scheme to put the complicated, highly geared "A" ordinary shares on a more equal footing with the ordinary shares. Under the new scheme the "A" shares will rank *pari passu* with the ordinary shares for dividend and lose their high gearing, but on a return of assets they will be given a bigger participation at an earlier stage than is possible under the present structure. Each holding of 100 1s. "A" shares will become 115 new 5s. "A" units and 10 5s. ordinary units. This scheme may mean some immediate loss in income for the "A" stockholders who will lose the speculative attraction and speculative risks of their special gearing and acquire a stock of a higher investment standing enjoying a greater stability of income.

The first home order for the Handley Page Herald airliner has been placed this week by a subsidiary of the independent operator, Silver City, for a minimum of six aircraft. The Herald is designed as a DC3 replacement; it has been developed out of the company's own funds and has already been ordered by a number of foreign operators. These early successes abroad suggest that the British aircraft industry's frequently stated need for a larger home market might not stand up to close examination.

★

The Canadian Wheat Board has reduced its minimum price for barley (and oats), and barley futures in Winnipeg have risen. As the two prices are roughly in line, the board is again selling barley futures, and business has been done with Britain and other countries.

Company Notes

TRIPLEX SAFETY GLASS COMPANY. In spite of the rising trend shown by Triplex profits in most years since the war, there was little reason to expect the excellent results for 1954-55 that have been published. Last February, in reporting rising turnover all round, the board did not commit itself further than that consolidated profits should be as large as, or possibly larger than, the previous year's.

Greatly increased activity is responsible for the rise of almost one-half in trading profits, and the rise from 20 per cent to 25 per cent in the rate of dividend. Triplex is one of the few businesses to give results for each company in the group separately. Although the subsidiary, particularly Quickfit & Quartz, diaries, are of increasing importance, the holding company accounts for 78 per cent of profits of £611,679 after expenses and before tax, and for £174,301 out of the year's increase of £231,480. The parent's factories had, in the year ended last June, an output considerably greater than had been thought possible a few years ago.

	Years to June 30, 1954	1955
	£	£
Consolidated earnings:—		
Trading profit	542,892	809,910
Total profits	562,771	836,205
Depreciation	81,422	91,055
Profit-sharing and pensions	51,423	95,952
Taxation	216,287	298,915
Net profit	*172,942*	*308,308*
Ordinary dividends	71,184	113,392
Ordinary dividends (per cent)	20	25
Retained profits	87,320	187,660
Consolidated balance sheet:—		
Fixed assets, *less* depreciation	602,010	671,710
Trade investments	99,578	124,077
Net current assets	1,237,237	1,409,502
Stocks	680,688	822,802
Capital reserves	414,317	438,817
Other reserves	505,333	674,837
Ordinary capital	647,127	774,902*

* After conversion of preference shares.

The faster tempo is shown, too, by a rise of 21 per cent in stocks, and by gross additions to fixed assets of some £160,000. Trade investments, mainly in Triplex (Northern), will be responsible for some important changes in next year's balance sheet. Triplex Northern has hitherto been a 49 per cent holding, but is now to become a wholly-owned subsidiary. This is largely to overcome the difficulty, when demand is rising fast, of maintaining former quota arrangements with the other partner, Pilkington's. That company is to subscribe £800,000 for 385,542 new Triplex 10s. shares, and will receive back £408,000 for its Northern interest, leaving £392,000 in hand for new buildings and plant and for working capital. Pilkington's intend to keep a permanent stake in Triplex. They have undertaken to hold not less than 400,000 units between 1956 and 1962; they will hold 570,000 units, or 28 per cent of the ordinary capital, when present negotiations are complete. At 43s. 6d. xd., the 10s. Triplex units yield 5¾ per cent.

★

UNITED DRAPERY STORES. There are two ways of looking at a rose. The one is to smell it and find it sweet. The other is to search for the worm i' the bud. Throgmorton Street, in looking at the half yearly results of United Drapery Stores, chose the first method. And why not? The facts of that statement for the six months to July 30th spoke plainly enough. The interim ordinary dividend has been set at 25 per cent; it will be paid on a capital of £3,466,054 as increased by the issue of £520,000 of stock in February on the purchase of Alexandre, the multiple tailoring business. The previous year's interim was 17½ per cent making with the final a full year's payment of 50 per cent on a capital of £2,946,054. This year's final dividend is still a matter of guesswork; but the stock market is unlikely to be wrong in forecasting a higher payment and in backing that judgment by marking up the stock by 3s. to 49s. 3d.

Apart from the dividend there were other favourable portents. A free scrip issue, doubling the ordinary capital to £6,932,108, is to be made by capitalising almost the whole of the share premium account of £3,674,667 that came from the Alexandre deal. The inclusion of profits earned by Alexandre in the latest half-yearly figures is one reason why the six months' trading profit is £868,892 higher at £2,935,043 and the net profit is £465,418 higher at £1,228,251. But it is not the only reason. Even on a sanguine projection of the Alexandre earnings it is clear that profits earned elsewhere in the United Drapery group have expanded. Those profits were largely accumulated in a period when the first of the hire purchase restrictions were in being. By its concentration on drapery and the general run of goods sold in department stores, the United Drapery group is less dependent on furniture sales than Great Universal Stores. And if Mr Wolfson can look ahead, as he did last week, to a further increase in sales and profits there is no apparent reason why Sir Brian Mountain should not do the same.

★

ELKINGTON. There must be few companies with an interest in copper that did not burn their fingers after private trading was resumed in 1953. Contrary to widespread expectations copper prices gradually rose and yet, such was the persistent lack of confidence, the forward price was always below the cash price, sometimes by as much as £25 a ton. Firms that tried to use the Metal Exchange to hedge their stocks or their purchases in the traditional way found that the discount (or "backwardation") made this an extremely expensive form of insurance against a fall in price. The attempt cost Elkington and Company the best part of £400,000. Last November shareholders were warned that the company had run into difficulties; in March the preference dividend was passed, and it was announced that a firm of auditors had been called in to investigate. The chairman now states that the net loss for the year ending December 31, 1954, was £463,953, excluding a further loss of £99,209 attributed to stock errors of the previous year, compared with a profit of £239,622 for 1953. The copper department accounted for 85 per cent of the

total; in addition to loss on hedging, the new plant suffered from serious teething troubles. The hot stamping section made a small loss owing to the transfer of this department to a new district, and to serious labour troubles connected with the move.

The board has decided that this section, which has been reorganised and is again making good profits, shall in future constitute the main business of the company. Accordingly it is proposed to sell the copper department to a new company,

	Years to Dec. 31, 1953.	1954
	£	£
Gross trading profit	239,622	*Dr.373,919*
Tax refund, etc.	52,766	124,306
Error in stock valuation ..	—	*Dr. 99,209*
Net Profit	140,674	*Dr.463,953*
Preference dividend	4,893	3,712
Ordinary dividend	20,240	—

Elkington (Copper Refiners) Limited, with a capital of £600,000 £1 shares divided into £500,000 voting preferred ordinary and £100,000 deferred shares. Elkington will retain the deferred shares, giving it a one-third stake in the equity of the new company; the preferred ordinary shares will be sold to Brandeis, Goldschmidt and Company Limited in satisfaction of the amount owed to it by Elkington. Control of the copper department thus passes to S. G. Warburg and Company, the Merchant Bankers who control Brandeis Goldschmidt.

★

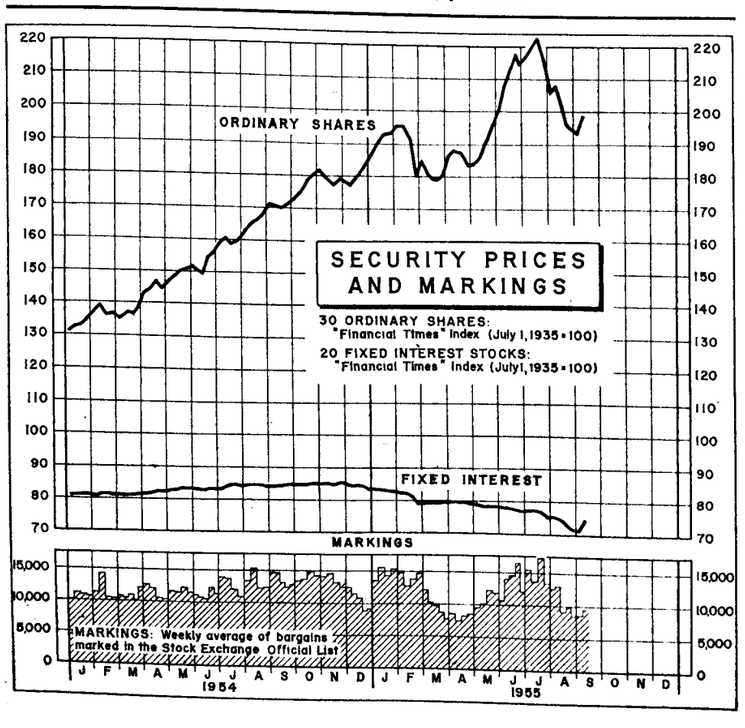
LEYLAND & BIRMINGHAM RUBBER. This is one of the rapidly dwindling number of companies with quoted shares whose reports and accounts give virtually no more information than is required by law. If its finances are not quite so exposed to fluctuations in rubber prices as those of the largest tyre manufacturers, the company's profits record has none the less been variable. It is no small achievement to be able to publish total profits which, at £1,145,494 for the year ended last June, exceed by 15 per cent the £997,928 for 1953-54, which in turn was a better year than 1950-51—the peak for most companies in the tyre business.

At £470,786, taxation absorbs almost as high a proportion of profits as before, and equity earnings, at £442,200 net, amount to 55 per cent on the present capital (against 44 per cent), allowing for profits tax on a full distribution, and before making any provisions.

Distribution policy is more generous, for the same nominal rate of dividend, 20 per cent, has been maintained on a capital increased by a 1-for-2 scrip issue in October last year.

Plant renewal provisions are £30,000, and the investment reserve, intended to meet depreciation on securities, receives £49,000. This is a complete reversal of the situation in 1954, when £43,000 could be transferred from that investment reserve to the appropriation account, because there was then no material depreciation to cover.

Cash is satisfactory with gross liquid assets of £1,587,629. As would be expected from the growth in profits, stocks are higher at £1,252,792, against £1,036,289, and, if provisions are excluded from current liabilities, net current assets have risen from £2,476,834 to £2,908,894. At 61s. 3d. xd, the £1 shares yield just over 6½ per cent.



LONDON STOCK EXCHANGE

Next Account begins: October 5th
Next Contango Day: October 5th
Next Settlement Day: September 27th

Renewed speculation on future Government policy and the spate of projected new issues caused a general decline in the market on the last two days of the old account. The start of the new account on Wednesday failed to attract substantial new buyers, although Industrials improved slightly and British Funds helped by the stronger market in sterling continued the rally begun in the late dealings on Tuesday.

Foreign issues weakened, with the exception of Greek bonds; Greek 7 per cent and 6 per cent Refugee, 1928, held their recent rise at 20 and 18 respectively. Banks continued to lose ground in the new account, though Insurance shares improved. Building shares weakened with the prospect of a curtailment of Government projects. Tarmac lost 5s. on details of the rights issue to close at 86s. 3d. English Electric declined to 69s. on the announcement of the rights issue, and AEI remained at 82s. 3d. xd on publication of half-yearly figures.

Motor shares reflected doubts on the effects of import restrictions into Australia, and the announcement of higher prices. Ford fell to 47s. 7½d. before recovering to 48s. 9d., while Jaguar improved 1s. to 24s. 6d. The fall of the Peron Government attracted buyers to Argentine issues, Harrods BA rose 10½ to 3s. 9d. and Anglo-Argentine Trams Debentures improved to 23. Borax deferred rose 5s. to a peak of 150s. on steady buying but later reacted to 147s. 9d. On the news of the capital reorganisation scheme announced by Hoover, "A" improved to 48s. 9d. and the ordinary to 41s. 9d., but subsequently eased to 47s. and 41s. 3d.

Oils were mostly lower, though Anglo Ecuadorian gained 4s. 6d. to 43s. on the possibilities of a take-over. Kaffirs were dull on the American Government's refusal to raise its price for gold. Tins were lower, but among Coppers Tanganyika Concessions advanced.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
Sept. 14..	199·6	99·44	4·46	4·87
„ 15...	199·5	99·44	4·46	4·88
„ 16...	198·1	99·34	4·48	4·91
„ 19...	196·1	99·00	4·51	4·96
„ 20...	194·8	98·96	4·51	4·99
„ 21...	195·2	99·06	4·50	4·98
			Total bargains	
1955, High.	223·9 (July 21)	115·97 (Jan. 7)	1955 Sept. 14	9,735
„ Low..	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 15	9,480
			„ 16	8,698
1954, High.	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 19	10,431
			„ 20	9,229
„ Low..	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 21	8,200

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Sept. 21 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 14, 1955	Price, Sept. 21, 1955	Net Yield, Sept. 21, 1955 § £ s. d.	Gross Yield, Sept. 21, 1955 £ s. d.
100 9/16	96 3/4	Funding 2¾% '52-57	97 3/32	97 5/32	3 1 9	4 9 5 l
100 1/4	97 5/8	War Bonds 2½% '54-56...	98 7/32	98 7/32	3 6 8	4 10 9 l
100 11/16	93	War Loan 3% '55-59.....	93 1/2	93 23/32	3 8 8	4 14 9 l
100 31/32	99 3/8	Serial Funding 3% 1955..	99/16 3/39	16 2	...	4 4 5
100 1/4	96	Serial Funding 2½% 1957.	96 3/32	96 1/4	3 0 1	4 3 0
99 17/32	91 9/32	Conv. 2% 1958-59.....	91 5/8	91 13/32	3 15 7	4 14 6 l
97 3/4	89 1/16	Exchequer 2% 1960	89 1/2	89 15/32	3 14 11	4 13 6
104 1/2	92 7/8	Exchequer 3% 1960	93 1/2	93 17/32	3 6 10	4 13 8
100 11/16	83 1/4	Savings Bonds 3% '55-65.	84 3/4	84 5/8	3 12 2	5 0 7 l
100 3/8	86 7/8	Funding 2½% '56-61	87 7/8*	88 3/8*	3 15 1	4 17 7 l
97	78 1/4	Funding 3% '59-69	79 3/4*	79 7/8*	3 12 1	5 1 0 l
103 7/16	90 3/4	Funding 4% '60-90	91 7/8	91 1/4	4 13 8	6 13 4 c
96 3/8	77 1/4	Savings Bonds 3% '60-70.	79 1/2	79 1/2	3 10 2	4 19 7 l
102 3/8	87 3/4	Exchequer 3% '62-63	88 1/4	88 3/4	3 9 4	4 17 11 l
99 7/16	82 3/8	Exchequer 2½% '63 64...	83 1/2	84	3 13 9	4 18 5 l
95 7/16	77 1/16	Savings Bonds 2½% '64-67	79 1/8	79 1/16	3 14 9	5 0 3 l
94 5/16	75 1/2	Savings Bonds 3% '65-75.	77 1/2	77 1/4	3 6 4	4 16 6 l
105 1/8	91 1/2	Victory 4% '20-76.....	94 1/2	94 3/4	2 18 0	4 13 8†
98 1/2	78 1/2	Funding 3% '66-68	81 1/8	81 5/16	3 12 0	5 1 4 l
103	83 7/8	Conv. 3½% 1969.....	84 13/16	85 1/4	3 8 3	5 1 3
98 3/4	80 1/4	Treas. 3½% '77-80	81 1/2	81 1/2	3 3 0	4 17 10 l
99 5/16	80	Treas. 3½% '79-81	81	80 3/4	3 2 7	4 17 0 l
88 1/2	68 3/4	Redemption 3% '86-96...	70 1/2*	70*	3 0 0	4 12 9 l
95 7/16	78 3/4	Funding 3½% 1999-2004..	79 3/4	79 1/2	2 16 0	4 11 10 l
97 3/8	82 3/8	Consols 4% aft. Feb. '57..	84 1/4	83 3/4	2 15 2	4 16 2 f
88 5/16	74 1/16	War Ln. 3½% aft. Dec. '52	76 3/8	75 1/2	2 13 9	4 14 1 f
89 11/16	72 3/8	Conv. 3½% aft. April '61..	74 15/16*	74 1/4*	2 14 3	4 14 4 f
78 1/2	63 1/4	Treas. 3% aft. April '66..	65 1/4*	64 3/4*	2 13 3	4 12 6 f
66 3/4	54 1/2	Consols 2½%	56*	55 3/4*	2 11 8	4 9 9 f
66 7/8	54	Treas. 2½% aft. April '75.	55 1/2*	54 3/4*	2 12 6	4 11 3 f
99 1/2	97 1/4	Br. Elec. 4½% '67-69.....	97 1/2	97 3/4	2 15 8	4 11 3 l
94 13/16	75 3/8	Br. Elec. 3% '68-73.....	77 3/4*	77 3/4*	3 8 5	4 18 0 l
93 13/16	75	Br. Elec. 3% '74-77.....	76 3/4	76 1/4	3 5 6	4 15 9 l
109 1/16	90	Br. Elec. 4½% '74-79.....	91*	90 15/16*	2 19 6	4 17 11 l
98 11/16	80 7/8	Br. Elec. 3½% '76-79.....	81 3/4	81 1/2	3 2 9	4 17 8 l
105 3/8	88 15/16	Br. Gas 4% '69-72.....	89 1/4	89 3/4	3 2 2	4 18 11 l
102 1/2	82 7/8	Br. Gas 3½% '69-71.....	83 3/4	84	3 6 4	4 19 6 l
88 7/16	71	Br. Gas 3% '90-95.....	72 3/4	72 1/4	2 19 1	4 12 0 l
94 13/16	76	Br. Trans. 3% '68-73.....	77 3/4*	77 1/4*	3 8 5	4 18 0 l
105 7/16	87 3/4	Br. Trans. 4% '72-77.....	88 1/4	88	3 1 6	4 18 11 l
88 7/16	70 3/4	Br. Trans. 3% '78-88.....	72 3/4	72	3 2 3	4 14 7 l

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend. † Assumed average life approx. 12 years. § Less tax at 8s. 6d. in £.

Prices, 1954 High	Low	Prices 1955 Jan 1 to Sept. 21 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Sept. 14, 1955	Price, Sept. 21, 1955	Yield, Sept. 21, 1955 £ s. d.
97 3/4	90 1/2	94 3/8	79	Aust. 3½% '65-69	80 1/2	80 1/2	5 5 3 l
101 1/2	97 1/2	101 3/4	87	Ceylon 4% '73-75	88 1/2	88 1/2	4 18 2 l
106 3/4	98 1/4	103 3/4	87 5/16	N. Zealand 4% '76-78.	88 1/2	88 1/2	4 17 0 l
79 3/4	71 3/4	75 1/2	61	L.C.C. 3% aft. 1920 ..	64 7/8	64 1/2	4 12 6
99 3/4	95	99	83	Liverpool 3% '54-64..	84 1/2	84 1/2	5 1 0 l
87 7/8	80 1/2	84	65	M.Wtr.'B'3%% '34-2003	67 1/2	67 1/2	4 14 0 l
104 1/2	100	102 1/4	94 3/4	Agric. Mort. 5% '59-89	96 1/2	96 1/2	5 4 4 l
109 3/4	71 1/2	122 1/2	91	German 7%	114 1/2	111	...
168 1/2	102	213	149	German 5½%	202	197 1/2	...
171	132 1/2	211	160	Japan 5% 1907	207 1/2	207	...
198 1/2	167	254	190	Japan 5½% Conv. 1930	251	247 1/2	...

Prices, 1955 Jan. 1 to Sept. 21 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, Sept. 14, 1955	Price, Sept. 21, 1955	Yield, Sept. 21, 1955 £ s. d.
		%	%		BANKS & DISCOUNT			
58/7½	46/9	7	*b*	5 *a*	Barclays £1	49/-	47/6	5 1 1
76/7½	58/-	15	*c*	6 *a*	Lloyds 'A' £5, £1 pd...	59/-	59/-	5 1 8
89/3	72/-	18	*c*	9 *a*	Midland £1, fully pd. .	76/6	75/-	4 16 0
87/-	68/9	18	*c*	9 *a*	N. Prov. 'B' £5, £1 pd.	71/-	69/6	5 3 7
96/10½	78/6	8	*b*	8 *a*	Westmstr'B'£4,£1½pd.	80/6	79/6	5 0 8
69/-	44/-	8½	*b*	3½ *a*	Alexanders £1	46/-	46/6	5 7 6
58/6	45/-	7	*b*	5 *a*	Nat. Disc. 'B' £1.....	46/-	47/6	5 1 1
60/-	47/6	12½	*c*	6½ *a*	Union Disc. £1.....	50/6	48/-	5 4 2
40/1½	32/-	4	*b*	4 *a*	Barc. (D.C.O.) £1	33/-	34/-	3 18 1 s
51/9	41/-	7½	*b*	7½ *a*	Chart. Bk. of India £1	42/-	41/6*	7 4 7
					INSURANCE			
21¾	14½	50	*a*	110 *b*	Leg. & Gen. £1 5/- pd.	19½	18½	2 3 11
28	20½	45†	*b*	20† *a*	Pearl £1, fully pd.....	23½*	23	4 18 4
55½	41½	112½†	*c*	117½† *c*	Prudential 'A' £1	47½	45½	4 9 10
					BREWERIES, ETC.			
141/-	117/6	33	*b*	10 *a*	Bass £1	121/3	118/9	7 4 11
34/9	22/-	10	*a*	10½ *b*	Distillers 6/8	26/3	24/9	4 8 11 *h*
49/6	40/-	15	*b*	8 *a*	Guinness 10/-	42/6	41/3	5 11 2
93/9	68/-	7	*a*	14 *b*	Whitbread 'A' Ord. £1	73/9	71/3	5 17 11

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 16½%. (*i*) On 10½%. (*j*) On 15%. (*l*) To latest date. (*m*) On 10%. (*n*) On 8%. (*o*) On 9%. (*p*) On 8¾%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*s*) On 6¾%. (*t*) On 13¾%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7½%. (*x*) On 12½%.

Prices, 1955 Jan. 1 to Sept. 21 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, Sept. 14, 1955	Price, Sept. 21, 1955	Yield, Sept. 21, 1955 £ s. d.
		%	%		STEEL & ENGINEERING			
97/6	61/3	14	*c*	5 *a*	Assoc. Elect. £1.....	86/3	82/6*	3 7 11
135/-	88/9	5	*a*	15 *b*	Assoc. Port. Cem. £1..	111/3	107/6	3 14 5
111/6	67/-	7½	*a*	15 *b*	Bowater Paper £1²....	101/3	99/4½	3 12 5 *u*
56/3	44/1½	2½	*a*	7½ *b*	B.I.C.C. £1.....	46/-	46/-	4 6 11
58/3	35/6	4	*a*	8 *b*	Brit. Aluminium £1 ..	51/6	52/6	4 11 5
61/3	47/10½	15†	*c*	10† *a*	Brit. Amer. Tob. 10/-	56/-	54/6	4 16 5
$64½	$51¾	3	*b*	3 *a*	Canadian Pacific $25.	$63	$61½	4 9 0
48/9	31/4½	41⅜	*b*	14 7/16 *a*	Decca Record 4/-	41/3	38/9	3 17 5 *r*
33/4½	25/9	4	*a*	10 *b*	Dunlop Rubber 10/- ..	27/-	26/6	5 5 8
87/3	54/1½	8½	*b*	4 *a*	English Elect. £1.....	77/6	70/-	3 11 5
81/-	51/3	4½	*a*	9½ *b*	General Elect. £1.....	66/3	63/9	4 7 9
61/6	38/3	4	*a*	6 *b*	Imp. Chemical £1	51/9	50/3	3 19 7
65/10½	57/9	12½	*b*	8½ *a*	Imp. Tobacco £1.....	61/-	60/6	6 18 11
$157¾	$105½	$2·90	*c*	$1·75 *a*	Inter. Nickel n.p.v....	$153	$151½	3 8 8
77/-	57/6	7½	*a*	10 *b*	London Brick £1.....	64/6	63/1½	5 11 1
38/6	26/-	15⅝	*b*	6¾ *a*	MonsantoChemicals5/-	29/-*	29/-	3 17 5
81/3	60/3	3½	*a*	14½ *b*	Tate & Lyle £1	73/1½	72/6	4 8 10 *g*
109/6	72/6	10	*b*	10 *a*	Tube Investments £1 .	98/9	97/6	4 2 1
118/6	95/6	17½	*b*	5 *a*	Turner & Newall £1 ..	105/7½	102/6	4 7 10
100/6	69/3	6	*a*	9¾ *b*	Unilever £1	93/9	91/3	3 9 1
44/1½	33/9	7½	† *b*	7 1/16 † *b*	United Molasses 10/-..	37/-	36/-	6 2 9 *q*
49/9	34/-	2½	† *a*	27½ † *b*	Cons. Tea & Lands £1.	40/9	40/3	25 18 3
3/4½	1/10½	10	*c*	15 *c*	London Asiatic Rbr. 2/-	3/-	3/-	10 0 0
63/6	38/9	7½	*a*	20 *b*	United Sua Betong £1	59/4½	58/9	9 7 3
					MINES			
9 13/16	7 3/16	20	*a*	50 *b*	Anglo-Amer. 10/	9 11/16	9 13/16	3 11 4
143/3	106/10½	120	*b*	80 *a*	De Beers 5/- Bearer..	136/3	131/3*	7 12 4
126/3	78/9	...		...	Free State Geduld 5/-.	90/-	84/4½	Nil
70/9	51/7½	10	*b*	10 *a*	Randfontein £1.....	56/10½	54/4½	7 7 2
10/3	6/8½	24	*c*	28 *c*	London Tin 4/-	9/11½	9/5½	11 17 5
49¾	31½	200	*b*	50 *a*	Rhokana £1.....	46¾	44¾	5 11 2

New York Closing Prices

	Sept. 14	Sept. 21		Sept. 14	Sept. 21		Sept. 14	Sept. 21
	$	$		$	$		$	$
Balt. & Ohio..	51⅞	51½	Am. Sme	54½	58	Inter. Paper..	111½	113½
Can. Pac.	34⅝	34⅝	Am. Visc	64¾	69¾	Nat. Distill...	20⅞	21⅞
N.Y. Cent. ...	46⅞	46⅝	Cel. of /	23⅞	23½	Sears Roebuck	109½	108½
Pennsyl.	28	27¾	Chrysle	89½	95	Shell	61	63½
Amer. Tel. ...	179¾	180¾	Gen. E	53⅞	52⅝	Std. Oil of N.J.	159¾	159½
Stand. Gas ...	11	10¾	Gen. M	139	144½	U.S. Steel	59½	60⅛
United Corp. .	6½	6½	Goodyea.	62⅞	63¾	Westinghouse .	65½	64
W. Union Tel..	22⅞	22⅞	Inter. Nickel	84⅞	84¾	Woolworth ...	31	52½

Statistics

The following list shows the most recent date on which each statistical page appeared.

British		Overseas	
Prices and Wages	Sept. 3rd	Western Europe	
Production and Consumption	Sept. 10th	Production and Trade	Sept. 3rd
Manpower	Sept. 17th	British Commonwealth	Sept. 10th
External Trade	This week	Western Europe	
Financial Statistics	This week	Prices and Money Supply	Sept. 17th
Industrial Profits	July 23rd	United States	This week
World Trade	July 23rd		

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages			1954			1955			
		1952	1953	1954	June	July	Aug.	May	June	July	Aug.
VALUE											
Imports:											
Total	£ million	289·8	278·6	281·6	291·0	289·7	266·8	290·3	294·0	338·8	342·3
Food, drink and tobacco	,,	100·5	109·6	110·9	102·2	107·6	96·3	104·7	107·8	118·9	114·1
Basic materials	,,	95·4	87·8	85·4	97·8	94·6	87·7	85·5	79·7	100·7	111·0
Mineral fuels and lubricants	,,	28·2	26·1	27·4	26·2	29·6	29·6	32·7	38·6	34·9	38·0
Manufactures	,,	64·1	53·6	56·7	63·3	56·9	52·2	66·4	67·1	83·1	78·0
Exports of UK produce:											
Total	,,	215·4	215·2	222·9	217·9	247·1	205·7	249·4	157·0	223·0	264·2
Manufactures	,,	178·5	174·9	181·0	177·2	204·0	167·9	207·1	126·1	184·3	221·3
Re-exports	,,	12·0	8·8	8·4	8·7	9·1	8·4	8·3	8·1	7·9	10·0
Balance of trade (exports *less* imports)	,,	− 62·4	− 54·6	− 50·3	− 64·4	− 33·5	− 52·7	− 32·6	−128·9	− 107·9	− 68·1
VOLUME											
Imports	1950=100	103	112	114	113	115	107	115	117	135	...
Exports	,,	95	98	104	101	115	94	117	72	103	...
BY AREA											
Imports:											
Dollar area—total	£ million	60·1	52·9	51·6	55·3	53·4	50·3	60·5	60·9	79·0	74·5
,, USA	,,	26·2	21·1	23·6	19·3	21·5	23·4	27·8	26·1	40·6	33·9
,, Canada	,,	26·7	25·5	22·7	29·4	24·7	22·0	26·8	27·7	28·5	33·3
Non-sterling OEEC countries	,,	71·3	64·0	68·2	69·0	75·3	64·4	75·0	77·9	79·8	84·0
Sterling area	,,	119·7	125·3	125·1	127·4	118·3	111·9	119·8	120·2	134·5	136·1
Exports:											
Dollar area—total	,,	31·4	33·7	31·3	30·7	31·9	25·3	35·2	23·2	36·5	41·5
,, USA	,,	15·1	14·3	13·3	13·8	14·0	10·6	14·8	12·5	16·6	19·1
,, Canada	,,	11·0	13·4	11·3	11·0	11·6	10·0	15·2	6·2	15·1	14·2
Non-sterling OEEC countries	,,	58·4	62·2	64·7	63·4	69·8	60·3	69·7	53·6	67·8	61·7
Sterling area	,,	107·0	105·8	112·3	110·4	130·4	108·8	123·0	71·0	102·2	136·7
Balance of trade (exports *less* imports):											
Dollar area	,,	− 28·7	− 19·2	− 20·3	− 24·6	− 21·5	− 25·0	− 25·3	− 37·7	− 42·5	− 33·0
Non-sterling OEEC countries	,,	− 12·9	− 1·8	− 3·5	− 5·6	− 5·5	− 4·1	− 5·3	− 24·3	− 12·0	− 22·3
Sterling area	,,	− 12·7	− 19·5	− 12·8	− 17·0	+ 12·1	− 3·1	+ 3·2	− 49·2	− 32·3	+ 0·6
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	325·3	335·0	289·1	203·5	291·6	356·8	365·4	350·3	332·5	467·6
Meat	,,	45·5	63·1	56·4	48·2	73·2	40·9	48·1	39·2	60·5	62·6
Sugar, unrefined	,,	164·6	247·4	201·5	225·8	150·7	125·5	198·3	197·7	228·4	115·6
Raw cotton (1)	,,	21·8	27·5	30·8	35·0	34·5	34·3	25·3	15·4	20·1	27·3
Raw wool, sheep's and lambs' (1)	mn. lb.	51·9	63·2	51·9	69·5	55·4	34·9	60·0	53·6	75·7	60·1
Rubber, natural and synthetic (1)	'000 tons	16·7	18·4	20·7	18·1	17·9	16·2	17·7	18·2	27·0	31·7
Softwood	'000 stds.	85·2	119·1	122·2	171·4	194·9	162·0	104·2	125·9	189·2	197·9
Woodpulp	'000 tons	119·8	133·7	159·9	182·4	171·2	171·7	173·5	177·7	200·3	222·8
Crude petroleum	mn. galls.	494	558	606	574	622	619	578	698	596	657
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,254	1,400	1,351	1,331	1,391	1,242	1,271	903	1,029	1,184
Woven piece-goods—cotton	mn. sq. yds	59	59	53	49	57	47	45	25	42	56
,, ,, wool	'000 sq. yds.	8,143	8,710	8,205	7,340	8,540	8,767	8,643	5,522	9,216	11,595
Passenger cars and chassis	number	25,824	25,181	30,507	33,253	38,999	25,474	33,577	22,920	30,828	28,085
Commercial vehicles and chassis	,,	10,636	9,196	10,521	10,015	12,110	9,058	12,885	8,454	12,347	13,731
Agricultural tractors	,,	8,746	7,807	8,979	9,233	10,113	7,597	10,115	6,449	8,685	8,862
Machinery—electrical	£'000	4,805	5,023	4,916	4,595	5,547	4,390	5,065	2,645	3,683	6,611
,, other	,,	29,758	30,003	30,575	29,778	33,940	26,751	36,700	21,975	32,094	39,143
Chemicals, elements and compounds	,,	4,352	4,177	4,215	4,222	4,440	3,986	5,228	2,535	3,906	5,197

(1) Retained imports.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1954 prices
	1947–49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	...	41	48	85	100·0	23·86	46·15
1953	110·1	97·0	114·4	112·8	104·8	117·7	117	102	115	193·3	71·69	71·91
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	100	120	229·8	71·86	71·86
1955, April	110·5	94·2	114·2	111·2	103·1	119·5	120	102	118	286·8	74·96	75·34
,, May	109·9	91·2	114·2	111·1	103·3	119·4	119	102	117	289·0	76·30	76·68
,, June	110·3	91·8	114·4	111·3	103·2	119·7	...	...	...	302·9	76·11	76·34
,, July	110·6	89·5	114·7	112·1	103·2	119·9	...	...	...	318·8	76·36	...
,, August	...	...	...	...	...	...	...	...	...	...	77·11	...

PRODUCTION AND MANPOWER

	Gross national product	Total industrial production	Manufacturing production						Building	Civilian employment		
			Durable goods			Non-durable goods						
	Seasonally adjusted annual rates		Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products	New construction seasonally adjusted annual rates	Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947–49=100; seasonally adjusted							$ billion	thousands		% rate
1939	91·1	58	49	53	48	66	80	...	8·2	55,230	45,750	17·2
1953	364·5	134	153	132	189	118	107	142	35·3	63,815	62,213	2·5
1954	360·5	125	137	108	175	116	100	142	37·6	64,468[1]	61,238[1]	5·0[1]
1955, April	384·8	136	151	138	197	125	112	155	41·9	64,647[1]	61,685[1]	4·6[1]
,, May		138	153	140	199	127	113	158	42·4	65,192[1]	62,703[1]	3·8[1]
,, June		139	155	143	194	127	110	160	42·1	66,696[1]	64,016[1]	4·0[1]
,, July	...	139	155	134	202	126	110	160	41·9	67,465[1]	64,995[1]	3·7[1]
,, August	...	140	158	141	203	126	107	160	41·5	67,726[1]	65,488[1]	3·3[1]

TRADE

	Personal consumption Annual rates	All business[2]		Total retail[2]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Exports
		$ billion; seasonally adjusted				$ million					1936–38=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	94	113
1953	230·6	48·4	80·3	14·2	22·7	898	217	224	1,304	911	158	262
1954	236·5	46·7	76·9	14·2	22·1	853	200	193	1,247	811	146	253
1955, February	245·8[5]	48·9	77·3	14·8	22·4	843	204	209	1,222	742	145	249
,, March		50·7	77·5	15·1	22·6	1,006	254	230	1,330	822	173	269
,, April		50·9	77·7	15·3	22·8	872	225	211	1,251	804	150	253
,, May	250·5	51·7	78·4	15·4	23·0	959	237	236	1,299	845	167	262
,, June		52·2	78·8	15·3	23·2	943	243	236	1,306	807	...	...
,, July	...	...	...	15·6	...	...	...	...	1,256	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics[3]		Budget expenditure[4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	− 3·9	0·023	...	3·01
1953	286·2	204·6	12·3	29·54	22·19	78·1	67·6	74·3	− 9·4	1·931	2·93	3·20
1954	287·6	202·8	12·0	30·13	22·47	85·3	70·6	67·8	− 3·1	0·953	2·53	2·90
1955, February	293·2	207·1	11·7	29·52	22·51	83·6	71·2	4·8	+ 0·6	1·177	2·72	2·99
,, March	295·7	209·4	11·1	29·95	22·97	81·2	72·3	5·9	+ 3·8	1·335	2·71	3·02
,, April	298·9	211·5	11·4	30·66	23·51	82·6	72·9	5·2	− 1·5	1·620	2·77	3·01
,, May	301·4	214·2	10·9	31·57	24·15	81·6	73·9	5·4	− 0·9	1·491	2·75	3·04
,, June	301·6	214·9	10·5	32·47	24·91	79·8	75·7	6·7	+ 3·4	1·432	2·76	3·05
,, July	304·7	218·6	...	32·90	25·48	...	...	5·4	+ 2·6	1·622	2·87	3·05

(1) Figures calculated on the basis of a new and larger sample. (2) 1939 figures not strictly comparable with rest of series; stocks are at end of period. (3) All commercial banks. (4) Annual figures are totals for the fiscal year ended June 30th. (5) First quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended September 17th there was an "above-line" deficit (after allowing for Sinking Finds) of £29,627,000 compared with a deficit of £34,736,000 in the previous week and a deficit of £23,036,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £17,699,000, bringing the total cumulative deficit to £503,008,000 (£365,083,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to Sept. 18, 1954	April 1, 1955 to Sept. 17, 1955	Week ended Sept. 18, 1954	Week ended Sept. 17, 1955
Ord. Revenue					
Income Tax	1877,400	438,570	443,866	5,103	5,217
Sur-tax	136,000	30,300	27,500	900	900
Death Duties	185,000	86,300	85,700	5,100	2,700
Stamps	74,000	32,000	34,600	1,100	1,000
Profits Tax & EPT	180,000	76,900	83,700	3,900	3,000
Excess Profits Levy	25,000	42,400	12,700	1,600	200
Special Contribution and other Inland Revenue	1,000	630	250	...	...
Total Inland Rev.	2478,400	707,100	688,116	18,703	14,017
Customs	1131,700	518,598	525,403	22,946	23,094
Excise	796,050	344,455	378,845	3,950	4,645
Total Customs and Excise	1927,750	863,053	904,248	26,896	27,739
Motor Duties	80,000	14,761	17,323	...	...
PO (Net Receipts)	...	9,350	7,100	650	750
Broadcast Licences	25,000	5,750	7,200	...	...
Sundry Loans	24,000	19,652	22,352	...	...
Miscellaneous	175,000	61,841	35,597	122	67
Total	**4710,150**	**1681,507**	**1681,936**	**46,371**	**42,573**
Ord. Expenditure					
Debt Interest	600,000	267,675	294,165	6,499	10,150
Payments to N. Ireland Exchequer	53,000	20,625	23,926	...	...
Other Cons. Fund	10,000	4,369	5,193	174	...
Supply Services	3862,875	1547,623	1547,819	62,300	61,700
Total	**4,525,875**	**1840,291**	**1871,103**	**68,973**	**71,850**
Sinking Funds	36,000	17,486	16,731	434	350
"Above-line" Surplus or Deficit	—	**176,269**	**205,899**	**23,036**	**29,627**
"Below-line" Net Expenditure		188,814	297,109	7,269	17,699
Total Surplus or Deficit	—	**365,083**	**503,008**	**30,305**	**47,326**
Net Receipts from:					
Tax Reserve Certificates		182,185	50,154	2,380	− 575
Savings Certificates		5,700	13,200	− 200	− 700
Defence Bonds		− 6,872	− 3,266	880	− 1298

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Sept 18	3,290·0	1,608·6	277·6	...	5,176·2
1955					
June 18	3,230·0	1,948·7	293·7	0·5	5,472·9
„ 25	3,220·0	1,974·9	311·5	3·3	5,509·6
„ 30	5,190·0		309·3	4·5	5,503·7
July 9	3,230·0	2,017·8	295·0	2·8	5,545·6
„ 16	3,260·0	2,020·0	293·8	...	5,573·7
„ 23	3,270·0	2,019·6	286·1	...	5,575·7
„ 30	3,280·0	2,049·0	265·5	...	5,594·6
Aug. 6	3,300·0	1,999·1	272·1	...	5,571·2
„ 13	3,310·0	1,969·5	298·3	...	5,577·8
„ 20	3,320·0	2,027·8	257·8	...	5,605·6
„ 27	3,350·0	2,008·7	249·7	...	5,608·4
Sept. 3	3,380·0	1,998·5	265·0	...	5,643·5
„ 10	3,420·0	2,023·3	249·9	...	5,693·3
„ 17	3,450·0	2,036·2	251·0	...	5,737·2

THE MONEY MARKET

Total applications at the Treasury bill tender on Friday last fell sharply from £381.1 to £344.8 million; the discount houses had retained their bid at £98 19s. 8d. per cent, and as the total allotment was unchanged at £290 million, the proportion of the market's application to be allotted reached 80 per cent, its highest for three years. The effect was to raise the average rate of discount by over 1d. to £4 1s. 5.52d. per cent. At yesterday's tender the offer was reduced by £10 million to £280 million, so that on a full allotment the week's excess of issues over maturities will fall from £30 million to £10 million.

Credit has been uncomfortably short in Lombard Street this week, though just before the week-end it was adequate. Penal loans had to be taken by several houses for a small amount on Monday and on Wednesday for a moderate amount. The search for funds was then so keen that some houses sold December maturities to the banks at 4 1/16 per cent, the same rate as that at which the bills had been acquired at the tender. The rates on three months' trade bills were raised last week by ¼ per cent to 5-5¼ per cent.

Sterling has shown a marked recovery against Continental currencies this week. The premium on the three months' forward dollar has narrowed further to 1⅛-1¼ cents.

The Bank return shows a reflux of notes from circulation of £8.3 million.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4⅛-4⅜
Banks	2½	3 months	4⅛-4⅜
Discount houses	2½*	4 months	4⅜-4 7/32
		6 months	4½-4¾
Money Day-to-day	2½-4½	Fine trade bills:	
Short periods	2½-4½	3 months	5-5¾
Treas. bills 2 months	4 1/32	4 months	*5-5¾
3 months	4 3/32	6 months	*5½-6

* Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954 Sept. 22	1955 Sept. 14	1955 Sept. 21
Issue Department:			
Notes in circulation	1,658·0	1,775·7	1,767·4
Notes in banking dept.	57·3	24·6	33·0
Govt. debt and securities*	1,671·2	1,796·3	1,796·3
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Com. other than gold coin	3·0	3·0	3·0
Banking Department			
Deposits:			
Public accounts	12·4	12·4	13·3
Treasury special account	3·6	2·6	2·6
Bankers	280·3	257·2	263·1
Others	67·1	66·1	66·0
Total	363·4	338·3	345·0
Securities:			
Government	321·8	277·5	278·4
Discounts and advances	5·7	35·1	32·2
Other	14·8	17·2	17·4
Total	342·3	329·8	328·0
Banking department reserve	39·6	27·1	35·4
" Proportion "	10·9	% 8·0	% 10·2

* Government debt £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,800 million from £1,825 million on September 7th 1955

TREASURY BILLS

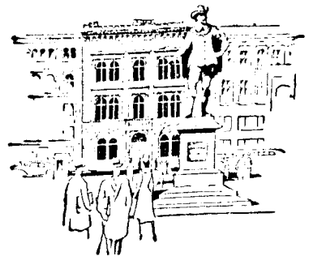
Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
Sept 17	280·0	402·5	280·0	32	11·74	64
1955						
June 17	260·0	365·6	260·0	79	5·17	65
„ 24	270·0	380·5	270·0	79	4·53	58
July 1	290·0	383·8	290·0	79	4·87	67
„ 8	280·0	405·8	280·0	79	4·60	56
„ 15	260·0	385·4	260·0	79	4·88	65
„ 22	240·0	361·4	240·0	79	4·98	55
„ 29	240·0	344·2	240·0	79	5·08	60
Aug. 5	240·0	350·8	240·0	80	0·42	56
„ 12	240·0	350·4	240·0	80	1·13	58
„ 19	270·0	380·1	270·0	80	1·28	62
„ 26	280·0	388·4	280·0	80	1·10	61
Sept. 2	290·0	362·8	290·0	81	3·78	70
„ 9	300·0	381·1	290·0	81	4·67	64
„ 16	290·0	344·8	290·0	81	5·52	80

*On Sept. 16th tenders for 91 day bills at £98 19s. 8d. secured about 80 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £280 million

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates September 21	Market Rates: Spot September 15	September 16	September 17	September 19	September 20	September 21
United States $	2·78-2·82	2·78 3/16-2·78 11/16	2·78¼-2·78¾	2·78¼-2·78¾	2·78 3/16-2·78 11/16	2·78 3/16-2·78 11/16	2·78⅛-2·78⅝
Canadian $	...	2·75 1/16-2·75 5/16	2·75¼-2·75¼	2·75¼-2·75¼	2·75 3/16-2·75 5/16	2·75¼-2·75¼	2·75 3/16-2·75 5/16
French Fr.	972·65-987·35	973¼-973¾	973¼-973¾	973 3/16-973¼	974¼-974¾	975¼-975¾	977¼-977¾
Swiss Fr.	12·15¾-12·33 3/16	12·15¾-12·16¼	12·16¼-12·16¾	12·16¼-12·17	12·17¼-12·18	12·18¼-12·19	12·19¼-12·20¼
Belgian Fr.	138·95-141·05	139·00-139·05	139·02½-139·07½	139·02½-139·07½	139·10-139·15	139·15-139·20	139·22½-139·37½
Dutch Gld.	10·56-10·72	10·57½-10·57¾	10·57½-10·58¼	10·58¼-10·58½	10·59-10·59½	10·60-10·60½	10·61½-10·61¾
W. Ger. D-Mk.	11·67 3/16-11·84 13/16	11·68¼-11·68½	11·68¾-11·69	11·69¼-11·69½	11·70-11·70½	11·70½-11·71¼	11·71¼-11·71¾
Portuguese Esc.	79·90-81·10	79·90-80·05	79·95-80·10	79·95-80·10	79·95-80·10	79·95-80·10	79·95-80·05
Italian Lire	1736¾-1762½	1738-1738¼	1738-1738¼	1738¼-1739	1739¼-1740½	1741¼-1742½	1745-1746
Swedish Kr.	14·37¾-14·59¾	14·38¾-14·39	14·39-14·39¼	14·39¾-14·39½	14·40¼-14·40½	14·41¼-14·42¼	14·43-14·43½
Danish Kr.	19·19¼-19·48¼	19·32¼-19·33¼	19·32¾-19·33¼	19·33-19·33½	19·33¼-19·33½	19·33¼-19·33½	19·33¼-19·34½
Norwegian Kr.	19·85-20·15	19·99¼-19·99½	19·99¼-19·99½	19·99¼-19·99½	19·99¼-19·99½	19·99¼-19·99½	19·99½-20·00
One Month Forward Rates							
United States $		¼-⅜c. pm	¼-⅜c. pm	¼-⅜c. pm	¼-⅜c. pm	¼-⅜c. pm	¼-⅜c. pm
Canadian $		⅛-3/16c. pm	⅛-3/16c. pm	¼-⅜c. pm	¼-⅜c. pm	¼-⅜c. pm	1 pm-1 dis
French Fr.		1 pm par	1 pm par	1 pm par	1 pm 1 dis	1 pm 1 dis	2½-2c. pm
Swiss Fr.		3¼-2⅞c. pm	2½-2c. pm	2¼-2c. pm	2¼-2c. pm	2¼-2c. pm	⅞-⅝ pm
Belgian Fr.		¼-¼ pm	¼-¼ pm	¼-¼ pm	¼-¼ pm	¼-¼ pm	2¼-2c. pm
Dutch Gld.		3¼-2⅞c. pm	3-2½c. pm	2⅞-2½c. pm	2½-2c. pm	2½-2c. pm	1⅞-1½pf. pm
W. Ger. D-Mk.		2⅞-2½pf. pm	2¼-1½pf. pm	2-1½pf. pm	2-1½pf. pm	2-1½pf. pm	3 pm-par
Italian Lire		3 pm par	3 pm par	3 pm par	3 pm par	3 pm par	1o pm-par
Swedish Kr.		2½-2⅜o pm	1½-1o pm	1½-1o pm par	1½-1o pm par	1o pm par	1o pm-1o dis
Danish Kr.		1o pm-1o dis	1o pm-1o dis	1o pm-1o dis	1o pm-1o dis	1o pm-1o dis	1o pm-1o dis
Norwegian Kr.		1o pm-1o dis	1o pm-1o dis	1o pm-1o dis	1o pm-1o dis	1o pm-1o dis	
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/1	251/1½	...	251/1	251/0	250/11½

THAU



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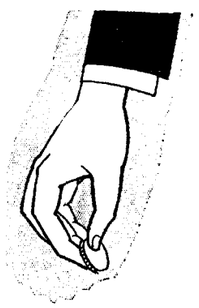

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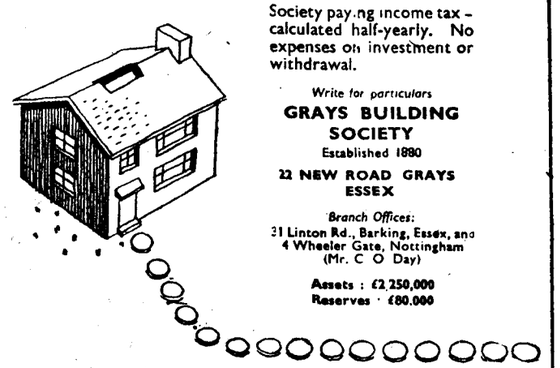

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BALANCE SHEET AT 31st DECEMBER, 1954

SUMMARY

LIABILITIES		ASSETS	
Capital	91.5 Mill. DM	Fixed Assets	
Reserves (legal and free)	36.6 „ „	Establishment	80.6 Mill. DM
Contingency Reserves	26.1 „ „	Holdings	41.2 „ „
Current Liabilities	32.6 „ „	Debtors	24.4 „ „
Long-term Liabilities	24.4 „ „	Current Assets	
Profit 1954 and brought forward from 1953	8.5 „ „	Goods	35.8 „ „
		Balances (Securities and Cash) ...	37.7 „ „
	219.7 Mill. DM		219.7 Mill. DM

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1954

EXPENDITURE		RECEIPTS	
Wages, Salaries and Social Expenses (incl. Pensions and Housing subsidies)	70.6 Mill. DM	Gross Surplus	153.3 Mill. DM
Depreciation, Subsidies and Interest-free Loans	34.7 „ „	Yields from Holdings	2.7 „ „
Taxes and other Contributions ...	46.1 „ „	Extraordinary Revenue and partial Dispersion of Free Reserve ...	2.8 „ „
Profit 1954 and brought forward from 1953	8.5 „ „	Profit brought forward from 1953	1.1 „ „
	159.9 Mill. DM		159.9 Mill. DM

SUPERVISORY BOARD : Hermann J. Abs, Chairman ; Ir. Stephanus van Schaik, Deputy Chairman ; Ir. Antonie J. Engel ; Dr. Günter Henle ; Prof. Dr. Pieter Wilhelmus Kamphuisen ; Dr. Richard Merton ; Dr. Johannes Meynen ; Helmuth Wohlthat.
Employees' representatives : Walter Dauer, Heinrich Gernhart, Herbert Heckmann, Josef Theissen.

BOARD OF DIRECTORS : Dr. Dr. h.c. Ernst Hellmut Vits, Chairman ; Ir. Arie van Halewijn ; Dr. Hermann Rathert ; Carl Ritzauer ; Dr. Ludwig Vaubel.

At the annual general meeting held on 22nd July, 1955 it was decided to distribute, for the trading year 1954, a dividend of 9 per cent. on the ordinary share capital of DM 91,400,000 and of 6 per cent. on the preference shares of DM 100,000.

VEREINIGTE GLANZSTOFF-FABRIKEN AG., WUPPERTAL-ELBERFELD, GERMANY

COMPANY MEETINGS

NYASALAND RAILWAYS LIMITED

MR W. M. CODRINGTON ON PROVISION OF FURTHER FINANCE

The twenty-fourth annual general meeting of Nyasaland Railways Limited was held on September 22nd in London, Mr W. M. Codrington, CMG, MC (chairman), presiding.

The following is an extract from his circulated statement:

Operating receipts amounted to £855,861 compared with £750,729 in 1953. Operating expenditure rose from £609,040 to £651,580, leaving a net operating surplus of £204,281 compared with £141,689 for the year 1953. The ratio of expenditure to receipts was 76.13 per cent and shows an appreciable drop compared with the 1953 figure of 81.13 per cent.

After providing £58,013 for interest on the 3½ per cent First Debenture Stock and £159,438 for the full interest on the Government-held 5 per cent Consolidated Income Debenture Stock, we were left with a balance which has enabled us to recommend to our long-suffering shareholders the distribution of a maiden dividend at the rate of 2½ per cent.

INTENSIFICATION OF AGRICULTURAL PRODUCTION

In considering the ability of the Company to maintain or even increase the present rate of distribution on the Ordinary Shares in future years, it should be borne in mind that its business and profit-earning capacity depends entirely on the economic activity and general condition of Nyasaland; and that this in turn is almost entirely dependent on agricultural products such as maize, tobacco, tea, etc. For the last five years the agricultural industry of Nyasaland has on the whole been fortunate Recent years have seen a considerable intensification of agricultural production, with a consequent increase in the spending power of all classes of the community and of the tonnage of imports carried by our Railway. Naturally, we have every hope that this tendency will increase; but the risks inherent in tropical agriculture must not be forgotten.

The results achieved in the first few months of the present year are fully up to those of 1954 and indeed slightly exceed them; but many of our traffics are of a very seasonal nature and, therefore, this really gives no indication of the profits we are likely to earn when all the crop traffic has been carried.

OPERATION OF PRIVATE ENTERPRISE WELCOMED

As I mentioned last year, railways and communications are now a "Federal subject." This means that the rights and obligations in relation to our Company hitherto vested in the Nyasaland Government are being transferred to the Federal Government. Early this year, therefore, I visited Nyasaland and Rhodesia largely in order to discuss with the Federal Minister of Transport, Sir Roy Welensky, the future of this Company, and in particular the problem of the Lake Service. Sir Roy Welensky has recently announced publicly that although the Federal Government has a large financial stake in this Company, the responsibility for running the Railways rests with the Board and not with the Federal Government: that the Government have no intention of taking over the railways; and that this reflected the official view of the Government who welcomed the operation of private enterprise wherever possible in the Federation.

In my statement last year I alluded to the operating loss which we were sustaining on the operation of the Lake Service; and mentioned that our passenger steamer, the *Ilala* had suffered considerable damage and was undergoing repairs in the floating dock. This has naturally involved us in an increased operating loss which, including provision for renewals, amounted to no less than £53,591.

As a result of our discussions in Salisbury, it was ultimately agreed that as from the beginning of this year (1955) the rate of interest payable on the Government-held Consolidated Income Debenture Stock should be reduced from 5 per cent to 4 per cent—a saving to this Company of nearly £32,000 per annum. In return the Company agreed to continue to operate the Lake Service, including a new vessel and some barges now under construction which would be hired by the Company at a peppercorn rent for a period of five years.

FINANCE FOR EXPANSION

Among other questions discussed was the provision of further finance to enable the Company to provide the additional facilities needed to cope with its constantly growing traffics. As a result, it was agreed that, at an appropriate moment, the Company should seek the consent of the existing First Debenture holders to a further issue of £1,300,000 ranking alongside the present Stock. The various legal formalities, including a revision of our Articles of Association, are now in hand. A circular on this subject will in due course be sent to all Stockholders and Shareholders.

THE OUTLOOK

So long as commodity prices remain remunerative one may hope for a continuation in the expansion of agriculture behind which the Nyasaland Government has put so much driving force. But this expansion will not be fully reflected in any substantial raising of the general standards of life until the productivity of the average African has been very much improved. No major change in the economics of the Protectorate can be foreseen until either extensive mineral deposits are found or increased industrialisation takes place. Of the former there is unfortunately at present no sign. Industrialisation and even possibly the working of the extensive bauxite deposits on Mount Mlanje would only become possible with the advent of large supplies of cheap electric power. Provision for this is made in the scheme for the stabilisation of Lake Nyasa and the reclamation of the lower Shire Valley on which a monumental report was recently prepared for the Nyasaland Government by Sir William Halcrow & Partners. Unfortunately the capital involved in this scheme is very large. The ability of the Federal Government to raise capital for development schemes is already heavily engaged in connection with the Kariba project. It is hardly surprising, therefore, that in the Federal Minister's recent budget speech the Shire scheme is alluded to as a "footnote" to the Development Plan and therefore unlikely to be implemented in the near future. Until then we must pin our hopes on a steady improvement not only in the quantity, but in the quality of Nyasaland's agricultural exports and, above all, on the reflection of increased productivity in terms of larger imports of both consumer and capital goods—always with one eye on the uncertainties inseparable from tropical agriculture.

The report and accounts were adopted.

CALCUTTA TRAMWAYS

POSITION CONSIDERABLY IMPROVED

The Annual General Meeting of The Calcutta Tramways Company, Limited, was held on September 19th in London.

Mr D. E. Webb, FCA, the Chairman, in the course of his speech said:

The accounts we present to you today show the working results of the year to December 31, 1954. During that period we had few interruptions to our services, and, as a result, we have been able to strengthen the Company's liquid asset position which was seriously weakened by the disturbances of the preceding year. It has been a period of marking time; strict economies were imposed and no expenditure was incurred which was not necessary for the efficient day-to-day running of the undertaking. In consequence the results before you today show a considerably improved position on those which I set before you at this time last year.

Traffic receipts have risen by £128,000 over 1953, though they are still £40,000 below the 1952 figures. Working expenditure has increased by some £43,000, of which the greater part is accounted for in increased payments to the employees in India. After charging London Office Expenditure, expenditure on Development Account, and setting aside £80,000 for Renewals Account, the balance carried to Revenue Appropriation Account amounted to £189,639, an increase of £78,000 over 1953.

FUNDS FOR IMPROVEMENTS

In the Revenue Appropriation Account £78,000 has been set aside for United Kingdom taxation and, after payment of Debenture Stock Interest and crediting the full amount of £87,457 to Shareholders' Account, there is a balance left to transfer to Special Reserve Account of £10,398.

This amount of £10,398, together with the expenditure of £3,356 on Development Account, represent in respect of this year the only sums available for the modernisation and improvement of the undertaking. Such sums are insufficient to cover the necessary expenditure on improved rolling stock, revised track layouts and the latest equipment for the workshops and sub-stations of this great undertaking. Any increase to these figures can only come from an increase in fares. And yet we are still unable to propose such an increase because the political extremists in Calcutta still take any opportunity to stir up trouble and civil disturbances. £21,000 was paid to the Ordinary Shareholders in March as an Interim Dividend of 3 per cent free of tax. It is now proposed to pay a Final Dividend of 4½ per cent free of tax.

A REMARKABLE PENNY FARE

We have this year included on the last page of the accounts certain statistical information which we felt might be of interest to Shareholders. One remarkable point comes out of these figures; an unsubsidised public transport undertaking in the year 1955 can carry its passengers for 2½ miles for a fare of 1d. and make a profit. I think that says a great deal for free enterprise.

As to the future, the current year so far shows results very similar to those under review. However, expenditure on such items as track and overhead maintenance and renewal is increasing very considerably, and we shall not be happy until we can see the way clear to put sums to reserve in the future commensurate with this expenditure.

The report and accounts were adopted.

OZALID COMPANY LIMITED

(Makers of Sensitized Papers, etc.)

MR C. A. G. HEWSON ON THE GROWING DEMAND

The Annual General Meeting of the Ozalid Company Limited was held on September 22nd in London.

Mr C. A. G. Hewson, Chairman and Managing Director, presided.

The following is a summary of the Chairman's Statement:

In submitting the Accounts for the year 1954, I have again to report an expansion both in turnover and profits. After taking into consideration the continuously increasing overheads and manufacturing costs, with which all those in business are faced today, the results disclosed are deemed satisfactory. The profits shown by our subsidiary companies at home and abroad are reasonable. The net trading profit of the Group for the year amounts to £289,138.

CAPITAL REQUIREMENTS

As you are aware, in the early part of this year an issue of ordinary shares was made to shareholders on advantageous terms, to finance our building programme and the re-equipment of plant. Similar issues were made in 1950 and 1951. It is vital that the Company's manufacturing activities should be concentrated at one centre; nevertheless, the project we have in hand, embracing the erection of a comprehensive range of modern buildings on the site of 9 acres we have at Debden, Essex, will take time to carry out. In view of the inflationary trend, it is difficult to estimate precisely the capital requirements during the term required to complete the extensions. The working capital of the Company at present is approximately £1,200,000, and when I addressed you last year this figure appeared to be sufficient. It now seems that a sum of at least £1,500,000 is the minimum for the requirements of the Company, and, therefore, a further issue of ordinary shares will be made to shareholders on favourable terms at the end of this year, subject to the consent of the Capital Issues Committee. By reason of our dividend policy, it should be possible to maintain the current rate on new issues of shares.

PROSPECTS

The turnover continues to increase, but operating costs are advancing. By reason of the greater industrial activity in the country, the demand for Ozalid products in the Engineering and allied fields has increased. I am pleased to state that more Ozalid prints are used in industry than those of any other plan copying method. The use of our simple reproduction process is now being increasingly applied in commercial spheres for Book-keeping and Accountancy work, and for various forms of office documentation. Your directors are convinced that in due time the demand for Ozalid products in the office sphere will equal, if not exceed, that within its traditional use by the Engineer and the Architect.

At the termination of the last war, all machines used for making positive photo copies in Engineering works consisted of separate units, that is, one machine for exposure and another for development. In 1948 your Company introduced the first combined machines in this country—these were the Ozamaster, a completely automatic machine for large volume output, and the Duplex Ozaprinter for use in businesses of medium size. We were the pioneers of this type of equipment, and although our competitors are now offering combined processing machines, we consider that those of our manufacture are still outstanding as regards design and performance.

The demand for the Ozalid process in the office field was followed in 1954 by the introduction of our first combined machine for this purpose, the Ozaminor; sales of this model have risen steadily. It is encouraging to observe that a number of larger commercial organisations are using this machine as a standard one in cases where Diazo copying systems are employed.

A portion of the increased demand for Ozalid papers bears relationship to the efficiency of the machines we offer for operating our process.

In the early part of this year we commenced to manufacture a new product, Sepia Intensifying Foil, which has proved of the greatest service in the production of intermediate masters from pencil drawings. The prints produced from these masters have a clarity of line similar to that previously obtained only from ink tracings or expensive photographic originals. Recently, a new manufacturing technique allowed this introduction of standard materials of greatly improved contrast at no extra cost to our customers.

The Report and Accounts were adopted, and the dividend of 30 per cent for the year was approved.

COAST LINES LIMITED

The forty-second Annual General Meeting of Coast Lines Limited, was held in London, on September 20, 1955. The chairman, in the course of his speech, said:

The consolidated profit and loss account shows that the trading profit for the year amounted to £1,372,367 a reduction of £251,560 compared with 1953. This is the first time for four years that we have failed to register an increase in trading profit.

The net profit of the Company and Subsidiaries after deduction of tax and including capital profits amounts to £747,278 against £759,630 in the previous year. After deducting the amounts retained by Subsidiaries, £150,000 is transferred to Fleet Replacement Reserve, £100,000 written off shares in Subsidiaries and after payment of dividends on the Preference Stock and 9 per cent on the Ordinary Stock there remains a surplus of £24,456 to be added to the carry forward.

In a continuing business replacements must go on and we aim at the payment of reasonable dividends and the setting aside annually of sums which will provide resources to replace ships.

During the period under review our various freight and passenger services around Great Britain, and with Ireland, the Channel Islands, and the Continent, were maintained at a satisfactory level. The carryings on the majority of our Liner Trades show a slight reduction compared with last year. Our main passenger services to and from both Northern Ireland and the Republic continue to be well supported. The important trades between East Coast and Continental Ports have had a successful year and our cargo trades to and from the Channel Islands have been well maintained.

The report and accounts were adopted.

THE GENERAL ELECTRIC COMPANY LIMITED

RECORD SALES AND PRODUCTION

The fifty-fifth annual general meeting of The General Electric Company Limited was held on September 22nd in London.

Sir Harry Railing (Chairman) in the course of his speech said: The Directors' Report shows a gratifying increase in the Company's profits in spite of reduced selling margins in many lines, caused by wage increases which could not be fully recovered. The good results are due to the increase in our turnover, and to greater efficiencies arising from our plant modernisation. Both sales and production established new records.

After allowing £1,465,000 for Depreciation, £165,000 more than last year, and other Provisions, we show a profit of £7,539,000 before taxation as compared with £5,778,000.

Taxation absorbs £3,994,000 as against £3,356,000 and, after providing for Profit attributable to Minority shareholders in subsidiary companies, we are left with a Consolidated Net Profit of £3,452,000 as against £2,364,000. During the last eight years the Company has paid in taxation some £26 million, whilst the net dividends paid to the stockholders amounted to £6,370,000—approximately one-quarter of the taxes paid.

The Directors have recommended an increased dividend on the Ordinary Stock of 14 per cent as against 12½ per cent last year. We consider the increase in dividend justified. It absorbs an additional £232,000 after £2,900,000 more has been paid out in respect of wages and £638,000 more in taxes.

LAST YEAR'S ACTIVITIES

Your Company's uninterrupted progress since the war has continued both in the capital goods field and the consumer field, in spite of a slowing-up of rearmament output. The increase in the output of capital goods has been maintained over the whole period.

Our record turnover was accompanied by a record in orders. This again applies to capital goods as well as to consumer goods. The increase both in output and in orders was only possible because of plant extensions planned years ago and put in hand as soon as permission for them could be obtained.

The possibilities of progress in the electrical industry all the world over are almost unlimited. Electric power forms the basis for increased raw material and food production and for progress in every industry. The world demand for our products therefore is hardly limited at this juncture. The present demand is accentuated by the development of backward countries, the increase in the world's population and the accelerated progress of technology.

The volume of our production both for the home and export market depends ultimately, of course, on our ability to compete not only in quality but also in price. The Engineering Trades Unions have very recently submitted a claim for "a substantial increase" in wages. It is understood that they are thinking in terms of a 10 per cent rise. Agreement to such proposals would be the best way to price us out of the export markets. The annual raising of new demands of this character contributes more than any other factor to handicap our export trade. They make it impossible to quote firm prices for long-term contracts. The damage is especially great in the electrical and capital goods industry on account of its high labour content. Our workers will be the first to suffer if they or their leaders are blind to these facts.

The report and accounts were adopted.

SALTS (SALTAIRE) LIMITED

(Worsted Spinners and Manufacturers)

PRODUCTION WELL MAINTAINED

The thirty-second Annual General Meeting of Salts (Saltaire) Limited was held on 21st September, 1955, at the Registered Office of the Company, Saltaire, Yorkshire.

Sir Frank B. Sanderson, Bt. (Chairman of the Company) presided.

The Chairman, in the course of his speech, said: Profit on Trading of the Group for the year ended 31st March, 1955, amounts to £827,013. Although machinery activity has been maintained on a high level, the results reflect the decline in wool values and, as I emphasised in my review last year, the considerably reduced profit margins arising from exceptionally keen competition in both Home and Export markets.

The Net Profit of the Group, after providing £448,500 for Taxation, amounts to £389,143. £100,000 has been transferred to General Reserve. The Board recommends payment of the following dividends, subject to Income Tax, being the same as last year: (a) A final dividend of 3½ per cent on the 7 per cent Non-Cumulative Preference Shares. (b) A dividend of 12½ per cent on the Ordinary Shares.

WOOL VALUES

During the year under review, prices for our raw material have declined approximately 15 per cent and since 31st March there has been a further decline

If we could have reasonable stability at or around the more attractive levels recently established, it would contribute materially to the promotion of confidence and regular trading conditions

Keen disappointment was felt throughout the Wool Textile Industry that the tax concessions granted to the non-wool textile industries were withheld from the products of our industry and it is to be hoped that further consideration will be given to this matter in the near future.

Experience has shown that purchase tax is operating with damaging effect upon the Wool Textile Industry. At the time the tax was levied it was generally appreciated that it was a bad tax but it was necessary, for a variety of reasons. It has, however, long cut-lived the economic purposes for which it was introduced.

FUTURE PROSPECTS

Production has been well maintained since the commencement of the current financial year and we have orders on hand which will ensure a high rate of production for several months. It must, however, be borne in mind that to obtain orders we are still having to sell on reduced profit margins owing to the continuance of the exceptionally keen competition in Home and Export markets.

Whilst Wool Textile exports have been well maintained in face of increased foreign competition, the Industry looks to the Government to remove every obstacle which impedes the development of the Export trade. To meet this difficult situation, we are widening and developing the range of our productions both for Home and Export markets.

Arrangements have recently been completed to make some high-class types of cloths not previously produced by the Group and which are in demand both at Home and Abroad.

The report and accounts were adopted.

ZALONI TEA ESTATES

MR ADDINSELL'S STATEMENT

The forty-third annual general meeting of Zaloni Tea Estates Limited was held on September 19th in London, Mr J. Addinsell, chairman, presiding.

The following are extracts from his circulated statement for the year 1954:

As a result of the extremely favourable prices the company received for the bulk of its eas and the increase in crop amounting to 118,528 lb, the accounts show a profit figure of £74,782. Your Board recommend a dividend of 35 per cent.

I have, during the post-war years, stressed the necessity to build up our cash resources for working needs and the profitable year which has just passed will enable us to do this to a reasonable extent and to carry out heavy capital expenditure in connection with the installation of further plant in the factory, which is urgently needed, and extensions to buildings. My colleague, Mr W. Kenneth Warren, visited the gardens in February of this year and reported the tea as being of first-class quality and that with up-to-date and modern treatment a much larger crop could be handled. Given reasonable prices for our tea, shareholders should begin to feel the benefit in a year or so of the capital outlays which are now being made.

For the current year the Manager estimates for a crop of 880,000 lb. Although we have a good proportion of young bushes we are continuing to replace our older tea as a means of improving the yield per acre and reducing costs. It is interesting to note that over the area plucked, the yield per acre figure last year was 1,356 lb as against 1,178 lb for 1953

The report and accounts were adopted.

LONDON SHOP PROPERTY TRUST

The twenty-fourth annual general meeting of the London Shop Property Trust, Limited, was held on September 19th in London, Mr Cyril W. Black, JP, MP, FRICS, FAI, chairman, presiding.

The following is an extract from his circulated statement for the year to April 30, 1955:

I am glad to be able to make a favourable report on last year's business, and to tell you that we have made further substantial progress in the restoration of the fortunes of your Company. We have received dividends on the Share Capital of our various subsidiary Companies amounting to £25,640.

Substantial changes have taken place during the year in both the income and the capital position of the group of Companies. The upward trend in rental income has been fully maintained and the Property and General Revenue, after charging ground rents and other expenses, has risen from £18,770 in 1953/54 to £38,408 in 1954/55. The profits on sales of property in property dealing companies have risen from £4,750 to £5,910, and the profit for the year carried down has doubled and shows an increase from £10,750 to £21,770. These figures are, I think, adequate evidence of the soundness of the steps taken by your Board in their endeavours to restore the fortunes of the Company.

During the year we completed the erection of a block of five shops and upper parts, and these properties are now substantially let on long leases at satisfactory rentals. In the great majority of cases our building programme consists of shopping parades with two floors of accommodation over the shops.

The report and accounts were adopted.

PYE LIMITED

Mr C. O. Stanley, C.B.E., Chairman, states:—

"We are convinced that HI-FI will take a prominent part in our trading during 1955/56."

The 26th Annual General Meeting of the Company was held on September 14th in London when the Report and Accounts for the year ended March 31, 1955, were adopted.

Previous to this an Extraordinary General Meeting approved resolutions increasing the authorised capital to £5,300,000, capitalising £1,260,094 5s. for distribution to Deferred Ordinary and "A" Deferred Ordinary Stockholders in the proportion of one new "A" Deferred Ordinary Share for every 5s. of Stock held by them on August 19, 1955, and amending the Articles of Association to permit the use of mechanical signatures of Directors on Stock and Share Certificates and other securities of the Company.

	1954/5	1953/4
Net Profits before tax	£2,199,302	£1,127,886
Taxation	£1,161,677	£868,196
Net Profits after tax (Less Minority Interests) ...	£1,023,560	£259,690

DIVIDENDS: On the Participating Preferred Ordinary Stock a final dividend of 3 per cent., less Income Tax, and a participating dividend of 2 per cent, less Income Tax, making 10 per cent for the year (last year, same).

On the Deferred Ordinary Stock and "A" Deferred Ordinary Stock 12½ per cent less Income Tax on the Capital as doubled by the above Bonus Issue (equivalent to 25 per cent compared with 20 per cent last year).

The Chairman addressing the meeting, said that the advent of commercial television on September 22nd would be a big step forward. The company had for a long time desired to see an alternative broadcasting service. This should result in a large expansion of the market for the entire industry, and he was glad to be able to tell shareholders that the company was closely identified with this project through being a substantial shareholder in one of the programme contracting companies.

POWELL DUFFRYN LIMITED

STRONG FINANCIAL POSITION

SIR HERBERT MERRETT'S REVIEW OF GROUP ACTIVITIES

The annual general meeting of Powell Duffryn Limited was held on September 21st in London, Sir Herbert Merrett (the Chairman) presiding.

The following is an extract from his circulated statement:

The total available profits for the year show an improvement on those of the previous two years.

The Consolidated Balance Sheet presents a new picture and, although reduced in stature, it shows considerable financial strength.

The Report of the Directors explains, and confirms, the completion of the Scheme of Arrangement and the reduction of the Issued Capital of the Company as shown in the Balance Sheet. This followed the disposal of the Company's interest in Vacuum Oil Company Limited, which became desirable in the light of changed circumstances which arose during our five years of association with Socony-Vacuum Oil Company, Inc., of New York.

PROGRESS TOWARDS COMPENSATION SETTLEMENT

Some further progress has been made in the settlement of compensation for our nationalised assets and Government Stock has been received and realised. There still remains, however, our claim against HM Government for compensation for our valuable Power Stations. The Company and the Coal Board declined to accept the Determination of Value of the District Valuation Board and have made formal application for a Review. We are therefore facing the last hurdle in these very protracted negotiations and at long last it seems likely that the matter will be settled before the end of the current trading year.

THE COAL TRADE

The most significant features of the coal position in this country are, firstly, the increased consumption and demand for coal and, secondly, the failure of the industry to produce it.

Although coal bunkering at home and abroad has fallen in volume to a mere fraction of prewar figures, there remains at the moment a considerable demand for British coal from overseas countries and old-established markets, which we are unfortunately unable to meet. Prices obtainable in most of these markets are more than five times greater than prewar realisations.

In the absence of current supplies of British coal, our foreign trade must progressively diminish and may be non-existent by the time Britain's output is stepped up or a surplus becomes available for reasons of reduced industrial demand at home.

It is only fair to say, however, that coal consumption, despite the increase in the use of liquid fuel, is at a higher level today than ever before in the history of this country, and, notwithstanding the great increase in prices, there appears yet to be little economic attraction in converting from solid to liquid fuel.

What surprises me today is the slow progress which has been made in this country in the more efficient use of solid fuel. It has been asserted with great confidence by combustion experts that a large percentage of our imported coal would become unnecessary if advice on modernisation were sought and adopted.

GROUP ACTIVITIES

STEPHENSON CLARKE, LTD., both in total turnover and earnings, has had another good year. Its fleet of 30 coastal colliers has been fully employed during the year and has been required to lift substantial quantities of imported coal from Continental ports.

The results of ASSOCIATED COAL AND WHARF COMPANIES, LTD., in which Stephenson Clarke has a majority holding, are most satisfactory.

A most useful investment of the Stephenson Clarke Group today is in the heating business known as WEATHERFOIL HEATING SYSTEMS, LTD., of which our Group holds practically the whole of the capital. The Weatherfoil heating system has proved most successful, and the Company is fully engaged for some time to come.

Another important Group Trading Company is CORY BROTHERS AND CO., LTD., with its wide range of overseas depots and investments. Despite the loss of its collieries, this Company continues to produce good results and has proved to be a valuable acquisition.

The Barry Oil Storage and Bunkering Installation had a record year, and the new Oil Depot at Ipswich is now in full working order.

Cory Brothers' mining and sawn timber business is expanding in Sweden, Finland and at home, and there appears to be no reason why this expansion should not be progressive and profitable.

In the development of its trade in home-grown timber, Cory Brothers and Co. has recently acquired the well-known firm of J. R. GORDON AND CO. with saw mills and other properties in Cheshire. It is complementary to business we are already doing and offers opportunity for extension into other branches of this important and growing industry.

CAMBRIAN WAGON AND ENGINEERING CO., LTD., has maintained its satisfactory record of earnings and profits. The output of new steel wagons during the last trading year was a record, and a very useful export trade is being maintained.

POWELL DUFFRYN CARBON PRODUCTS, LTD., continues to produce heat-exchangers and related articles of equipment, all of which are now giving satisfaction to our clients. In the year under review there was also a marked improvement in the financial results.

The Rhymney Engineering Company, Ltd., in which International Combustion (Holdings) Ltd., is our partner, is fully employed and output and profits increase year by year.

POWELL DUFFRYN TECHNICAL SERVICES, LTD., is now being utilised to a greater extent than at any time in its short history. Last year I reported that this Company had been successful in securing an important contract in Korea through UNKRA for the rehabilitation and development of the mines of Korea. Work under this contract is proceeding satisfactorily, and outputs are rising and are somewhat ahead of target figures.

Other engagements have been entered into by the Company in the Middle and Far East, and a reputation for a high standard of efficiency is being built up, which it is hoped will bring increasing work in the future.

The report and accounts were adopted.

NOTICES

ASHANTI GOLDFIELDS CORPORATION LIMITED

Notice is hereby given that the Board of Directors have today declared an Interim Dividend (No. 118) on the Issued Capital of the Corporation at the rate of 9s. 6d. per Unit of Stock, less Income Tax at 8s. 6d. in the £. This Dividend, which is in respect of the year ending September 30, 1955, to be payable on and after November 9, 1955, to all Stockholders on the Registers on September 23, 1955.
The Transfer Books will be closed from September 24, 1955, to October 3, 1955, both dates inclusive, for the preparation of Dividend Lists.
By Order of the Board,
E. W. MORGAN, Secretary
Registered Address:
10 Old Jewry, London, E.C.2 September 20, 1955.

BIBIANI (1927) LIMITED

Notice is hereby given that the Board of Directors have today declared an Interim Dividend (No. 36) on the Issued Capital of the Company at the rate of 2s. 4d. per Unit of Stock, less Income Tax at 8s. 6d. in the £. This Dividend, which is in respect of the year ending September 30, 1955, to be payable on and after November 9, 1955, to all Stockholders on the Registers on September 23, 1955.
The Transfer Books will be closed from September 24, 1955, to October 3, 1955, both dates inclusive, for the preparation of Dividend Lists.
By Order of the Board,
E. W. MORGAN, Secretary.
Registered Address:
10 Old Jewry, London, E.C.2.

WISE INVESTMENT follows wise reading. Weigh up prospects by reading the *Investors' Chronicle*, the best informed and widest read financial weekly. Two issues free from 40 Grocers' Hall Court, London, E.C.2

PORTUGUESE/SPANISH Evening Classes in London. All grades. From Oct. 3. Details from Educ. Dept., Canning House, 2 Belgrave Square, S.W.1. SLO 7186.

EXPERT POSTAL TUITION
For Examinations—B.Sc.(Econ.), LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education etc. Also many non-examination courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).
METROPOLITAN COLLEGE, ST. ALBANS
Or call at 30 Queen Victoria Street, London, E.C.4.

AUSTRALIA—UNIVERSITY OF QUEENSLAND

Applications are invited for a SENIOR LECTURESHIP IN PUBLIC ADMINISTRATION.
Applicants should possess high academic qualifications in Government or closely related fields; practical experience in Public Administration is desirable, and evidence of an interest in research and publications will be regarded as important.
The salary scale is £A1,500 to £A1,750.
Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.
The closing date for the receipt of applications, in London and Australia, is October 31, 1955.

B.SC.(ECONOMICS) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE
provides postal tuition for the above Degree (obtainable without residence), which is a valuable qualification for executive appointments in commerce or industry, government or municipal posts. The College, founded 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas, G.C.E. etc., free from Registrar, 60 Burlington House, Cambridge.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited
Dept 99, Lenham, Maidstone, Kent Harrietsham 381

DON'T you often wish you had a simple means of keeping all your domestic papers, letters, documents, receipts, etc., in orderly form out of sight, yet always instantly available for immediate reference? The new Automatic Secretary for the Home is the ideal device, simple, compact, durable; it is also an automatic reminder and has been greatly reduced in price.—Send p.c. for descriptive leaflet AS39 to SHAW PUBLISHING COMPANY, LIMITED, 180 Fleet Street, London, E.C.4.

THE B.Sc.(ECON.) DEGREE of London University is open to all, without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations at reasonable fees. More than 1,000 Wolsey Hall Students have passed London B.Sc.(Econ) (Final) exams. since 1925.—Prospectus from C. D. Parker, M.A., LL.D., Director of Studies, Dept. P17, WOLSEY HALL, OXFORD.

OTHER NOTICES APPEAR ON PAGES 1078 and 1079

SALZBURG SEMINAR IN AMERICAN STUDIES

SCHLOSS LEOPOLDSKRON SALZBURG, AUSTRIA

Scholarships are offered for the following sessions:
AMERICAN FOREIGN POLICY, January 8 to February 4, 1956.
LITERATURE AND PUBLISHING IN AMERICAN SOCIETY, February 12 to March 10, 1956.
THE AMERICAN ECONOMY, March 18 to April 14, 1956.

Lectures and Seminars at the post-graduate level. Admission is granted for *evidence of ability and accomplishment*. General age range 23 to 40. Special attention given to those engaged in public life, teaching, journalism and creative work. For further information and application forms, please write promptly to: Salzburg Seminar, 35 Portman Square, London, W.1.

FACTORY PREMISES for disposal on exceptionally advantageous terms United Kingdom Development area. Ground floor area 150,000 sq. ft., with 35 acres land for expansion, good water available up to 500,000 g.p.h.—Reply Holden Howard and Company, Chartered Accountants, 3 Abchurch Yard, London, E.C.4.

MORE BUSINESS AWAITS YOUR EXECUTIVES if they have the use of a 1955 self-drive car. Lowest possible rates. Contract hire by arrangement. No maintenance costs. Choice of over 200 cars and 12 different models. Also guaranteed repurchase scheme and Autopak self-drive package tours in G.B. and Europe. Ask your secretary to write for new brochure, giving full details.—Autohall, Dept. 2, 302-6 King Street, Hammersmith, W.6. Riverside 2881. Cables: Autohall, London.

"TRAINING FOR MANAGEMENT." Pitman Home Study for all Management and Secretarial Examinations; also Hospital Administration. Personal tuition. Details of courses from Pitman Correspondence College, 54 Pitman House, Godalming, Surrey

EXPORT

This advertisement is directed primarily to those progressive companies who find it uneconomical to maintain their own travelling export representative. The advertiser, *British, aged 35, has thorough personal experience, extensive knowledge of the major* South American countries, and speaks French and Spanish fluently. At present terminating contract as sales supervisor of universally known durable and consumer goods in Peru; previously had six years' export experience from the UK to world-wide markets for printing machinery, metals and chemicals Holds B.Com.(Hons.) (London), and is Associate Member of the Institute of Export and of the Institute of Linguists. *In view of need to increase UK exports, he firmly believes it would* be practicable and profitable for several companies to pool expenses of world-wide travel for shared experienced export representative with wife, on the basis of expenses, plus agreed commission on business introduced. Would be available New York and London at year's end.—Please write Box 188

ABROAD.—B.A. Hons., London, *1953.* 27, *single. German, French, Russian,* Italian. Experience in export, sales, shipping, translation, journalism, teaching; interest in economics, politics, arts. Knowledge 19 countries Western Europe, Middle East. Driver, typist.—Box 227.

COST ACCOUNTANT (33), who started at rock bottom and who is now in the *four-figure bracket,* seeks a progressive position in the region of £1,500 as a Controller/Cost Accountant/Consultant. Can offer an employer experience covering—Financial advice to all levels of management; the latest techniques of management accounting; control of large cost, wages and stores offices employing the latest methods; the installation and operation of a system of financial appraisal and costing for capital investment, plus initiative, drive and a capacity to get work done. Married, resident Scotland, *but* prepared to relocate.—*Box* 224.

MORE WORK WANTED by active man in early fifties. Present commitments do not fill capacity. Considerable and wide experience as top executive both in industry and public service Good administrator and organiser. Competent speaker and writer. Available in London.—Replies to Box 223.

ECONOMIST (36), *Graduate of a British university,* fluent Russian, good German, is anxious to obtain a permanent position with an industrial or commercial organisation where his qualifications would be useful.—Box 218.

FREE—following sale of own business—a pair of capable and trust-*worthy hands with 20 years' comprehensive experience at Managing* Director's level. Executive position sought (London preferred) where responsibility and initiative are needed. Would assist busy Chairman. Unquestionable integrity. Harrow, Cambs. Travelled. Interview.—Box 225.

SUPERVISORY TRAINING SPECIALIST is considering return to Industry. He is now advising overseas Government as expert representing International Labour office. Can be available New Year Highest qualifications, UK and USA. Scope and support the primary consideration Salary offered would also be a factor.—Box 213.

F.A.C.C.A., A.C.W.A., F.C.C.S. (38), wide accounting, secretarial and administrative experience, including Standard Costs Budgetary Control and Management Accounting technique. Five years' management consultant; five years' senior executive posts. Seeks medium/large organisation requiring Chief Accountant or Commercial Manager. Present emoluments £1,800 plus, per annum.—Box 210

CHARTERED SECRETARY, Hons. Graduate (34), seeks responsible Administrative/Secretarial/Accountancy post. Travelled, with sound knowledge languages.—Box 216.

MANAGING DIRECTOR and Chairman—English—has spent most of business life in the East and managed or controlled diversity of concerns both manufacturing and trading. Very varied experience. At present in active management and holding score of directorships, but at retiring age. Fit and healthy, would *welcome position England or abroad limited period years Could be very useful* to large manufacturer planning expansion overseas.—Box 212

WOMAN EXECUTIVE, age 34, B.Sc.(Econ.), experienced in trade association and committee work, research into industrial problems and preparation of concise reports, seeks responsible job.—Box 219.

CHARTERED ACCOUNTANT—CANADA

Chartered Accountant, age 26-32, required for Commercial Accounting position in Canada. Excellent prospects. Commencing salary around $5,000 p.a., according to experience. Moving expenses paid.—Reply in confidence to Box 220.

WORKS DIRECTOR

ENFIELD CABLES LIMITED are seeking a WORKS DIRECTOR, with seat on Board, to take charge of the Company's factories. Must *be a professional engineer with experience in modern production* techniques. Preference will be given to a man who has been engaged in the cable industry. This is a top-level position and will carry a commensurate salary.—Write, giving full details, to J. E. Sunderland, Director and General Manager, Enfield Cables Limited, Brimsdown, Enfield, Middlesex.

KODAK LIMITED, Kingsway, W.C.2, invites applications from male Economics graduates up to age 30, for a new post of Market Research Assistant in the Economics and Statistics Department.

The work will concentrate initially on research into retail markets, but as the range of products manufactured is extensive, there are possibilities of other fields of work *in the department.*

Candidates should be familiar with the necessary statistical techniques, and though experience in similar work, including knowledge of retail panels, would be an advantage, it is not essential. Starting salary by arrangement.

Letters may be addressed in confidence to the Personnel Manager.

MOTOR MANUFACTURING GROUP in Coventry offer a position of unique interest and scope to young man, aged 20-25 years, with fluent knowledge of German and French.—Write to Box T.326, c/o Streets 110 Old Broad Street, London E.C.2.

ASSISTANT PRIVATE SECRETARY required for Chairman of large group of City Companies. Aged 20-25. Must be well educated, intelligent and technically competent. Five-day week. Progressive salary, bonus scheme and eventual membership of retirement benefit scheme.—Apply, with full details, to Box No. W 2334, Haddon's, Salisbury Square, Fleet Street, London, E.C.4.

AUSTRALIA—UNIVERSITY OF SYDNEY

Applications are invited from mathematicians for the position of NUMERICAL ANALYST in the School of Physics. The work will be particularly concerned with the use of an automatic electronic computing machine, the SILLIAC.

Applicants preferably with a higher degree, should be mathematically qualified to undertake original work in this field, but need not be already experienced in programming an automatic computer. The appointee will be trained in the art of programming and will be expected subsequently to conduct courses of lectures on programming techniques for undergraduates, research students and other interested persons. The appointee will also be expected to carry on research.

The commencing salary will be within the range of £1,200-£1,750 (Australian) per annum, according to qualifications and experience, with annual increments of £80 (Australian). The salary will be subject to superannuation deductions.

Applications (and any inquiries about the post) with details of qualifications, experience and publications, and giving the names of three referees, should reach the undersigned by October 28, 1955. Overseas candidates are required to forward a copy of the application to the Secretary of the Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, by the same date.

M A TELFER, Registrar, University of Sydney, Sydney, N.S.W., Australia.

UNIVERSITY OF NEW ENGLAND

ARMIDALE, NEW SOUTH WALES

Applications are invited for the position of LECTURER IN GEOGRAPHY.

The Lecturer appointed will be required to prepare and conduct correspondence courses in the subject of Geography for external students proceeding to the B.A. degree. He will be required to undertake some internal teaching in addition to correspondence duties, and he will be encouraged to engage in research work.

Commencing salary will be within the range £A1,200-£A1,750 per annum, according to qualifications, with annual increments of £A80. The salary is subject to deductions under the State Superannuation Act. The successful applicant will be expected to take up duties as soon as can be arranged after the date of appointment.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in Australia and London, is November 7, 1955.

VICTORIA UNIVERSITY COLLEGE

(WELLINGTON, NEW ZEALAND)

Applications are invited for a LECTURER IN THE DEPARTMENT OF HISTORY. The salary will be £911 7s. 0d. per annum, rising by annual increments of £50 to £1,061 7s. 0d. The initial salary will be determined according to the qualifications and experience of the appointee. (University salaries are at the present moment the subject of discussion between the University Grants Committee and the Government.) An allowance is made towards travelling expenses; duties to be assumed on February 1, 1956, or at such other date as may be agreed upon by the College Council.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in New Zealand and London, is November 15, 1955.

NIGERIAN COLLEGE OF ARTS, SCIENCE AND TECHNOLOGY

(Principal: C A Hart, T.D., D.Sc., Ph.D., M.I.C.E., M.I.Mech.E., F.R.I.C.S., A.M.I.Struct.E.)

Applications are invited for the following appointments:

LECTURER in SECRETARIAL SUBJECTS, for three-year course based on C.I.S. syllabuses. Candidates should be Chartered Secretaries or comparably qualified, preferably with teaching experience. Some lecturing in office management to accountants and local government officers in training may also be required.

LECTURER in ACCOUNTANCY. Candidates should be Chartered or Incorporated or Certified and Corporate Accountants. Teaching experience at professional level desirable.

LECTURER in ECONOMICS. Candidates should have good hons. degree; *teaching experience desirable.*

The College encourages research

Salary scale, including overseas pay: £750-£1,560. Initial salary according to experience. Posts are permanent and pensionable, but temporary appointments carrying gratuities and slightly higher salaries might be made. Furnished houses provided at moderate rental. Free 1st class passages, once each way for each tour of service, for persons appointed and wives, either passage allowance or maintenance allowance for up to two children under 18. Seven days' leave for each month's resident service. Tours of service normally 10-18 months.

Further information may be obtained from Secretary, Advisory Committee on Colonial Colleges, 1 Gordon Square, London, W.C.1, to whom applications (six copies), giving details of education, qualifications and experience and naming three referees, should be sent by October 17, 1955.

A PROGRESSIVE GROUP, with widening overseas interests, requires an Assistant Company Secretary, with legal qualifications, for London Office. Applicants must have good experience of company and general secretarial practice and, preferably, some knowledge and experience of accounting and taxation. Age not more than about 35. Commencing salary £1,600 to £1,750 per annum, according to qualifications. Contributory Pension Scheme.—Please write, giving details of training and experience to Box T.288, c/o Streets, 110 Old Broad Street, E.C.2.

C. AND J CLARK, LTD., GROUP OF COMPANIES, makers of Clark's Shoes, Street, Somerset, 5,000 employees, seek Secretary and Chief Accountant. Salary £2,500 to £3,000. Top hat pension scheme. Chartered Accountant and University Graduate in early thirties, who would be later capable of establishing and filling the position of Comptroller of the Group.—Apply Binder, Hamlyn and Co., 121 Queen Victoria Street, London, E.C.4.

A NATIONAL TRADE ASSOCIATION, with headquarters in Sheffield, invites applications for a Senior Executive post. Duties will comprise the management of certain functional departments already staffed, and the development of new areas of the Association's activities, and will involve high level contact with Industry and with Government Departments. Starting salary £1,000-£1,200 per annum, but more will be paid if experience and qualifications are exceptional. The post is superannuable.—Applications to Box 211.

PHARMACEUTICAL MARKETING MANAGER.—Marketing Manager required by Genatosan Limited, a member of the Fison Group. Applicants should have had marketing experience in either an advertising agency or in an industry distributing consumer goods, and should preferably be under 35 and have a degree. A fertile mind and a progressive outlook, however, are the prime qualifications required. Conditions of service are excellent, and a salary commensurate with the job and individual will be paid.—Write, giving full particulars of age, education and experience, to The Personnel Officer, Genatosan Ltd., Loughborough. Please quote Reference PMM.

MANAGEMENT CONSULTANCY.—Arising from growing commitments to industry and commerce, a leading firm of Management Consultants has one or two vacancies for Senior Consultants. The nature of the work calls for the background and experience that would enable a successful applicant to work co-operatively at director and senior executive levels in all types and sizes of client firms; it demands the academic and practical qualifications that are involved in modern management practice; it can only be undertaken by men with proven success in an executive capacity. Applications will only be entertained when adequate evidence of meeting the above conditions is shown.—Applicants, preferably in or near the 35/45 age group, are invited to write, giving full details, including salary history, to Box 269. R. Anderson and Co., 14 William IV Street, London, W.C.2.

AN EXPERIENCED ACCOUNTANT is required for a well-established and prosperous industrial company. Applicants must have had charge of the secretarial, financial and costing sides of a manufacturing business. A starting salary up to £1,500, according to qualifications and experience, is offered, and excellent prospects. Applications, which will be treated in strict confidence, should state age and give full details of education, qualifications, previous appointments, including salaries.—Please send to Box 209

PETROLEUM CONSULTANT invites applications from young graduates (male or female) with a degree in Economics, Mathematics or Physics, for post as Research Assistant in his London office. Experience is not necessary, but knowledge of Italian or French an advantage. The job will involve initially simple statistical work and economic studies Salary according to age and qualifications.—Write Box 214.

PERSONAL ASSISTANT to Managing Director of large West African Mining Company required. Work in London with periodic short visits to Africa. Must be of good education. Some commercial experience and proved organising ability desirable. Good salary, according to age and experience. Contributory pension scheme, etc Age 30-40.—Write, with full particulars, to Box SE/68, c/o 95 Bishopsgate, E.C.2.

Other Notices appear on page 1077.

UNIVERSITY OF BELFAST

Applications are invited from Graduates in Economic History, Economics or History for a Research Assistantship recently established for one year in the first instance by the Queen's University of Belfast in association with the Public Record Office of Northern Ireland. The Research Assistant's duties will begin on October 15, 1955, and will be concerned with the compiling of a Register of Business and other Economic Records to be found in Belfast and the surrounding area. The salary will be at least £400, higher rates depending on qualifications and experience. Applications, including the names of not more than three referees, should be made by September 30, 1955, to the Secretary.

UNIVERSITY OF DURHAM

KING'S COLLEGE, NEWCASTLE UPON TYNE
DEPARTMENT OF EXTRA-MURAL STUDIES

The Council of King's College invite applications for the post of **Staff Tutor in** the Department of Extra-Mural Studies.

Applicants should have a good honours degree in Economics and an interest in trade union studies and industrial relations.

The commencing salary will be determined at an appropriate point on the Lecturers' scale (£650 x £50—£1,350) in accordance with the qualifications and experience of the successful applicant. Family allowance and F.S.S.U benefits.

Further particulars and forms of application may be obtained from the Director of Extra-Mural Studies, Joseph Cowen House, Barras Bridge, Newcastle upon Tyne, 1.

G. R HANSON, Registrar of King's College.

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for pensionable appointments. Applications may be accepted up to December 31, 1955, but early application is advised, as an earlier closing date may be announced. Interview Boards will sit at frequent intervals. The Scientific posts cover a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects the number of vacancies is small. Individual vacancies exist for candidates who have special knowledge of, or who are interested in palaeobotany, and recent and pleistocene *mammals.*

Candidates must have obtained a university degree, with first- or *second-class* honours in an appropriate scientific subject (including engineering) or in Mathematics, or an equivalent qualification; or possess high professional attainments. Candidates for Senior Scientific Officer posts must, in addition, have had at least three years' post-graduate or other approved experience.

Candidates taking their degrees in 1955 *may apply* before the result of their degree examination is known.

Age Limits: Senior Scientific Officers, between 26 and 31, but specially suitable candidates under 26 may be admitted; for Scientific Officers between 21 and 28 during 1955 (up to 31 for permanent members of the Experimental Officer class). Salary (London) Senior Scientific Officers: (men) £1,070—£1,245; (women) £933—£1,137. Scientific Officers: (men) £513—£925; (women) £513—£835. Women's scales subject to improvement under equal pay scheme. Somewhat lower rates in the provinces.

Further particulars, from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S.53/55 for Senior Scientific Officers and S.52/55 for Scientific Officers.

REED PAPER GROUP offers interesting work *with good* prospects to young male graduates, age 23-26, on the Commercial side of the business. Previous experience in commerce not essential. Comprehensive training will be given to fit candidates for responsible posts.—Apply in writing to the Personnel Manager, Albert E. Reed and Company, Limited, Aylesford Paper Mills, Larkfield, Nr. Maidstone, Kent.

ACCOUNTANTS (Chartered and Incorporated) interested in management accounting in industry and in the design of computer-controlled data processing, required for installation work in UK and abroad after training. Good four-figure starting salary and excellent prospects. Pension scheme. *Age 28-40,* preferably with industrial experience.—Write, stating age, qualifications, interests, experience and present salary, to Robson, Morrow and Company, 59 New Cavendish Street London, W.1.

SINGAPORE.—Chartered Accountants *have* vacancies for qualified Accountants as Senior Assistants. Scope for men of initiative and prospects of partnership to the right man. Three-year contracts, first class passage paid man and wife. Interview in London.—Write to Box T.320, c/o Streets, 110 Old Broad Street, E.C.2.

MARKET RESEARCH.—A large West End Advertising Agency is looking for an Honours Graduate (Male) in *Economics* and Statistics to join its Market Research Department. Applicants should have some previous practical experience in this field, while wider experience in the world of commerce will be an advantage. The position calls for initiative and personality, is pensionable and offers opportunities for the future.—Apply, with full details, to Box 228.

ENGINEERING GROUP, with Headquarters in East London area, invite applications from RETIRED ACCOUNTANTS (Qualified), with Industrial Costing or Works Accounting experience, on a full-time or a part-time basis. Salary on scale of £750 to £1,100 per annum, according to experience and hours worked.—Please reply to Box 217.

CITY CHARTERED ACCOUNTANTS with **extensive and varied practice have vacancies** for Unqualified Audit Clerks with **some years' experience in the** profession. Commencing **salaries** from £500 **per annum upwards, commensurate with** experience, pension scheme.—Write Box JT 15, c/o Streets, 110 Old Broad Street, E.C.2.

APPLICATIONS are invited from Chartered or Incorporated Accountants, aged 30 to 40, for the post of Deputy Chief Accountant with a Public Company within 30 miles of London, having a number of Subsidiary Companies and Branches overseas. Experience of group organisation accounts, budgeting, costing and taxation, a flair for commerce and a capacity for a *ready appreciation of financial matters* connected with overseas business are required. Salary from £1,500, but commensurate with the qualifications and experience of the applicant.—Reply to Box 221.

APPLICATIONS ARE INVITED for a post offering exceptional opportunities in the field of production with a modern expanding company engaged in the manufacture of fine chemicals and pharmaceuticals in the *north of England.* A good honours degree in science or technology is required, along with some years' production experience and management in a similar or allied field. Applicants should be about 30 years of age and capable of assuming responsibility and growing within the organisation. Please write in confidence, stating full details of qualifications and *experience.* Existing employees have been notified of this vacancy.—Box 181.

PHILIPS ELECTRICAL INDUSTRIES LIMITED have vacancies for TWO UNIVERSITY GRADUATES as STATISTICAL ADVISERS at their factories at Hamilton, Lanarkshire, and Croydon, Surrey. The work calls for the application of statistical methods to industrial problems mainly in the field of quality control, for which *initial training would be given* at the Head Office in Central London. Candidates should be graduates in Mathematics, Statistics, Science, Engineering or Arts (provided a sound mathematical ability). Industrial experience is desirable but not essential. Age between 24 and 30 approximately. Starting salary according to age and experience. Pension Scheme. Five-day week.—Applications should be sent in writing to the Chief Personnel Officer, PHILIPS ELECTRICAL INDUSTRIES LIMITED, Century House, Shaftesbury Avenue, London, W.C.2, marked S/1.

THE NATIONAL FARMERS' ASSOCIATION, 24 Earlsfort Terrace, Dublin, have a vacancy for an Economist. An honours degree in Economics is necessary; a knowledge of agriculture and of Irish conditions is desirable. Salary according to qualifications, starting at not less than £800 p.a., with further prospects for a suitable candidate.

INVESTMENT RESEARCH DEPARTMENT OF STOCKBROKERS has vacancy for young man wishing to make successful Stock Exchange career. Some relevant experience required.—Write Box 222.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

(UNIVERSITY OF LONDON)

Applications are invited for the post of Junior Research Assistant in the Economics Research Division. The salary scale is £375 x £25—£450. Starting salary according to qualifications and experience. Applications should be received by the Secretary, Economics Research Division, London School of Economics and Political Science, Houghton Street, W.C.2, not later than October 3rd.

HER MAJESTY'S OVERSEAS CIVIL SERVICE

Applications are invited for the following post:—

A vacancy exists for an Economic Officer in the Trade and Industry Division, Department of Economic Co-ordination, East Africa High Commission. Candidates, preferably between 25 and 40 years of age, should have experience in marketing, export/import control, exchange control and procedure, industrial development and general commercial practice. A university degree, not necessarily in Economics, or experience of such subjects in a Government Department are desirable. The appointment is pensionable in the salary scale £1,116 to £1,620 per annum (male) or £1,044 to £1,620 per annum (female). A temporary cost of living allowance, at present at the rate of 10 per cent of salary, is also payable. Income tax is at local rates. Free passages are provided on appointment and leave for the officer, his wife and children up to a cost of three adult passages. *Liberal home leave is allowed on full* salary.

Apply in writing to the Director of Recruitment, Colonial Office, Great Smith Street, London, S.W.1, giving briefly age, qualifications and experience. Mention the reference number (BCD 195/430/02).

SENIOR EXECUTIVE required by leading company in motor vehicle manufacture to take over responsibility for buying and supply function. Wide experience (preferably but not necessarily in motor industry), with ability in negotiating contracts, scheduling materials, material control and management of staff, essential. The appointment, which will carry a salary of not less than £2,000 p.a. (with superannuation fund), calls for a first-class man capable of acting on own initiative and there are excellent prospects for advancement. Applications will be treated in the strictest confidence.—Write with full particulars to Box 193.

EDUCATION AND TRAINING OFFICER required by the Steel Company of Wales Limited (Steel Division), Port Talbot.

The successful candidate will be the head of the Education and Training Department *in the Steel Division* where there are at present 11,500 employees and where the largest integrated steel plant in Europe is still being expanded.

The Education and Training Officer will be responsible for running a wide variety of training schemes for juvenile and adult operatives, craftsmen and foremen. Much new development work is required in these fields but the candidate will also have an exceptional opportunity of developing management training within the plant. Initiative and constructive administrative ability *will thus be paramount considerations* in selection although a knowledge of engineering and/or of technical education will be an advantage.

Salary will be in accordance with age and qualifications and the wide responsibilities involved.

Candidates should write for an official application form to: The Personnel Superintendent, The Steel Company of Wales Limited (Steel Division), Abbey Works, Port Talbot, Glam.

A LEADING firm of Electro-Medical Equipment Suppliers intends to appoint a General Manager in the near future and invites applications from men with proven ability in a like capacity, with particular reference to administration, marketing and planning. Some technical background is desirable and knowledge of home and overseas markets for medical equipment will be an advantage, particularly when accompanied by a background of product development activity and top-level negotiating ability. Applications will only be considered when the above conditions are satisfied and when full details are given of age, education and qualifications, posts held and *salaries.—Letters should be sent in strict confidence* to Box 278, R. Anderson and Company, 14 William IV Street, London, W.C.2.

ATTRACTIVE OPPORTUNITY for young man to join well-known firm of Industrial Consultants. Applicants should possess good technical qualifications and have been *well trained in Time and Motion Study and* had practical experience.—Apply in strict confidence to John W. Hendry and Staff Limited, 243 Elgin Avenue, Maida Vale, W.9.

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The normal age bracket will be 30/38 although candidates of outstanding ability and experience may be considered at an earlier age.

Applicants must satisfy the following requirements:

1. Recognised qualification in accountancy, economics or commerce.
2. Several years' responsible executive experience in sales, marketing or merchandising management.
3. Breadth of outlook and active interest in contemporary affairs.

Successful candidates will be trained in general management consultancy at the company's training centre. These appointments offer remunerative and interesting careers both in the *United Kingdom and overseas.*

Please apply, in confidence, to the company, quoting reference MS/1148/4, on the envelope.

PRODUCTION MANAGEMENT.—A management vacancy has arisen in the Production Planning Department, Chiswick Products Limited, Burlington Lane, London, W.4., manufacturers of *Cherry Blossom and Mansion Polishes, etc.* Within eighteen months of appointment the successful applicant will be expected to assume full responsibility under the Head of Department, for material control, scheduling and progress, including tin box and carton box manufacture. The work is of a varied nature calling for a high degree of initiative. Age 25-35 years. Good shop floor production experience, with progress or stock control experience, would be an advantage.—Apply Personnel Department for full details and application form.

A WELL-ESTABLISHED INDUSTRIAL COMPANY requires a Chartered Accountant with Costing experience, age 30 to 35 years. The *post calls for strong personality and drive.* A salary of up to £2,000 per annum is offered, but the successful applicant is expected to progress well beyond that within five or six years.—Full particulars of qualifications and experience should be sent in confidence to Box 215.

LEADING *firm of London Chartered Accountants requires qualified men as* Senior **Assistants.** Salaries in accordance with experience: minimum salary for **newly qualified men** £700 per annum. Good prospects for men with initiative **and drive.—Write in confidence** to Box C.P.15, c/o Streets, 110 Old Broad Street, E.C.2.

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At the Unilever Annual General Meeting Lord Heyworth, Chairman, gave these figures on Handling... "The new methods of handling* are equally effective in other sectors of our business. In one factory where output has been increasing we have been able to halve the number of man-hours involved in handling, increase wages (because of the re-valuation of jobs) and reduce handling costs from 7s. 8d. a ton to 3s. 6d. The annual saving amounts to £20,000 compared with a capital outlay on fork lift trucks and pallets of £24,000. A different example of the value of these mechanical methods is shown at another of our factories where a large increase in production has been achieved on a very restricted site. By extending the facilities for handling without extending the site we have been able to expand output from 149,000 tons a year to 490,000 tons."

* *Fork lift trucks and pallets.*

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FORK LIFT TRUCK

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OIL AND SOCIAL CHANGE IN THE MIDDLE EAST

Barren Lands and New Riches

ALL the world knows that the deserts of Mesopotamia and the Persian Gulf have come into a fortune from oil, and most people carry a mental picture of derricks dotting a tawny landscape, and sheikhs climbing "from camels into Cadillacs." But outside the Middle East, there has been less thought about the tremendous social upheaval that money, coupled with the example and stimulus of oil company operations, has wrought amongst the "*underdeveloped*" peoples of hill and desert.

The fortunate territories that are already producing huge amounts of oil for export are six in number; in last year's order of production, they are Kuwait, Saudi Arabia, Iraq, Qatar, Iran and Bahrain. (Egypt and Turkey, both of which produce but are net importers of oil, are excluded from this supplement because their lives have not been revolutionised by the new earnings.)

One way of looking at the discovery of this oil is as compensation for centuries of want; yet so quick a rush of wealth into so poor an area has many drawbacks for both the eastern and the western partners. The fact that none of the risk or initial effort has been borne by the local peoples leads to emotional complexes that were brought home to all the world by Dr Mossadegh. Money amassed so fast is proving difficult to spend quickly on productive works or to translate into widespread public benefits and an even rise in the standard of living. Rulers and statesmen find themselves beset with modern perplexities that they never imagined in the days of pastoral penury, including worry lest the greedy west is causing an expendable asset to disappear unduly fast. Their peoples—Iranian and Arab alike—are impatient of the time it takes to learn the technical side of the oil business, and fret at delays in the fulfilment of promises to develop their countries. Lastly, oil companies which in other parts of the world can confine their operations to the technical side of their job, have found themselves forced to tackle social and economic problems that they are elsewhere able to leave to public authorities and the learned professions.

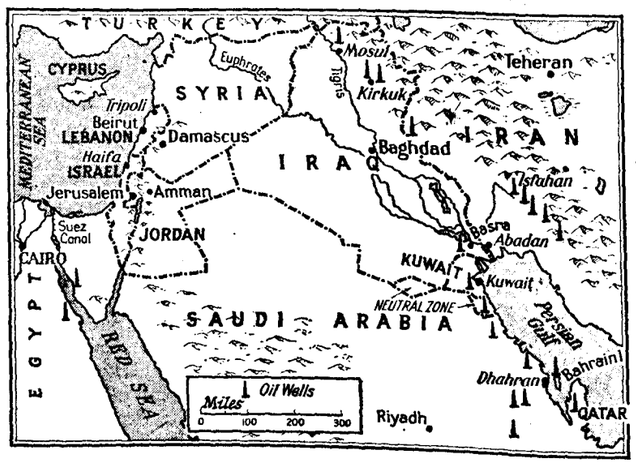
The tables on the pages which follow show that, since 1950 both Middle Eastern oil production and the money flowing into the local exchequers have been rising year by year—in some countries, rising astronomically. A table of estimated reserves shows that the promise is even better than performance. Middle Eastern oil reserves, of which these six territories own the bulk, are now thought to account for 64 per cent of the world's known oil resources—a fine endowment for six governments who are, between them, responsible for only about 30 million people. A map on page 15 illustrates the interest of the western consumer in the discovery; the six territories in 1954 furnished about 77 per cent of Western Europe's oil supplies; and this proportion is expected to become 90 per cent in 1959.

Except in sedate Bahrain, where discovery took place early and the process of enrichment has been gradual, the sudden onset of money has found governments unprepared. At first the magnitude of the asset was not realised; there was a period, in the early days of bad communications and chancy production, when the operating companies were in a position to make local bargains with owners about the rate they would pay per ton or barrel of oil extracted. But the age of differing payments is now dead. Between the end of the war and 1950, news of the rate per ton at which Venezuela was earning percolated to Middle Eastern capitals, and between 1950 and 1952 a so-called 50/50 division of profits between government and entrepreneur became the rage and the rule. Naturally, the yield per ton to the local owner varies a little owing to differences in the cost of production or the quality of the local oil; it lies somewhere between just under £2 and about £2 10s. per ton, and a change by one company now entails a proportionate change by all the others because every ruler and government keeps peeping over the wall to see that his neighbour is not doing better than he.

Spending from State Purses

THE mounting incomes that are being paid to each government are shown in a table on page 3, and are enormous in proportion to the level of economic activity that existed previously. Iraq's ordinary revenue, for instance, turned over at 18½ million Iraqi dinars ($75 million) in 1947-48, and King Ibn Saud's revenue for the same year was 215 million Saudi rials ($55 million). State machines have had to do some quick gear-changing in order to handle incomes of the new dimensions.

On what do they spend the money? The opportunities vary enormously. For instance, Kuwait, with 200,000 inhabitants, has at the moment more to spend than Iran with over 16 million. Iraq, possessing a splendid river system that once provided great civilisations with irrigation and prosperity, has water and soil and can now afford to recreate vast areas of fertility; it also has a rain-fed north. By contrast, Kuwait has virtually no rain and no natural fresh water supply, and fetched all drinking water by boat from fifty miles away until oil developments led to the installation of plant for distilling sea water.



Much the most important factor governing spending methods is, however, the sophistication of the receiving country, coupled with the degree to which a modern sense of civic responsibility has penetrated its ruling class.

Two of the countries—Iran and Iraq—are equipped with the apparatus of democracy, and the revenue is spent by agencies answerable to parliaments. Nevertheless, in pre-Mossadegh Iran, parliament was so composed that this well-tried brake on improvident spending did not prevent a great deal of the oil revenue from disappearing into current account. A Planning Organisation which was founded in 1947 received only a lean share. In Iraq, where a Development Board that includes two foreign experts as full members was founded in 1950, oil revenue has in the main been earmarked for development, at first wholly so, and spent through the Board; but later, as the result of experience, 30 per cent was allocated to ordinary government revenue. In post-Mossadegh Iran, if the Shah's new director of planning has his way, the whole oil revenue will be earmarked for development.

On the Persian Gulf, which is farther removed from the main stream of twentieth century political thought, states and sheikhdoms are still run on a feudal basis, and little distinction is drawn between national revenue and the privy purse of the ruler. The ruler's outlook may well be such that his patrimony and people are a personal concern, and that the private share he personally retains may be negligible by comparison with what he spends on charity and public benefits. Such is the case in Kuwait. In Bahrain, the share that goes to the ruling family—one-third of the royalty—is published and ascertainable from the civil list. Saudi Arabia publishes estimates of revenue and expenditure, but no figures for actual expenditure which—despite the astronomic growth of its income—has in recent years regularly and considerably exceeded revenue. Judging by appearances, one reason for this deficit is that a large proportion of the revenue furnishes a cushioned existence, and palatial private investment in real property abroad, to princes, ministers, rivals for power and other palace connections.

The objects of capital expenditure also vary. In Iraq, the principal ones are gigantic flood control and irrigation works which when completed will nearly double the present area of irrigated land; in Kuwait, the provision of water for drinking is the most striking improvement so far. The Kuwaitis now also plan to bring piped water from the Shatt-el-Arab in Iraq—a project that has till lately been frustrated by a feud with Iraq. Every Kuwaiti now also gets free education and medical care in luxurious school buildings and well-staffed hospitals. The ruler of Qatar has likewise installed free schools, electric light and power, a new hospital and a water supply. According to the Saudi budget for 1954-55, 34.8 per cent of total expenditure will be spent on armaments, and 14.4 per cent on development; communications, education, public health and agriculture between them account for another 15 per cent. Substantial sums are also being spent abroad on wooing and influencing parties and the press in other Arab countries.

Anyone who gets rich quick must expect critics, and local criticism of the spending methods is vociferous in all the receiving countries. But much of it is unfair. It is levelled at development boards composed of men of integrity and intelligence, who are often held to blame for ills that existed long before oil was discovered. For instance, until the system of land tenure in Iraq and Iran is reformed, no board will be in a position to filter money down to all the rural poor; until peoples with little experience of machinery acquire technical skills and, above all, a concern for its maintenance no "development" will work consistently. The application that is required to organise the humdrum but necessary day-to-day routine at the base of a civil service is one of the links that has long been missing; it seems slow to mature among people who, by the habit of centuries, prefer sudden spurts to sustained effort, and

chancy perquisites to regular earnings. Lastly, until the ruling set decides that, where its own knowledge is defective, the right course is not only to employ foreign advisers, but to trust them and take their advice, development is bound to be as spasmodic as it has been in Iran and Kuwait. In Iran, xenophobic emotion has at times reached such a pitch that Iranians would rather leave a technical job undone than see a foreigner do it well. In Saudi Arabia, American Point IV advisers were sacked almost overnight in a flash of political temper. Only the Iraqis and the Bahrainis have so far shown the acumen to take foreign advice consistently. No conceivable development board can cure ingrained habits unless helped to do so by the educated class.

On the other hand, some of the criticism directed at the development authorities is justified. Most of them have perpetrated some unbalanced programming and nearly all have failed to put out adequate publicity; an impatient public has therefore heard no explanation of the reasons for pause and delay, and, in the larger countries, is unaware that anything is being done at all. All the poor man knows is that the authorities have plenty of money and grandiose theoretical plans, but that, meanwhile, there is an ugly rise in the price of sugar.

Iraq and Kuwait—the two territories in which most is being done—offer a nice contrast in methods and errors. Iraq's board has been reprehensibly slow in putting jobs out to tender, and prosy about seizing chances to do something spectacular to catch the imagination of the people or to arrest the eye of the educated and politically conscious townsman. In Baghdad, it has omitted to run up the few quick and useful works that would have helped the municipality, and been on show to silence critics. In rural Iraq, many immense projects are under way and, locally, villages and towns are pleased with new amenities, but no one in Baghdad knows of the progress made because none of the grumblers stirs an inch from the capital, while the Development Board has failed to explain what is happening. In Southern Iraq, many major works must await the completion of the two big flood control schemes on the Euphrates and Tigris which have necessarily been years under construction. But could not the Board have installed, somewhere in central Baghdad, duplicate concrete relief models of the country, one of which, for the insertion of the local nickel, would display what has hitherto happened at flood-time, and the other reveal what will happen once all the new controls and dams are built? Today, a chrysalis-into-butterfly stage is not so very far ahead, although a Baghdadi with one foot on the approach to the Tigris bridge that has at last been started will give a sceptical shake of the head when he is told so.

In Kuwait, criticism runs on different lines because the trouble has been not slowness, but haste. Complaint, much of it justified, is directed at a needlessly lavish standard of finish and ornament, at hasty decisions on the order of priorities, and at contracts too exclusively concentrated in certain local and foreign hands. In the single year 1953-1954, the face of the town was transformed and its inhabitants were proud and busy, but since then their enthusiasm has flagged. For the work has been done in uneconomic spurts because of uncertainty over whose advice to take: for example, office chairs have been empty for months at a time because of hesitation whether to fill them with a European or an Arab. The territory is paying a further penalty for its sudden boom, in that it is housing far more foreigners on the make than is healthy for any town.

There is one other common complaint that is justified in all but one of the territories. Iraq is the exception; there, not a dinar has disappeared from public view. But in Saudi Arabia and the Sheikhdoms, feeling is growing that undue amounts of money are being paid to idle princelings whose extravagance and licence are becoming a byword, reflecting unfairly on their virtuous and hardworking cousins and brothers. The ruler usually escapes the strictures; even in Saudi Arabia the King, thanks to tradition and his long purse, has won himself a reputation for strong-mindedness, and he is indeed admired for the way in which he has pushed the oil company around. But the reactionary and predatory habits of the rest of the family are highly unpopular.

Inflation, which by definition ought to have occurred everywhere, in fact rages only in patches. Naturally, demand for consumer goods has increased and prices are high, but so are wages, and the quantity of goods available has to some extent kept pace with demand, thanks, in Iraq, to government import policy and elsewhere to the agility of merchants in the bazaar. Money is changing hands with immense rapidity and everyone has seized his chance to

CRUDE OIL PRODUCTION
(Million metric tons)

	Bahrain	Iran	Iraq	Kuwait	Qatar	Saudi Arabia	Neutral Zone
1938	1·1	10·3	4·2	...	...	0·067	...
1940	0·9	8·8	3·2	...	...	0·67	...
1950	1·5	32·1	6·2	17·3	1·6	26·2	...
1951	1·5	16·8	8·2	28·2	2·4	37·2	...
1952	1·5	1·4	18·3	37·6	3·3	40·5	...
1953	1·5	1·3	27·7	43·3	4·1	41·4	0·03
1954	1·5	4·8*	30·1	47·7	4·8	46·6	0·75

* NIOC; plus Consortium (October 29, 1954, to December 31, 1954).

ESTIMATED DIRECT PAYMENTS BY COMPANIES TO GOVTS.
(Equivalent in million US dollars)

	Bahrain§	Iran	Iraq	Kuwait	Qatar	Saudi Arabia
1940	1·0	16·0	8·1	...	...	1·5
1950	3·2	44·9*	14·8	12·4	1·0	112·0
1951	3·4	23·3	38·5	30·0	3·8	158·0
1952	4·2	...	110·0	165·2	9·7	160·0
1953	5·0	...	143·7	191·8	17·8	166·0
1954	8·1	†	191·4	217·3	23·3	260·0‡

* Under the Supplemental Agreement then on offer, Iran was entitled to receive nearly twice this figure.
† The bargain made by the Consortium with NIOC was to pay approximately £31 million in the first year of operations; their agreement came into effect on October 29, 1954.
‡ Including a large back-payment.
§ Figures for Moslem year ending October.

market everything from air conditioners to cuckoo clocks. The sector in which supply has not kept pace with demand is housing. The shortage has been aggravated by the influx of technicians and workers—Europeans, Lebanese, Egyptians and Indians — attracted into service in all the Persian Gulf territories. Because building has been slow, rents in Kuwait and Bahrain have increased by 300-400 per cent and are also high in the coast towns of Saudi Arabia. Only Bahrain has taken any steps to control rents. Temporarily, the prices asked for vacant lots in the towns near the oil sites are also inflated beyond measure by hopeful owners.

This picture would be incomplete without adding that some of the governments are putting money to reserve in order to be able to meet the maintenance costs of their new capital works, and to ward against the rainy day when oil prices fall or new sources of power are discovered. It would not then be within the power of the companies to maintain the payments, however hard they might try.

Some countries, of course, are putting the money to productive works that will in turn generate other wealth once they get going ; but only Iraq and Iran have a wide range of alternative natural resources. In a barren Sheikhdom such as Qatar or Kuwait, it is difficult to think of openings for productive investment other than in oil. The obvious possibility would be the purchase of securities overseas to create a national investment income that would sustain the balance of payments if the income from oil were to be cut back. Despite the unwillingness of Asians to lodge money in concerns outside their immediate control, this is now being done: the provident group are the Iraqi government and the Sheikhs of Bahrain, Kuwait and Qatar. Iran is as yet hardly in a position to save. Saudi Arabia is putting nothing aside whatsoever.

The Impact of the Companies

IN the midst of all this criticism of economic and social development—or the lack of it—much material change for the better is taking place. The previous chapter compared what the governments are doing. The oil companies, both directly and indirectly, are also generating new economic activity and thereby changing social habits.

The direct impact of the oil companies can be divided into three periods. The first, happily over long ago, was the heroic age when the foreign concessionaire entered a desert, made his bargain with its owner and then made or lost his fortune without feeling much responsibility for the by-product of his venture—its effect on the population of the neighbourhood. This era was brought to an end by many factors ; perhaps the most potent was the dissemination of ideas of welfare that turned the Beveridge report into a byword even in Arabic.

Paternalism towards local employees became part of the science of the oil business. Companies operating in deserts devoid of all amenities and public utilities had always had to provide comforts for their western employees, if they were to keep them happy, healthy and on the job: they began to provide health services, education, housing, recreational and other facilities for their locally recruited employees. The Anglo-Iranian Oil Company, with its long start over all rivals in production, was in the early post-war years also ahead in welfare. Even now, no other company can match its record of 16,000 Iranian families housed.

But as its dealings with successive Iranian governments were to show, AIOC's paternalistic approach was of no avail in winning Iranian good will. One cause of the debacle in 1951 was the chagrin of sophisticated nationalists at an expatriate firm's assumption of a role that Iranians could (or felt they ought to) perform. But they found, after expelling the company, that too few Iranians had mastered the skills required for oil extraction and refining on AIOC's scale.

For them the third period may be said to begin with the agreement Iran reached with the Consortium of foreign oil companies in 1954. By its terms, the technical side of the industry remains in foreign hands for a further long period of Iranian training, but all ancillary services that Iranians wish to run themselves have passed into their absolute control. So have one small oilfield and refinery. Other countries, richer by Iranian experience, are reaching the third phase in a less explosive way.

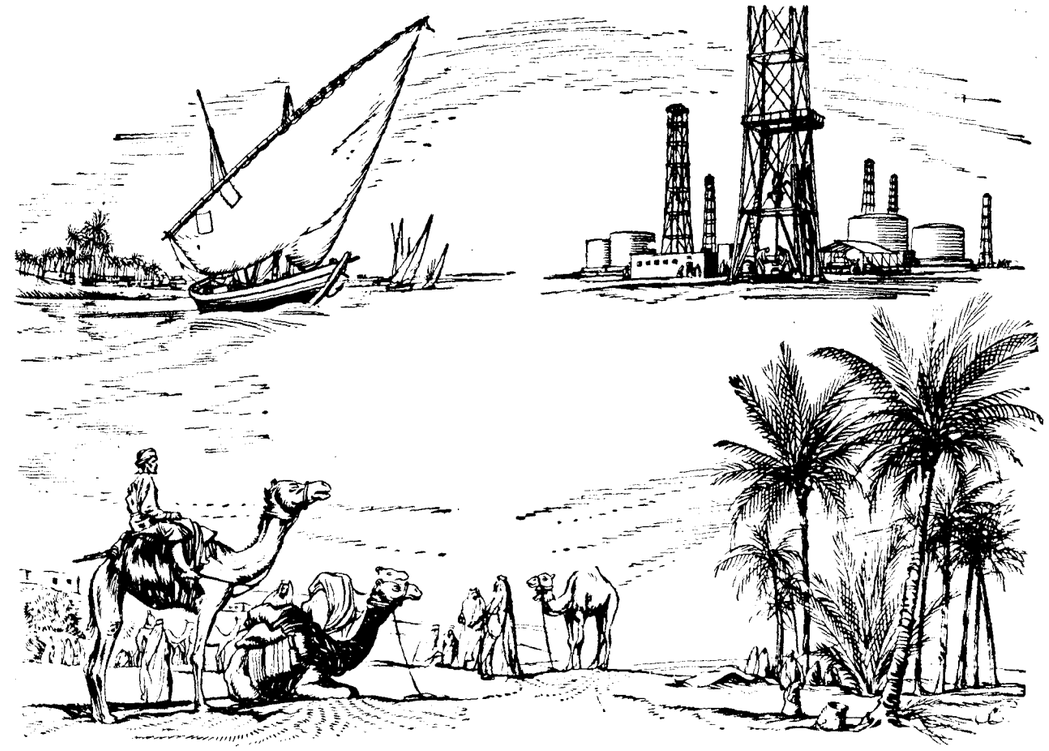
Not every company has passed through the three phases. Bapco*, which started its operations in a territory enjoying a settled population and stable government, never felt the paternalistic stage appropriate, and the three Sheikhs of Bahrain, Kuwait and Qatar have regarded the provision of welfare services and public utilities as their fatherly prerogative. But the conditions of making a start in deserts forced paternalism on both AIOC and Aramco. In the coastal province of eastern Arabia, Aramco continues to provide almost all the hospitals, schools, roads and other utilities for the benefit of the local public, whether employees or not. The purse-conscious Saudi ruling group encourages — in fact insists on — extended company services of this kind. Aramco would prefer to move towards the

* The full names of the companies are given in a table on page 7.

THE PACE OF DEVELOPMENT

	Date of Concession	Commercial Quantities First Struck	1 Million Tons First Produced
Bahrain	1927	1932	1937
Iran	1901	1908	1919
Iraq	1925	1927*	1934
Kuwait	1934	1938	1947
Qatar	1935	1939	1950
Saudi Arabia	1935	1938	1944
Neutral zone	1948–9	1953	...

* Excluding small discovery by AIOC in transferred territories on Iranian frontier, 1923.



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third stage and shed some of the load of service functions imposed upon it in a primitive country, and, in time, perhaps the view that local talent should be capable of taking over the job will precipitate a tumult against the exacting attitude of the present ruling family; but amongst so scattered a population this will take time, and meanwhile, in nearby Bahrain, the Saudi example impresses grumblers who wish their Sheikh had similarly squeezed the oil company.

Expanding Local Economies

In 1951, a United Nations report on Middle Eastern petroleum remarked that the terms of the companies' concessions afforded them "freedom of action which substantially insulates them from the economy of the Middle Eastern countries." Some of them used readily to avail themselves of this freedom; now, most no longer desire it.

Apart from the direct payments they make to the exchequers, the most noticeable financial change they bring is to the level of salaries and wages paid to local employees. The size of their local payroll varies with the amount of constructional work on hand, and the only common measure in any one year is the amount of local currency bought by the company for spending on the spot. Bapco's total local expenditure in Bahrain is estimated at the equivalent of $5 million yearly; in Iraq, the figure for 1954 is £8 million; in Iran, where AIOC ran a large refinery and distribution network as well as fields, that for 1949-50 was the equivalent of $70 million.

An important contribution to national productivity is the teaching of new skills in company training centres, workshops and offices; some companies' technical schools are first-class by the finest European standards, and all surpass anything any government has yet been able to organise for itself. Apprentices who get this free, modern technical training do not necessarily seek work in the oilfields; many float off into national circulation, and most companies are philosophic about the loss. They regard it as their contribution towards raising national efficiency to a point that will eventually react beneficially on the oil industry. They hope to retain the services of the higher-level trainees, whom they select and send to train at foreign universities, but even with them they do not always succeed, so great is the temptation offered by the quicker money to be made in commerce. The attractions of the bazaar at its present boom level, and the rising demand for local technicians in government service, keep down the numbers of Arabs and Iranians of quality who even apply for oil company jobs, particularly jobs which involve working in remote areas. To some, "remoteness" means the twenty or so miles that separate the Kuwait and Bahrain fields from the local metropolis.

The provision of cheap and abundant fuel also generates new local activity. All companies sell either crude oil for local refining or else refined products at very reasonable prices; for example, one million tons of cheap crude is henceforth to be sold annually to the new Iraqi refinery at Baghdad. In Iran and Iraq, the distributing agency is the government; in Kuwait, the company; in Bahrain, private enterprise. Once a local distribution agency gets going, companies are likely to be its best customers for refined products made with their own crude oil. Some companies also supply natural gas at low rates, or at delivery cost, to public utilities in towns beside their fields or refineries—directly, to NIOC for public consumption in Abadan, and to the Kuwaiti authorities for their power and water distillation plants in Kuwait town; indirectly, through the IPC's gas-fuelled power plant that lights Kirkuk.

THE PATTERN OF MULTI-NATIONAL CO-OPERATION IN OIL PRODUCTION

Territory	*Producing Company*	*Nationality of Participating Companies*
BAHRAIN	Bahrain Petroleum Co. (Bapco)	American; registered in Canada
IRAN	*Till* 1951: Anglo-Iranian Oil Co. (AIOC) *From* 1951: National Iranian Oil Co. (NIOC) *From* 1954: NIOC and a Consortium of Operating Companies ("The Consortium")*	British Iranian British-American-French-Dutch
IRAQ	Iraq Petroleum Company (IPC) Basra Petroleum Company (BPC) Mosul Petroleum Company (MPC) Khanaqin Oil Company	British-American-French-Dutch " " " " " " British
KUWAIT	Kuwait Oil Company (KOC)	British-American
QATAR	Qatar Petroleum Company	British-American-French-Dutch
SAUDI ARABIA	Arabian-American Oil Company (Aramco)	American
NEUTRAL ZONE:—		
Kuwaiti half-interest	American Independent Oil Company (Aminoil)	American
Saudi half-interest	Pacific Western Oil Company	American

* The Consortium is in two senses a mixed body: it is multi-national, and has been obliged to make room for a number of smaller American companies. Its composition is: British Petroleum (formerly AIOC), 40 per cent; Royal Dutch-Shell, 14 per cent; Gulf, Socony-Vacuum, Standard of New Jersey, Standard of California and Texas, each 7 per cent; Compagnie Française des Petroles, 6 per cent; nine "independent" American companies, 5 per cent.

At this stage, most of the new local industries are not immediately related to oil. In and near most oil centres demand is encouraging brick, cement, plaster and tile works, ice plants, cold stores, mineral water factories, furniture works and laundries. In Iraq the oil companies are buying worked steel windows and furniture from a local manufacturer. Thirsty western throats also swallow large quantities of local beer, and all oil companies are customers for the skilled artisan—notably the tinsmith and blacksmith—to be found in the bazaar. Aramco, in its desire to broaden the narrow base of Saudi Arabian prosperity, runs a competently staffed "Arab Industrial Development Division" for promoting the growth of light industries and helps the would-be entrepreneur with plans and technical advice.

This catalogue of multiplying relationships ought perhaps to have begun with that between the company and the bazaar. Company purchasing in the bazaar started slowly, because small-town merchants carried only small stocks, or were unreliable about spares, or failed to compete in price and quality with goods obtainable elsewhere. Some companies had sad experiences with cornered markets and rigged prices. But this predatory phase of local capitalism is passing, and some oil companies now try to provide the natural stimulus to efficiency and good business of a steady market. In Iran, one article of the Consortium's agreement with NIOC binds it to buy equipment and supplies locally whenever Iranian goods compete in cheapness, quality and availability with the equivalent obtainable abroad. In Bahrain, the oil company has recently appointed an expert in local purchasing and is now buying a range of goods that includes vehicles; the companies in Iraq also employ local purchasing officers to buy local requirements ranging from foodstuffs to timber and electrical materials.

If governments want this development to mature, they do well to make arrangements whereby the company loses no duty-free privilege if it buys locally. This has been done in Bahrain and Saudi Arabia, but not yet in Kuwait. Experience suggests that there are no insurmountable disadvantages and much goodwill to be created in making company purchases over the local counter or by using the local merchant as an agent.

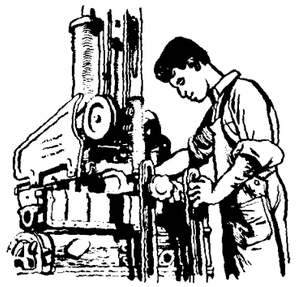
Local Purchasing Policy

All companies make the fullest use of local contract labour, either directly, or through regional—e.g., Lebanese—contractors who possess a local link, or through western contractors employing local manpower. Even the casual visitor to Basra or Kuwait can see that the labour bill may run into hundreds of thousands of pounds annually in a single city. The process has its ups and downs; many local contractors are inexperienced; a majority tender too low (in the mistaken belief that this will bring more jobs) and then run out of money before they have completed the contract. Every company faces the difficulty that there are a few good contractors, but that it will be accused of favouritism if it ignores the rest.

FUTURE PROMISE: ESTIMATED RESERVES

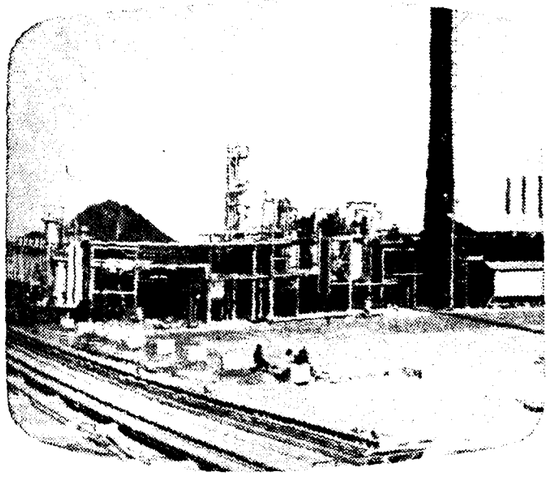
	Billion US Barrels	As % of World Total
World	162·4	100·0
Middle East	103·9	64·0
Western Hemisphere	44·8	27·6
USSR	9·5	5·8
Far East	2·7	1·7
Europe and Africa	1·5	0·9

Yet to judge by the extensive use made of local contractors, no company finds them unsatisfactory or even unduly expensive for such works as building, ditching for pipelines and even technical jobs such as pipe welding. Many companies confess a preference for a local man to whom they can explain the job on the spot and who can relay orders to his men in a way that a foreigner cannot. Nonetheless, any disparity in wages and amenities between contractor's labour and the oil company's men working alongside will be blamed on the company, not the contractor. A report lately laid before the ILO's Petroleum Committee discusses the complexities of a situation in which the companies insert clauses about the treatment of labour in their agreements with local contractors; but all in vain, as no machinery exists to ensure that the clauses are carried out.



Local public utilities and public transport enjoy a fair share of company custom. IPC, for instance, is probably the biggest private customer for freight on the Iraq State Railways; the Basra Port Authority, which looks after dredging the Shatt-el-Arab channel, lost £1 million in dues—that is, more than the total cost of the dredging—in the first year that tankers ceased to call at Abadan. Most oil companies maintain their own charter or private airfleets, but many also charter machines from local companies. Most own fleets of buses, cars and trucks, but some, particularly in Iraq and Bahrain, hire vehicles locally. In Basra, BPC hires municipal buses. One deterrent to more general use of car hire is that it is difficult for a contractor to keep a truck fleet of a size to meet the many *ad hoc* demands for extensive trucking; scheduled hiring is much simpler to organise. Company use of local garages for servicing vehicles is not as great as the garages consider justified by the local mechanic's genius for improvisation—a talent for preventing collapse which would never threaten had he the same bent for maintenance.

In the use of local public utilities—water and electricity—and in company relations with local medical services, the conditions appropriate to all three periods of oil enterprise operate together. Some companies have to be absolutely self-sufficient in water and electricity—for instance, Aramco at Dhahran. Others depend on local power stations and water supplies—for example, the BPC housing estates in Basra city. The same variety can be seen in medical services; at one end of the scale, Aramco does everything; at the other, the ruler of Kuwait provides doctors and apparatus of a quality that anyone, eastern or western, is glad to use. Sometimes company and government work in common, as in anti-malaria and anti-fly work; probably the closest co-operation develops at the level of showing how things are done—lending an engineer here, or a craftsman there. This may not be so showy as the co-operation exhibited



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New fruit from old deserts

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TAB/Fs. 455

pipe dreams in the desert

A woman walking through the desert sands can only dream of light when she wants it, of gas for cooking, of hot water straight from the tap.

Yet fantasy is changing into reality. As the technical experience of the West mingles with the new thought and wealth of the East, life in the desert becomes more than mere existence: in Kuwait there are schools, a state kitchen, piped water supply . . . there will be industries in Iraq producing sulphur, cement, ammonium sulphate. Bahrein will have its gas supply—so will Basrah—so will Qatar. A new refinery will open near Baghdad, an asphalt plant in Qaiyarah.

These are more than pipe dreams . . . soon they will be accomplished facts. Playing an important part in Middle East development is the organisation of D. & C. and William Press Ltd.

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when western and Moslem directors rub shoulders at board meetings, but it is as effective in creating a sense of common interest.

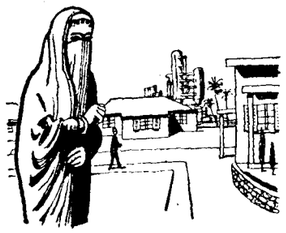
Housing Policy

Housing is an issue on which governments may stand or fall in a British election, though not yet in a Middle Eastern one. Yet the oil companies have introduced the western sense of its importance, and though this did not at first catch on among ex-nomads, it has, in the last two or three years, grown to be a lively topic; in almost every town near the oilfields, it is becoming the yardstick of a good employer.

Originally, the companies worked out a housing policy because it was up to them to provide shelter; then they improved on it either to induce the worker to settle down instead of making periodic visits to his tribe, or to meet nationalist criticism that they were unfairly lavish in housing the foreign employee. Their motives broaden as time goes on and now—particularly in Iraq and Saudi Arabia—include the wish to merge their employees with the rest of the population, thereby raising the general standard of living and giving people outside their own employment a vested interest in prosperity from oil.

Many social puzzles present themselves as the companies cast round for the best housing technique. Should they build new towns, add new suburbs to old, or encourage their workers to dot themselves all over the nearby village or city? Should they supply free houses, help the employee with a loan to build his own, or rent houses from the enterprising local landlord who has the wit to build to their requirements? And how should they avoid unfairness to the employee who prefers to live in a house of his own? The snags against which they have to provide include that of creating a new class of snob, or of drawing whole groups of the better-educated away from the rest of the community, of building "compounds" that local minds rate as a class area apart, and—in some places—of founding minority villages because one faith or race is more adept than another at collecting the "points" for wages and length of service on the basis of which the new houses are allocated.

Local tastes vary. Bahrainis seem to yearn for special estates alongside Bapco's pleasant towns for its western employees, whereas Kuwaitis were slow to take up KOC's first married quarters at the oil field because they did not want to go so far from neon lights and the bazaar. The schemes which seem to kill most birds with one stone are those for home ownership now being encouraged by Aramco and all of the IPC group in Iraq. The company finds the building plots, the employee chooses the house-pattern of his taste; the company places the contract and supervises the construction and the employee is helped to meet the cost by means of a loan at a low rate of interest which is repaid out of savings and wages. In Iraq, the scheme is tied to the payments, not to the job, so that it does not lapse if the employee leaves the company. In Arabia, Aramco makes a gift towards the initial cost. Bahrainis complain that Bapco's similar scheme is adequate only to enable them to improve existing houses. To some Arabs, a house is still such a novelty that they choose a type that enables them to live in one room and let the rest. To the question whether this practice does not defeat the company's purpose, the company housing officer philosophically replies that at least it pushes up standards generally.



Somewhere between the material impact described in this chapter and the psychological impact described in the next, company influence works through savings schemes, labour relations and in dealings with the local labour market.

Nearly all the companies run some kind of thrift plan or savings scheme for their employees with the double object of inculcating in them the habit of settling to a regular job, and of mopping up surplus cash in order to slow down inflation. They do the nation a second service by introducing the habit of saving and the notion of investment. Another innovation of value is their introduction of modern labour/management relations; their elected joint consultative committees, in theory introduced to serve as suggestion boxes but in practice almost wholly used for airing labour and welfare matters, have been copied by the best local employers. The wonder is that the conditions and amenities the companies offer have not caused more upset in the local labour market. The local employer does not seem to resent the wages they pay; particularly in Kuwait and Qatar, he is able to bid higher. Elsewhere he seems to get all the men he wants either because working for him carries the advantage of less time spent in daily travel to and from the desert, or because he shows less expectation of solid plod the whole day through.

Cynics for whom the Middle East has become a world poisoned with films and pocked with Coca Cola signs smile at the naïvety of the suggestion that a revelation of western habits is good for undeveloped peoples. Unquestionably, the behaviour these peoples observe and copy is not all good. But the sight of a lean tribesman fattening on a steady job, a mother escaping the tedium of seclusion in the queue at the clinic; a schoolchild painting a bold poster picture of a fly and what to do with it, or a bus-load off for a carefree Friday that would have been beyond the range of its imagining ten years ago—such sights as these give grounds for thinking that the force of example is not wholly bad.

REFINERIES AND THEIR OPERATING COMPANIES

Territory	Site	Capacity in thousand metric tons p.a.†	Operating Agency
Aden	Little Aden	5,000	British Petroleum.
Bahrain	Bahrain	10,200	Bahrain Petroleum Co.
Iran	Abadan	25,000	Iranian Aardelie Raffinage Co. (Consortium).
	Kirmanshah	125	National Iranian Oil Co.
Iraq	Durah (Baghdad)*	1,000	Iraq Govt. Oil Refineries Admin.
	Alwand	500	Iraq Govt. Oil Refineries Admin. with Khanaqin Oil Co.
	Muftieh (Basra)	150	Ditto.
Kuwait	Mina al Ahmadi	1,500	Kuwait Oil Co.
Qatar	Umm Said	30	Qatar Petroleum Co.
Saudi Arabia	Ras Tanura	9,500	Arabian American Oil Co.

* Not yet on stream. † At end of 1954.

Minds in Perplexity

THIS sudden commotion has not only started new ideas fermenting in Arab and Iranian minds, but has set off new trains of thought in the minds of the more reflective Europeans and Americans working on the oil locations.

In local society these new ideas percolate through many channels to all levels. At the least literate level they are carried from territory to territory by the itinerant oil-worker. Always a roamer, the desert Arab likes to try conditions in more than one company. His vocabulary nowadays reflects the broadening range of his outlook ; a British visitor to some new housing in a village in Iraq, near Basra, learnt in chat with one householder that he had a disappointing wife—" she's a C.C.Zee." It took the visitor some time to grasp that this was language desert-borne from Aramco, which grades its workers as A, B or C and X, Y or Z, according to skill, reliability and so on—CCZ being its equivalent of gamma minus.

The educated minority that can afford a seat in a plane and a trip to Cairo, Beirut or Europe makes more intimate contacts with western thought. In Iran and Iraq, where educated opinion is sophisticated, newspapers and political pamphleteers wield considerable influence ; they are beginning to do so in the Gulf. Young Kuwaitis, for instance, take with seriousness the newssheet published by Kuwaiti students in Cairo. In Bahrain, the newspapers were suspended some five months ago for publishing subversive political proclamations. Young men with a secondary education increasingly exchange such views freely in coffee shops, teachers' clubs and in the course of their duties in government departments.

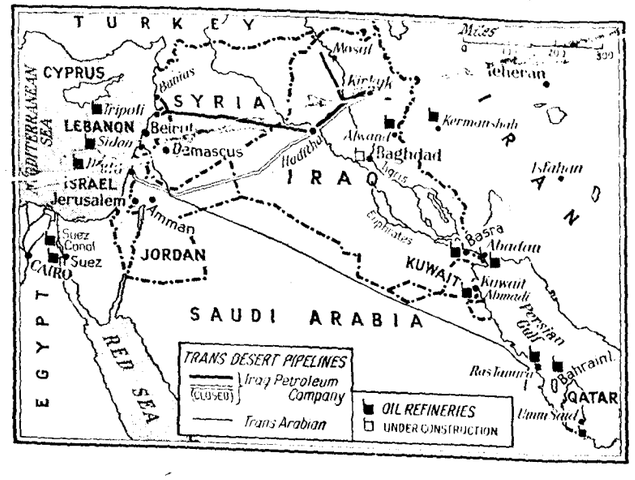
Ideas from abroad are also introduced by the immigrant foreigner—Egyptian, Palestinian, Lebanese, Indian, Pakistani—who is employed by the companies on the Gulf for clerical or technical jobs to fill gaps left by local talent, or who is imported by the local authorities, in preference to westerners, to provide technical or financial advice or to teach in new schools. The degree to which the imported Egyptian schoolmaster or Palestinian refugee is responsible for sowing discontent can be overrated ; he used to be a know-all, but now that more and more locals are being educated up to the level of his job, he had best be unobtrusive if he wants to keep it.

Other powerful influences are the radio and—wherever cinemas exist—foreign films. A seasoning of revolutionary ideas is provided by the " Voice of the Arabs " radio programme from Cairo, which is easily heard on the Gulf. Russian stations are little listened to except in Iran, and, by the converted, in Iraq.

A distinction must, of course, be drawn between the social and the political ideas so acquired. The former are changing many traditional habits, not necessarily for the good ; but any judgment depends on the standpoint. New practices such as pest control and hygiene get a good mark by any standards ; but what is the rating for the adoption of western clothes, inurement to a roaring radio, or the tendency to marry only one wife ?

Anti-Company Nationalism

One of the unhappy social results of working in or alongside the western companies is the way local bosoms fill, sometimes to overflowing, with envy at the conditions of work and the amenities offered to the western employee. There is no local understanding of the company's problem: its need to offer big compensations in order to retain, in competition with opportunities elsewhere, expatriate technicians of quality—the only kind that will make money at the rate the Middle East expects. All the Iranian or the Bahraini sees is a man of slightly different complexion with a bigger car and a better house than he ; the demands most often heard in local society are for equality with westerners in amenities, leave and pay, more housing for married employees, and more training to enable rapid promotion of local talent to the top level jobs. The western personnel manager often retorts that he meets too few local candidates of the necessary capacity. One audible answer to this is that the company fails to attract the local middle class because of its tendency to treat them as inferior to Europeans. There is all the difference, in outside as well as local eyes, between the company in which the western employees, from manager to typist, eat in one canteen and the local employees of all ranks in another, and such a company as Aramco in which the top-grade canteen is usable and used by any Saudi who cares to pay New York prices in preference to a bill of half the size for the same food lower down the hill. At breakfast the western visitor may eat Wheaties alongside Saudi workers who are obviously paying high for a small meal in order to start the day on the firm basis that a Saudi is as good as anyone.



The political unrest that has germinated abreast of the oil developments used to be directed wholly at the " foreign companies," and an axiom that applies to every one of these is that the farther its operations lie from the national capital, and from the small posse of capital-dwellers who form public

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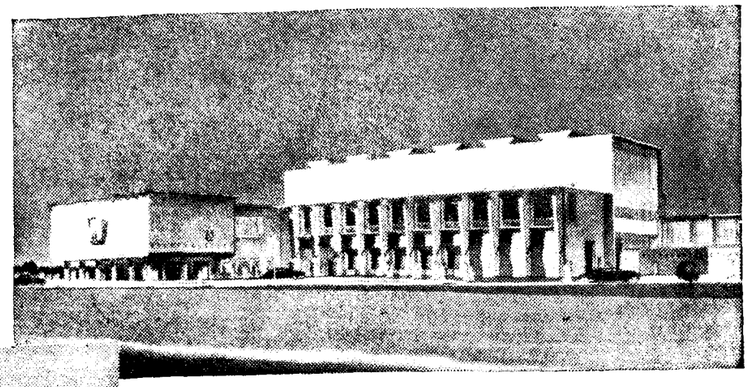
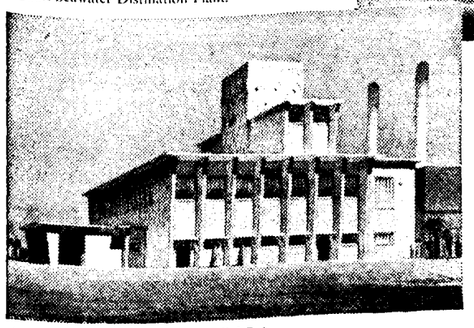


Kuwait Seawater Distillation Plant.



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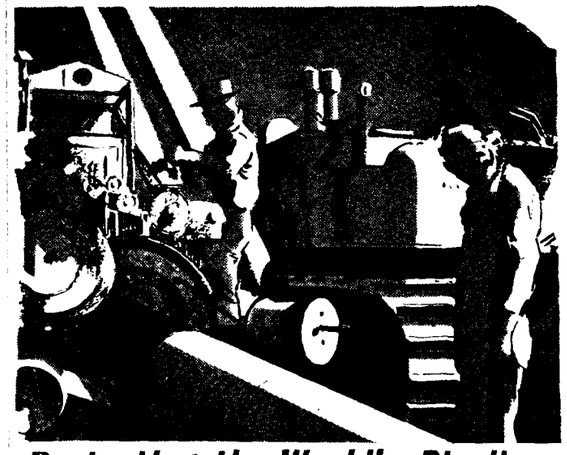

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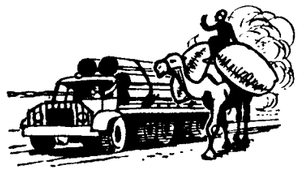
opinion, the more unfavourable the criticisms applied to it. Teheran is the extreme case; it is separated from Abadan by 500 miles and a tangle of mountains, and is climatically so different from the low-lying oil coast that the native of one feels out of sorts in the heat or the cold of the other. Baghdad, too, is removed, though less so, from the nearest fields at Kirkuk and Basra. It was distance and ignorance that caused the Iranian apostles of nationalisation to make such costly mistakes in the way they executed their will—mistakes that Iraqi nationalists only just escaped making. Even the twenty or so miles that separate the fields in Kuwait and Bahrain from the main town lead to misconceptions that do neither company nor government any good.

As time goes on, they are being mitigated by a company policy of welcoming organised visits by schoolchildren and adults, and, in Kuwait, by the cars crammed with sightseers which, weekly on Fridays, peer at the curiosities of the oil town at Ahmadi. It is a pity that an oil extraction industry has so little of its intricacy on show.

Yet it would be false to paint a picture of estrangement everywhere; the word is particularly inapposite in Iraq. As a result of the adventure at Abadan between 1951 and 1954, many Arabs and Iranians are now resigned to the fact that they cannot yet run their own oil company, and a discernible band of local beneficiaries from its operations can be heard bravely referring, even in the Iranian Majlis or the Iraqi Chamber, to certain advantages derived from the foreigner's work. In Iran in 1951, any thin piping by beneficiaries was wholly drowned by the roar of anti-company emotion pouring forth from Teheran.



Yet, all over the Middle East, there has survived in extreme nationalist circles an admiration of the technique of which Dr Mossadegh is a symbol—that is, of anyone with ability to push foreigners around. Where dealings with oil companies are concerned, it springs from a feeling of need to keep the upper hand amongst aliens whose technical supremacy could enable them to build a local empire. One local reaction is to curtail the foreigner's activity, regardless of the effect on his efficiency, in order to keep his power within bounds. Examples are irritating restrictions on his travel, the sudden imposition of some new tax, or the Saudi ruling that no American may build a Christian church or touch alcohol; recent pinpricks have included a Saudi ban on all photographic equipment. Perpetual squeeze for more yield per ton, retroactive payments on transactions, or fees payable for wells discovered but not at present economic to operate have been other items in a wing-clipping policy, which is no longer common except in Saudi Arabia and which gets rarer as local skill and self-confidence increase.

A share of the political strictures that used to be levelled only at the foreign companies is being diverted to the home government now that this enjoys large revenues and is responsible for converting them into "development"; criticism of slowness and extravagance, for instance, is soon translated into new themes in local politics. In Iraq and Iran, most statesmen out of office are prepared to exploit and spread it in order to worst their adversaries. In the feudal territories, where there are as yet no similar party openings, such complaints are used to generate demands for the establishment of elected legislative and executive Councils, and of committees, instead of Sheikhs, to run government departments. These demands though bandied about in private, are not yet very public except on the lips of the leaders of the nationalist movement in Bahrain. Reverence for the aristocracy, however inefficient, was a hall-mark of "lord-minded" England, at least until the Reform Bill. But the sight of a sports car, marked with the crossed flags that indicate a Sheikh, roaring across the red traffic light in Kuwait, is accelerating the pace at which opinion is changing. The strike of 1953 at Aramco, and more recently the general strike in Bahrain in which the oil workers joined, were directed more at the reactionary ways of the ruling family than at the companies.

East-West Relations

In general, much confusion persists in local minds everywhere as to how far to clamour for exact equation with the foreigner and how far to retain differences that strengthen Asian and Islamic identity. Iranians, with a great cultural past, are better equipped to preserve their own culture than desert peoples unendowed with a written history, a great literature or artistic tradition. In Bahrain, the educated middle-class resents some of the segregations that are practised, whereas across a narrow sea, in Saudi Arabia, the Saudi government insists that the Americans shall lead a segregated life. Saudis are not the only local people who prefer to keep themselves to themselves.

A few of the western representatives now working in the oil area are also cudgelling their brains how to adjust differences of outlook between westerner and Middle Easterner—differences which are inevitable because they stem from wide variations of upbringing, faith and culture. Inter-racial relations are at their best where there is a common interest—for instance, in technical matters and often, also, in sport. They grow more complicated when social customs diverge, and in the use of leisure or the pastimes of wives and older children, the gulf is not easily bridged.

The western wife in a comfortable company house on the fringe of some inhospitable desert naturally tries to reproduce the conditions of "home," whether from nostalgia or because she intends that her children shall not be fish out of the water when they "get back." Because she thereby immures herself within a small circle, she is often thought to slight local society. Complications beset her; for instance, she is quickly on dropping-in terms with any other western wife, whereas with no Middle Eastern lady would she reach the same stage until the passage of years had sanctified acquaintance. She therefore tends to meet the wives of her husband's local colleagues only in the stage-managed conditions of a party, at which both she and her husband can convey an impression of standoffishness, particularly if they always assume that it is up to their Middle Eastern friends to behave in their way and to learn their language. The few western wives who try to master anything more than kitchen Arabic or Persian—and good Arabic, particularly, demands an immense effort from the western adult—are always cited by locals as "different from the usual" English or Americans; their stumbling diction and even the gaffes they may perpetrate are more than offset by appreciation of the effort

they have made. Companies might find it worth while to extend their language bonuses to western wives.

Such incompatibilities in the social customs of east and west render mixed housing estates and mixed recreational facilities more popular in theory than in practice. They are often little wanted by either community. The relationship is at its easiest in large towns where individual families or sections of the oil community are lost to view in a medley of busy people, and where more common ground exists than in areas where even the senior local employees have been promoted from the ranks and were till lately tribesmen. It is easier to meet on unstilted terms in Baghdad than in Qatar, but what matters, everywhere, is that the openings for meeting should exist, and should be used by the middle income group of both communities without embarrassment.

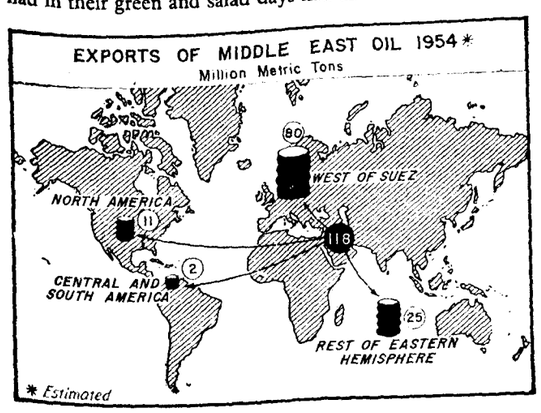
Illogically, the more underdeveloped the area the less the number of western employees that is exercised about inter-racial relations: yet it is in the feudal areas—the territories that are awakening socially at a bewildering pace—that the biggest social complications of the present and future lie. Originally, these were the places in which relations between company and country were simple, and Aramco had an easier social task than AIOC. But looking ahead, the sudden birth of a rebellious middle class in hitherto feudal lands promises complications as great as those set up by the more gradual growth of the bourgeoisie in Iran and Iraq. Unless the western middle class takes time by the forelock and contrives to establish some links with its new counterpart on the Gulf, it is legitimate to fear a day when the companies, known only through their grandees, will be identified with the top echelon of the feudal rulers—that is, with a class that may not outlast the present generation.

It used to be a common assumption, particularly in the United States, that the gift of material amenities to underdeveloped peoples would lessen their revolutionary inclinations and induce social tranquillity. This is a fallacy. A taste of the sweets of a richer life, coming after centuries spent in a slough of ignorance, poverty and lethargy, seems to generate more, not less, social unrest. The barrier against communism, or what passes for it locally, is created only at a later stage; it is built, inside the oil companies, by their thrift plans, home ownership schemes, training programmes and other methods of founding a class with a vested interest in a tranquil life for the whole community. An ideal is reached when the local speaker refers not to "the company" but to "our company."

The Target: A Combined Operation

IN spite of improvements in material conditions, therefore, both the governments and the companies find themselves dealing with fractious citizens. Both find, also, that there is no constant or universal recipe for a soothing syrup that will still the murmuring. Treatment which answers well in Iraq may prove difficult to administer in Iran on account of the greater touchiness of many Iranians, and impossible even to contemplate in fanatical Saudi Arabia.

A good example of this impredictability is offered by differing reactions to the foreigner's Santa Claus technique where this is practised. Teheran felt it beneath Iranian dignity to receive some of the social services once rendered by AIOC; in contrast, the governing clique of Saudi Arabia is always trying to make Aramco carry more not fewer burdens, some virtually unconnected with any oil activities. Another reaction which varies not only from one territory to another but from year to year is that evinced towards the employment of foreigners. The Kuwaitis, thinking that they had in their green and salad days had an overdose of British contractors thrust upon them, began to favour tenders from Middle Eastern firms. The Bahrainis next door contend that a Bahraini is as good as any Asian, that the latter are less reliable than westerners over tendering and over the quality of their work, and that it is therefore better to employ the west for any job that demands knowledge Bahrainis do not possess.



In an area so full of contradictions as the Middle East oil lands all that can be said with certainty is that a greater measure of public contentment and social tranquillity can be achieved if governments and companies work out ways to mix their interests than if nationalists are given openings for driving a wedge between the two. The job of keeping their interests close-knit can be done by neither single-handed; the best of the Middle Eastern governments aim at easing the problems of the concessionaire and not pressing for more than is reasonable; similarly the best companies try to live within the community not a peculiar and insulated life but the normal one of the corporate citizen.

The adjustment of a relatively backward but nationalistic society to an influx of money, foreigners and ideas is so intricate a process that no one can presume to be categoric about it. But in spite of local variations of climate, site and temperament, an obvious advantage rests in some pooling of experience, if not also of resources. The company electrician lent to the local power station or the Arab medical specialist called into the company hospital are examples of a welcome interchange. Up to a point, the governments pool information: for instance, each knows only too well how much the other is earning; each is also interested, superficially, in what his neighbour has to show for the money; but few have had time or inclination to go next door and study why development has gone right or wrong. The idea of an inter-Arab Development body, based on a bank, is

already current, but not unnaturally, it is more attractive to the Arab States which are "have-nots"—Lebanon, Syria and Jordan—than to "have" territories who are still subject to bad dreams that they have not a penny to spare.

Pooling of experience between the companies is growing, but has till lately also been defective. It was possible as recently as 1953 to watch one company adopting a system of financing a scheme for home-building by local employees in ignorance of the reason why another company, just across a frontier, had abandoned the system as impractical.

Two impulses have kept each company within the political frontiers in which it operates. The first is Anglo-American friction. This exists at various points, though its inevitability is disproved by all the joint enterprises in which staff and shareholding companies of the two nationalities work admirably in harness. It is now less than it was, but it was a gift to local drivers of wedges in 1950-51—the year in which AIOC was being eased from Iran while Aramco, wearing a tired smile, was reaching the first of the "fifty fifty" agreements with Saudi Arabia. The second deterrent to consultation is American concern not to infringe the anti-trust laws. There is, very properly, full inter-company interchange of technical information; but there is justifiable nervousness about similar interchanges on marketing—an inhibition which, from the consumer's point of view, is right and proper. But reticence has spread unjustifiably to other forms of activity—and notably that of social policy. While rulers, and even itinerant oil workers, have been well aware of social developments next door, some of the companies have for too long preferred to work in blinkers. No one derives any advantage from such myopia.

There were, and in most Middle-Eastern countries still are, nationalists who think that they would not only be happier but better off if they were to kill their foreign goose and take to laying golden eggs for themselves. In lands which are politically unstable and liable to sudden emotional storms, there is always a danger that extremists of this kind may come to power before the oil revenues have created at all levels some vested interest in oil. But this idea has lost some of its attraction since the events which led to the Corsortium agreement with Iran, and arrangements to share profits equally with the state have also taken some of the sting out of the stock arguments of nationalists. Today, it is plain to all observers in the west, and all intelligent ones in the Middle East, that government and company are caught in an interlocking embrace, and that for many years to come neither partner will be able to do without the other.

Friction between them there may be, but friction so great as to cause a breakdown of the oil industry cannot be allowed to develop in view of the interests each has at stake. The western interest is the prosperity and security that is bound up with the liquid fuel supply of Europe and a large part of Asia. But the Middle East has proportionately as much at stake; for in this largely arid region, oil offers at least six countries the first chance for centuries to break out of the rut of poverty, and to organise a rise in standards of living and education that will be sudden and decisive enough to outstrip the lusty local tendency to a high birth rate.

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British Insurance

What a Life Premium Buys

FIVE years ago *The Economist* made a comparison of what the policy-holder in various British life offices got for his money. The payments made under similar with-profits policies by different offices were compared. So were the terms currently offered by those offices for new with-profit and non-participating contracts. The offices declare their bonuses at intervals of up to 5 years, so that it seems appropriate to repeat the exercise of November 18, 1950, and see how the comparison now shapes.

Since 1945 the annual growth of the life office funds has been the biggest and most consistent source of personal saving. Staff pension and assurance schemes now account for an important part of that growth, but the traditional bread-and-butter business—whole life and endowment assurances—is still the mainstay. No comprehensive statistics are published of total business in force on a single date according to types of policy, nor is any breakdown available of endowment assurances into those connected with staff schemes, "top hat" and other, and those which are "individual." The published summary of the returns of the offices to the Board of Trade does include tables of business in force at the date of the latest actuarial valuation of each office, but the returns may have been made at the end of any of the preceding five years.

Table I shows that the swing in public preference away from participating policies (i.e., contracts that, in return for the payment of a relatively high rate of premium, confer the right to share in the surplus revealed at the periodical actuarial valuations) towards non-participating policies (which give the maximum immediate insurance cover for a given premium) gathered considerable momentum in the six years 1948-53. During the period 1937-48 sums assured under non-participating whole life and endowment assurances rose by 71 per cent, from £420.4 million to £719.6 million. The sums assured under participating policies in contrast rose by only 33 per cent, from £1,403.6 million to £1,871.0 million. Between the end of 1948 and the end of 1953, non-participating sums assured expanded by £608.6 million to £1,328.2 million, whilst participating business in force rose by £625.5 million to £2,496.5 million. The rate of expansion of non-participating policies during the latter period was thus 85 per cent compared once again with 33 per cent for participating policies. When other non-participating policies, including the capitalised value of the substantial deferred annuity business under staff pension schemes, are brought into account, the sums assured by the offices under non-participating contracts now materially exceed the sums assured by participating policies.

This reversal of the traditional pattern of the business is causing the offices some concern; it is one of the reasons why participating pension schemes are now being offered by an increasing number of offices. The cushion afforded by the larger premiums under participating, as compared with non-participating, contracts for the same guaranteed benefit is a comfort to the offices, but the essential point is that the participating policy holder has a piebald contract—part fixed, and part an equity in success or disappointment.

Is the growing public preference for non-profit contracts and particularly for non-profit endowment assurances, soundly based? This preference is not quite as strong as the figures suggest. "Top hat" pension arrangements usually take the form of non-participating endowment assurances that carry an option to purchase an annuity with the proceeds of the policy at maturity. These arrangements are made to soften the impact of taxation on the top slice of income; the type of policy is of secondary importance. Although the total amount of the business on the books of the life offices under "top hat" arrangements is not known it is certainly substantial. In

TABLE I.—ORDINARY LIFE ASSURANCES IN FORCE

Latest Valuation Returns of Companies Established in Great Britain from the Board of Trade Returns

Year	Whole Life Assurances		Endowment Assurances	
	With Profits	Without Profits	With Profits	Without Profits
	£ mn.	£ mn.	£ mn.	£ mn.
1937	395·7	207·5	1,007·9	212·9
1948	367·7	282·8	1,503·3	436·8
1952	473·4	362·1	1,932·5	888·5
1953	501·2	383·2	1,995·3	945·0

addition a considerable volume of new business is transacted by the life offices each year in connection with house purchase loans; the policyholder usually wishes to keep his outlay to a minimum, and accordingly endowment assurance policies issued under house-purchase schemes are usually non-participating.

Table II gives the data from which an attempt can be made to assess the shrewdness of those who choose to pay the surcharge demanded by the offices for the privilege of participating in the equity of the business or, to be precise, in that part of it (it varies from the whole in the mutual offices to 90 per cent in most proprietary companies) that is set aside for policyholders in the constitution of the office.

There is no satisfactory way of assessing the relative merits of with-profit policies other than comparing the amounts ultimately paid out by the different offices under similar contracts. This comparison is made for a representative whole life assurance in columns (1) (2) and (3) of the table.

TABLE II.—LIFE ASSURANCE COMPARISONS

Basis: An Annual Premium of £25 paid by a life aged 30 next birthday assurable at tabular rates.

Company	Amounts Payable in 1955						New Sums Assured in 1955 (a)				
	Whole Life Assurance With Profits Effected in 1915 Payable on Death in 1955			Endowment Assurance With Profits Effected in 1930 Payable on Maturity in 1955			Without Profits		With Profits		
	Sum Assured (1)	Bonus (2)	Total (3)	Sum Assured (4)	Bonus (5)	Total (6)	Whole Life Assurance (7)	Endowment Assurance (c) (8)	Whole Life Assurance (9)	Endowment Assurance (c) (10)	Present Rate of Interim Bonus (b)
	£	£	£	£	£	£	£	£	£	£	(per cent)
Alliance	1,025	820	1,845	616	293	909	1,385	710	1,005	579	36 – compound
Atlas	1,015	777	1,792	619	271	890	1,474	735	1,011	578	35 – compound
Britannic	1,031	608	1,639	620	225	845	1,425*	725*	1,015*	589*	34/– simple
Caledonian	1,026	685	1,711	619	238	857	1,449	736	979	571	40/– simple (3)
Clerical, Medical & General	1,028	770	1,798	594	285	879	1,479	717	1,093	576	35/– simple
Commercial Union	Not available			Not available			1,415	729	970	581	40/– compound
Co-operative	1,055	658	1,713	650	231	881	Not issued		1,007*	589*	34/– simple
Eagle Star	Not issued			611	242	853	1,496	755	1,081	594	40/– simple
Equitable	936	1,039	1,975	625	291	916	Not issued		943	602	30/– simple (1) (2)
Equity & Law	1,023	862	1,885	622	289	911	1,392	731	1,065	596	(3)
Friends' Provident	1,041	758	1,799	620	257	877	1,428	735	1,011	584	45/– compound
Guardian	1,024	826	1,850	642	283	925	1,515	740	1,036	581	50/– simple
Law Union & Rock	1,034	731	1,765	625	237	862	1,395	714	1,007	572	32/– compound
Legal & General	985	1,051	2,036	Not issued			1,467	739	1,018	579	37/6 compound
Liverpool & London & Globe	1,003	741	1,744	612	256	868	1,493	726	1,024	566	38/– simple
London Assurance	1,020	787	1,807	628	257	885	1,445	732	977	571	30/– compound
London Life	1,063	873	1,936	632	248	880	1,470	746	1,068	606	40/– compound
Marine & General	1,023	750	1,773	625	311	936	1,456	723	1,043	572	42/– simple
National Mutual	1,034	1,184	2,218	620	333	953	1,429	735	962	581	41/– compound
National Provident	997	892	1,889	613	296	909	1,456	742	969	595	42/6 simple (3)
North British & Mercantile	1,003	740	1,743	617	262	879	1,408	722	1,001	590	40/– compound
Northern	1,020	717	1,737	627	292	919	1,477	743	1,047	573	37/6 simple
Norwich Union	966	822	1,788	646	281	927	1,481	741	979	597	35/– simple (3)
Pearl	1,020	611	1,631	612	236	848	1,471*	733*	1,043*	583*	38/– simple
Phoenix	1,022	727	1,749	622	293	915	1,456	727	1,027	567	38/– simple
Prov. Association of London	1,027	718	1,745	623	259	882	1,507*	720*	1,052	582	35/– simple
Provident Mutual	1,079	753	1,832	622	247	869	1,488	719	1,051	586	35/– simple (3)
Prudential	1,010	678	1,688	626	245	871	1,432*	723*	1,049*	579*	40/– simple
Refuge	1,015	599	1,614	620	220	840	1,389*	714*	1,014*	575*	32/– simple
Royal	1,027	721	1,748	615	275	890	1,493	726	1,024	566	38/– simple
Royal Exchange	1,020	628	1,648	622	251	873	1,467	742	1,040	587	42/– simple
Scottish Amicable	966	932	1,898	609	305	914	1,478	730	1,008	574	37/6 compound
Scottish Equitable	1,000	846	1,846	625	302	927	1,388	738	964	571	40/– compound
Scottish Life	1,012	696	1,708	611	250	861	1,422	731	1,036	577	40/– simple
Scottish Mutual (General)	1,031	803	1,834	628	225	853	1,455	738	1,003	582	30/– simple (3)
Scottish Mutual (Temperance)	1,145	892	2,037	649	232	881	1,524	756	1,125	596	30/– simple (3)
Scottish Provident	1,181	500	1,681	601	243	844	1,408	727	1,293	575	(4)
Scottish Union & National	1,025	661	1,686	617	259	876	1,408	712	1,034	579	36/– simple
Scottish Widows'	966	953	1,919	617	350	967	1,531	745	984	576	40/– compound
Standard Life	1,022	973	1,995	621	350	971	1,471	743	1,027	580	42/– compound
Sun Life	Not available			Not available			1,478	732	1,000	570	40/– simple
U.K. Provident (General)	1,010	766	1,776	607	318	925	1,485	729	954	567	40/– compound
" " (Temperance)	1,010	957	1,967	607	341	948	1,554	745	954	567	42/– compound
Wesleyan & General	1,040	598	1,638	624	222	846	1,313*	683*	1,027*	578*	32/– simple
Yorkshire	1,019	839	1,858	624	316	940	1,563	758	1,064	581	45/– simple

Notes:—(a) Policies now being issued normally provide unrestricted cover, except that cover against war risk and/or aviation is commonly restricted for men below about age 25. Policies marked * give only restricted cover should death occur through war or aviation. The prospectuses of the respective offices should be consulted for details of the extent of the restrictions. (b) A simple bonus is one calculated with reference to the sum assured only: a compound bonus is calculated upon the sum assured and existing reversionary bonuses. Except where otherwise shown bonuses in the table are applicable to both whole life and endowment assurances. (c) Term 25 years. (1) Minimum rate. Bonuses are on a sliding scale. (2) Rate applicable to endowment assurances; a higher rate of bonus is paid on whole life assurances. (3) For the policies shown the present rate of interim bonus is 46/– per cent of the sum assured plus 24/– per cent of existing reversionary bonuses. (4) The present rate of interim bonus on endowment assurances is 38/– per cent compound. Whole life assurances do not receive any bonus until the premiums accumulated at 4 per cent compound interest amount to the sum assured. For this reason the with profits sum assured is considerably higher than that of other offices.

and for a representative endowment assurance in columns (4) (5) and (6).

For policy holders who survive to a ripe old age the lesson of the figures is clear; a with-profit policy is much better value than a non-participating policy. The decision whether to secure the relatively high initial cover given by a non-participating whole life (and to a lesser extent, endowment) policy or to plump for the smaller benefit given by a with-profit policy in the event of early death is a matter that each policy holder must decide for himself. The amount payable on the death at age 70 of the holder of a participating whole life policy taken out in 1915 at an annual premium of £25 ranges from £1,614 to £2,218 (a spread of 37 per cent); a non-profit policy on the same terms would provide between £1,124 and £1,431 (a spread of 27 per cent). The sums assured by new whole life non-participating policies range between £1,313 and £1,563, a spread of 19 per cent; for participating policies new sums assured range from £943 to £1,093. (One office gives £1,125 to total abstainers and another, which operates a tontine bonus system is thereby able to give a sum assured of £1,293.)

The amount payable at the maturity of a with-profit endowment assurance effected in 1930 varies between £840 and £971, a spread of 16 per cent. If instead a non-participating policy had been taken out in 1930, the sums assured offered were from £725 to £862, a variation of 19 per cent. Non-participating sums assured now under a twenty-five year term endowment assurance are from £683 to £758, a spread of 11 per cent: for new with-profit contracts the spread is from £566 to £606.

What lessons should the insuring public, which in 1953 took out 630,000 new ordinary policies, learn from this? Given the unquestioned security offered by all the life offices and the substantial new business transacted by nearly all of them, the wide variation between the fixed benefit offered for the same premium suggests that competition between the offices is less of a price leveller than most people suppose. There is also material variation between the actual results shown by the different types of office—mutual, proprietary (including the life departments of the composite offices) and the ordinary branches of the industrial-cum-ordinary offices—as well as between offices in each category.

When participating policies now being issued mature for payment several decades hence, actual results from them will depend upon bonus rates still to be declared. Broadly the bonuses paid by the life offices reflect the trends of mortality and of net interest rates, but some offices are habitually more successful than others in beating the average. For whole life assurances (excluding special abstainers' sections) five out of the six offices that shared the best results five years ago are again in the first six in Table II. Of these all except one are mutual offices. For endowment assurances, where the results are more closely bunched, seven out of the eight leaders in 1950 (again excluding abstainers' sections) head the list again—and all but one of them are mutual offices. Current rates of interim bonus suggest that the order of merit five years hence may not be much changed, although there may then be one or two newcomers near the head of the table.

High bonuses depend on high net yields on the invested life funds of the offices. Bonus rates have generally recovered to near the level of the peak bonuses paid between the wars. Barring a major economic crisis, further increases can be expected as the average yield on the funds comes to reflect the growing proportions of total investments at post-1951 interest rates and in equity shares.

Insurers as Investors

GILT-EDGED securities on the Stock Exchange turned downwards before the end of 1954, but for last year as a whole insurance investment portfolios prospered and investment reserves received handsome reinforcement—so handsome that the offices will have been able to face the fall in fixed-interest stocks this year with equanimity. Assets divided at the end of 1953 between gilt-edged, other fixed interest, and ordinary shares in the proportions shown in Table III, would, on the basis of the Actuaries' Investment Index, have appreciated last year by about 6½ per cent. The corresponding figure for 1953 would have been about 5½ per cent.

Two outstandingly good years have thus followed a period of almost continuous erosion of fixed-interest security values. They reached a peak at the end of 1946, when 2½ per cent Treasury stock was on tap at par, and did not touch bottom until June 1952. By the end of 1952 the investment reserves of many offices had been heavily depleted, but most offices now have comfortable margins in hand between the book and market values of their assets. At the end of last year the margin was likely to have exceeded—and for those offices with an above-average stake in equities considerably exceeded—10 per cent. Depreciation of fixed-interest stocks this year has been of the order of 10 per cent. But appreciation of ordinary shares has been about 15 per cent and since they hold more than a quarter of their total assets in mortgages, property, and cash the insurance companies have probably not suffered an average depreciation this year of more than about 2½ per cent on the market value of their assets.

Such a generalisation lumps together the life and non-life investments and assumes that they are all invested in this country. It thus considerably over-simplifies. The composition of life and annuity assets differs appreciably from that of the non-life assets which include the reserves, both hypothecated and free, held in the fire, accident and marine insurance funds, and also the capital and capital reserves. Sound investment policy in life and annuity assurance requires a calculated spread of maturing assets which is consonant with the pattern of maturing obligations to pay capital sums under life policies and to make periodical payments under annuity contracts, including assured staff pension schemes. Portfolios also normally include a substantial stake in irredeemable assets—fixed-interest stocks, ordinary shares and freehold property.

Non-life liabilities are relatively short term and the incidence of claims is much less amenable to accurate prediction than is human mortality. The fire at the General Motors plant at Livonia, Detroit, in 1953 that cost British and American insurers some $30 million, and the exceptionally severe American hurricanes of last year that caused insured losses of nearly ten times that amount, are sharp reminders

TABLE III.—DISTRIBUTION OF INSURANCE ASSETS
TOTAL CONSOLIDATED ASSETS OF 44 OFFICES

Class of Asset	1952	1953		1954	
	per cent	£m	*per cent*	£m	*per cent*
Mortgages, including policy loans	*12·2*	435·8	*12·4*	471·5	*12·4*
British Government and Government guaranteed securities	*30·6*	1,068·1	*30·3*	1,098·8	*28·8*
British Municipal and County and Overseas Government and Municipal securities	*10·9*	368·3	*10·5*	379·1	*10·0*
Debenture stocks	*11·4*	419·6	*11·9*	489·2	*12·8*
Preference shares	*7·0*	244·5	*6·9*	273·3	*7·2*
Ordinary shares	*11·5*	420·0	*11·9*	517·0	*13·6*
Other investments	*1·4*	46·0	*1·3*	45·7	*1·1*
Property	*7·1*	260·9	*7·4*	283·7	*7·4*
Cash, agents' balances, etc.	*7·9*	260·6	*7·4*	256·4	*6·7*
Total Assets of 44 Offices	***100·0***	**3,523·8**	***100·0***	**3,812·7**	***100·0***

TABLE IV.—PERCENTAGE DISTRIBUTION OF LIFE, ANNUITY AND CAPITAL REDEMPTION ASSETS OF 42 OFFICES—END 1954

Company	Mortgages, including Policy Loans	British Government Securities	Home and Overseas Government and Municipal Securities	Debenture Stocks	Preference Shares	Ordinary Shares	Other Investments	Property	Cash, Agents Balances, etc.
15 Mutual Life Offices									
Equitable	13·7	19·2	6·9	19·3	6·7	13·1	10·7	8·1	2·3
Friends' Provident (*a*)	25·3	14·3	1·6	19·3	7·0	14·0	6·4	9·0	3·1
London Life	15·5	36·0	5·3	9·2	6·0	16·4	...	9·8	1·8
Marine & General	11·3	19·6	0·8	10·7	15·1	25·3	...	13·1	4·1
National Mutual	15·2	16·7	2·6	18·0	13·8	20·8	...	9·9	3·0
National Provident	12·9	13·2	3·7	15·9	16·4	23·9	0·1	10·9	3·0
Norwich Union	47·1	13·5	6·9	5·3	1·6	5·2	5·1	12·1	3·2
Provident Mutual	5·1	31·3	4·6	15·8	14·4	21·6	...	2·2	5·0
Scottish Amicable	11·8	46·2	3·9	12·2	7·1	12·7	0·1	2·6	3·4
Scottish Equitable	23·8	22·9	1·6	13·2	10·1	24·0	...	1·0	3·4
Scottish Mutual	13·8	23·6	2·4	11·4	17·1	17·8	2·2	7·2	4·5
Scottish Provident	8·8	35·0	4·7	15·4	11·6	16·6	0·1	5·3	2·5
Scottish Widows'	6·1	32·3	2·2	10·3	15·3	29·0	0·5	2·8	1·5
Standard	7·6	22·6	9·1	22·5	10·3	19·7	6·0	0·7	1·2
UK Provident	11·3	13·6	10·8	5·5	7·9	25·3	0·3	23·1	2·2
Average	17·8	23·6	5·7	13·7	9·1	17·4	3·2	7·0	2·5
4 Proprietary Life Offices									
Clerical, Medical & General	23·1	10·6	0·4	3·7	4·4	21·1	14·5	18·4	3·8
Equity & Law	7·2	22·3	1·9	15·2	12·2	23·7	10·3	5·0	2·2
Scottish Life	13·0	19·7	0·4	16·7	19·5	26·3	...	1·5	2·9
Sun Life	28·2	28·0	3·1	26·5	3·2	7·2	...	1·7	2·1
Average	21·4	23·4	2·2	19·7	6·8	14·6	4·5	4·9	2·5
7 Industrial-cum-Ordinary Life Offices									
Britannic	26·5	39·0	5·3	3·7	3·7	16·8	0·1	1·7	3·2
Co-operative (*b*)	22·5	38·8	2·8	3·5	7·2	12·0	2·2	8·4	2·6
Pearl (*b*)	2·8	39·1	11·2	14·0	7·2	17·2	0·1	5·2	3·2
Prudential (*b*)	5·6	39·8	5·8	14·8	7·0	14·2	0·2	9·9	2·7
Refuge	17·7	36·5	5·6	13·2	12·9	10·0	0·6	1·3	2·2
Royal London	8·5	39·1	4·5	10·9	15·0	17·1	...	2·8	2·1
Wesleyan & General	30·9	35·2	5·3	7·0	11·4	3·2	...	4·9	2·1
Average	9·9	39·1	6·1	12·3	8·1	14·2	0·4	7·2	2·7
16 Composite Offices (*c*)									
Alliance	10·8	51·2	5·3	30·6	8·4	8·8	...	1·9	3·0
Atlas	17·5	23·2	2·3	16·7	10·8	15·9	0·2	10·3	3·1
Caledonian	17·7	29·8	3·1	8·7	7·9	25·1	...	4·1	3·6
Commercial Union	12·6	28·3	4·6	20·2	11·6	11·6	...	8·8	2·3
Eagle Star	12·9	38·0	4·5	7·8	6·6	19·2	...	8·8	2·2
Guardian	31·2	11·2	0·8	12·3	10·3	19·9	...	10·3	4·0
Law Union & Rock	22·9	31·7	7·1	11·3	9·4	10·0	...	5·1	2·5
Legal & General (*b*)	19·5	17·8	5·7	9·5	4·2	8·5	0·2	28·8	5·8
Liverpool & London & Globe	8·5	42·3	5·4	19·3	3·7	15·0	...	3·6	2·2
London Assurance	33·8	18·7	1·9	11·7	8·4	17·4	...	5·2	2·9
North British & Mercantile	25·1	41·8	8·6	6·5	3·3	9·0	1·1	1·0	3·6
Northern	20·1	16·5	5·4	21·8	10·3	20·4	...	1·0	4·5
Phoenix	20·7	30·6	4·9	14·8	6·4	14·5	...	5·3	2·8
Royal	11·5	44·6	10·4	15·7	2·6	13·3	...	0·7	1·2
Royal Exchange	13·6	16·4	2·6	38·2	6·9	12·8	...	6·0	3·5
Yorkshire	19·7	42·6	2·0	2·2	1·7	9·1	9·8	9·1	3·8
Average	18·2	27·5	5·3	13·4	6·0	12·5	0·6	12·7	3·8
Average of 42 Offices	**14·3**	**32·1**	**5·6**	**13·3**	**7·7**	**14·5**	**1·3**	**8·3**	**2·9**

(*a*) Excluding Century assets. (*b*) Including fire, accident, etc., assets (which in no case exceeded 5 per cent of the total assets) (*c*) Excluding capital redemption assets.

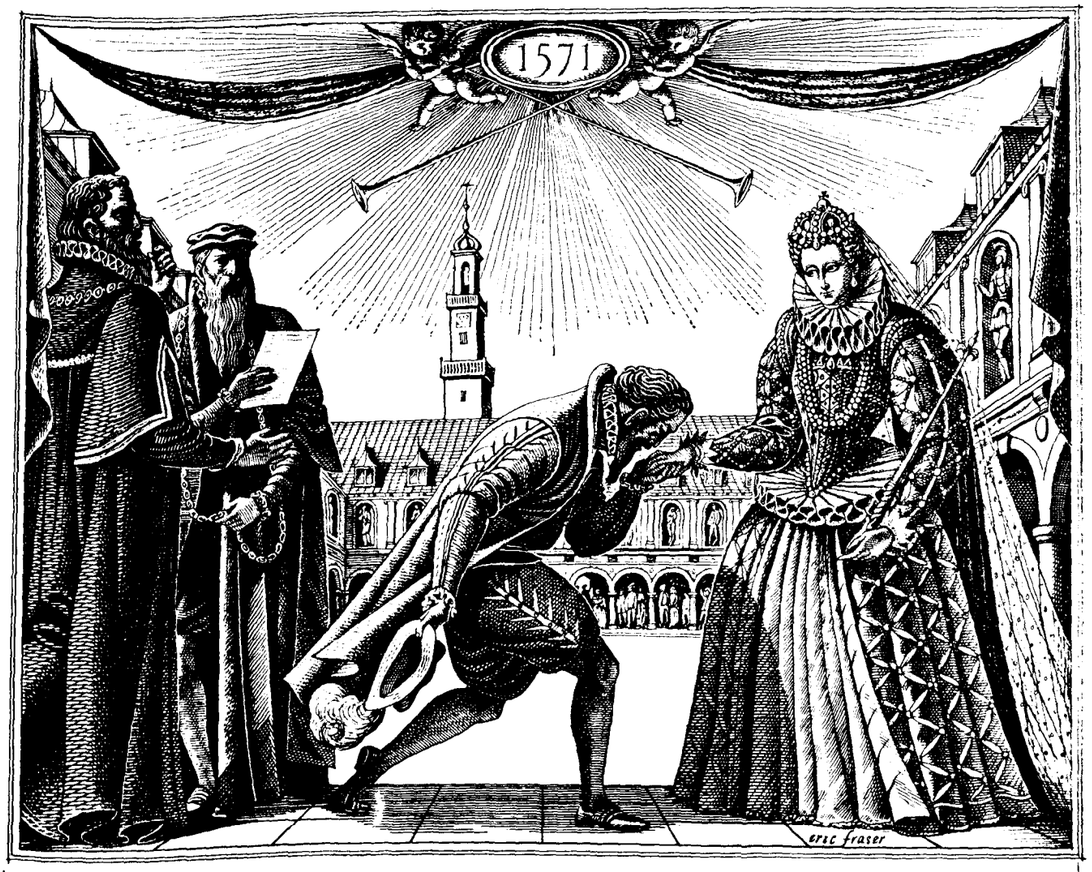
TABLE V.—PERCENTAGE DISTRIBUTION OF ASSETS OTHER THAN LIFE AND ANNUITY ASSETS OF 16 OFFICES—END 1954

Company	Mortgages, including Policy Loans	British Government Securities	Home and Overseas Government and Municipal Securities	Debenture Stocks	Preference Shares	Ordinary Shares	Other Investments	Property	Cash Agents' Balances, etc.
Alliance	12·9	21·6	10·9	8·0	5·4	7·0	0·1	6·0	28·1
Atlas	7·5	10·4	26·3	9·5	1·7	6·5	0·3	4·7	33·1
Caledonian	...	18·2	20·6	10·0	3·3	3·6	...	2·9	41·4
Commercial Union	2·6	12·9	26·0	12·0	7·1	11·8	...	3·5	24·1
Eagle Star	6·0	5·9	13·3	7·1	5·0	30·2	...	8·0	24·5
Employers' Liability	...	6·4	47·0	12·7	1·2	7·4	1·4	2·4	21·5
Guardian	8·3	9·2	16·1	11·9	4·4	11·4	...	5·5	33·2
Liverpool & London & Globe	2·1	9·6	50·2	8·1	4·2	8·1	...	0·6	17·1
London & Lancashire	3·1	10·8	34·8	7·1	5·3	6·3	...	4·1	28·5
London Assurance	4·5	13·0	17·1	14·1	4·7	12·6	3·3	4·7	26·0
North British & Mercantile	1·5	17·4	31·0	10·9	5·2	7·2	2·2	1·4	23·2
Northern	1·6	20·1	20·0	11·7	4·6	12·0	...	2·3	27·7
Phoenix	3·1	10·1	25·7	16·9	6·8	8·2	0·3	6·1	22·8
Royal	1·6	14·9	45·6	8·2	3·8	8·0	0·4	2·4	15·1
Royal Exchange	4·7	29·5	20·7	9·7	2·0	4·1	0·4	2·1	26·8
Yorkshire	5·9	16·0	21·8	8·4	4·8	7·3	...	5·2	30·6
Average of Non-Life Assets of 16 Offices	**3·5**	**14·0**	**29·8**	**10·6**	**4·6**	**9·3**	**0·5**	**3·5**	**24·2**

TABLE VI.—RATES OF INTEREST PER CENT, LIFE AND ANNUITY FUNDS OF 42 OFFICES

Company	Gross			Net		
	1952	1953	1954	1952	1953	1954
Mutual						
Equitable	4·92	5·08	5·27	4·06	4·12	4·22
Friends' Provident	5·51	5·88	6·29	4·42	4·98	5·19
London Life	4·69	4·83	4·98	3·42	3·56	3·80
Marine & General	4·85	4·91	5·24	4·00	4·31	4·42
National Mutual	5·16	5·48	5·58	4·00	4·20	4·27
National Provident	6·36	6·32	6·54	4·74	4·75	4·95
Norwich Union	4·55	4·58	4·63	4·02	4·04	4·09
Provident Mutual	4·79	4·84	5·15	3·82	3·83	4·02
Scottish Amicable	4·99	5·07	5·03	4·33	4·32	4·37
Scottish Equitable	5·19	5·40	5·75	4·10	4·25	4·55
Scottish Mutual	5·07	5·24	5·45	4·16	4·14	4·39
Scottish Provident	5·02	5·32	5·65	3·99	4·16	4·41
Scottish Widows'	5·35	5·72	6·07	4·18	4·29	4·48
Standard	4·50	4·75	4·91	4·12	4·29	4·46
United Kingdom Provident	5·86	5·99	6·36	4·29	4·34	4·64
Average	5·12	5·29	5·53	4·11	4·24	4·42
Proprietary						
Clerical, Medical & General	5·11	5·25	5·40	3·91	4·01	4·16
Equity & Law	5·88	5·76	6·19	4·93	4·84	5·30
Scottish Life	4·79	4·96	5·26	4·17	4·34	4·46
Sun Life	4·22	4·39	4·51	3·48	3·58	3·58
Average	5·00	5·09	5·34	4·12	4·19	4·38
Industrial-cum-Ordinary (*a*)						
Britannic	4·38	4·50	4·68	3·29	3·34	3·43
Co-operative	4·09	4·16	4·37	3·37	3·35	3·48
Pearl	4·76	4·84	5·22	3·67	3·72	3·97
Prudential	4·59	4·84	5·08	3·97	4·14	4·30
Refuge	4·38	4·53	4·71	3·43	3·49	3·62
Royal London Mutual	4·35	4·55	4·78	3·41	3·49	3·65
Wesleyan & General	4·20	4·39	4·48	3·55	3·58	3·70
Average	4·39	4·54	4·76	3·52	3·59	3·74
Composite						
Alliance	4·45	4·62	4·80	3·06	3·18	3·25
Atlas	4·62	4·85	5·00	4·08	3·79	4·15
Caledonian	4·54	4·79	4·84	3·47	3·55	3·64
Commercial Union	4·34	4·52	4·76	3·48	3·51	3·65
Eagle Star	4·73	4·95	4·99	3·92	4·03	3·92
Guardian	5·00	5·04	5·46	4·26	4·17	4·35
Law Union & Rock	4·31	4·38	4·57	3·51	3·59	3·77
Legal & General	4·39	4·52	4·65	3·92	4·00	4·03
Liverpool & London & Globe	4·51	4·66	4·91	3·20	3·37	3·61
London Assurance	4·58	4·64	4·81	3·41	3·51	3·60
North British & Mercantile	4·15	4·22	4·46	2·95	3·18	3·25
Northern	4·46	4·73	4·93	3·48	3·60	3·90
Phoenix	4·58	4·72	4·88	3·22	3·35	3·43
Royal	4·25	4·32	4·63	3·47	3·51	3·77
Royal Exchange	4·85	5·15	5·32	3·60	3·80	3·97
Yorkshire	4·45	4·52	4·67	3·92	3·98	4·17
Average	4·51	4·66	4·86	3·56	3·63	3·78
Average of 42 Offices	**4·76**	**4·91**	**5·13**	**3·80**	**3·89**	**4·06**

(*a*) Excluding industrial life funds.



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that insurers need to hold substantial funds in quick assets in their non-life departments. Sufficient assets to cover all local liabilities are retained in many of the countries where British insurers operate, either to comply with national laws or as a matter of prudence in these days of exchange control. In the United States—by far the most important overseas market—considerable free reserves are held in addition to the stringent statutory reserves. Americans look for a substantial "policyholder's surplus" to back their policies.

Tables IV and V bring out the difference between the mode of investment used for the life and annuity assets and for the non-life assets of a large sample of the leading offices. Nearly 30 per cent of non-life assets were held at the end of last year in overseas government securities and nearly a further 25 per cent in cash and balances at home and abroad. By way of contrast, only 2.9 per cent. of the life and annuity assets of the offices included in Table IV were in cash or its equivalent; stock exchange investments held for life and annuity accounts have a considerably longer average maturity date than those held against non-life liabilities.

It is on investment in ordinary shares, however, that public interest is concentrated. The contrast between the behaviour of equities and of fixed-interest stocks during the past ten years of inflation is striking. Between the end of 1946 and the end of 1954 2½ per cent Consols depreciated by 32.9 per cent and 3 per cent Savings Bonds 1965-75 by 15.4 per cent despite the continual shortening of the life of this stock. Over the same period ordinary shares as measured by the Actuaries Index appreciated by 25.8 per cent. It happens however that all and more than all that appreciation took place in 1953 and 1954; at the end of 1952, the index recorded a depreciation in ordinary shares of 19.3 per cent on end-1946 prices. Since the end of the war, at least, the old objections to the investment of more than a modest proportion of insurance assets in ordinary shares because of the larger swings in market value to which they were supposedly subject have had no justification. Table VII demonstrates that over a period that has seen crises in the British economy in full measure, market prices of equities have, on the downside, been just as steady as those of perpetual fixed interest stocks and the differences on the upswing speak for themselves.

There are thus good reasons for the insurance companies to use equities for a sizeable proportion of their life and annuity investments and for that part of non-life assets that can safely be invested long; here it is worth noting that accident business does not carry the same catastrophe risk as fire and marine insurance. Moreover, most offices have a large excess of non-life assets and capital above all conceivable liabilities. The policy of freer investment in ordinary shares that has been followed by the insurance companies for some time past has not been the result of the vociferous advice so freely given from observers on the sidelines. To that the life offices' associations very properly retorted that "some people appear to think it follows that because life assurance offices have money to invest and because a particular industry needs capital the two should be thrown together without any further consideration. This does not follow, although the offices are prepared to consider any investment which stands up to examination on its own merits."

Investment in industrial ordinary shares by the insurance companies has indeed gone steadily up both absolutely and as a proportion of the total assets. Table VIII shows that the total assets of the offices covered by Tables III to V increased during the past five years by £1,083 million. Their stake in ordinary shares rose over the same period by £240.1 million—at book values. A factor which no doubt helped last year to swell the insurance holdings of industrial equities was the heavy programme of sales of the ordinary shares of the nationalised steel companies by the Iron and Steel Holding and Realisation Agency, which held back nearly all its prior charge offers to be dealt with later. But as it is the practice of nearly all the offices to write down their investments to market value if the necessity arises but not to write them up when they recover, a revaluation of assets of the offices under review would certainly reveal a considerably higher stake in ordinary shares for 1953 and 1954 both absolutely and relatively to the total assets than the table suggests. The aggregate assets of these 44 offices amounted to £3,812.7 million at the end of last year; this may be compared with total investments for British insurance offices, as recently reported by Mr J. W. J. Levien,

TABLE VII.—SECURITY PRICE TRENDS

Year	Equities	2½% Consols	Debentures*	Preference
	%	%	%	%
1946	+ 18·1	+ 8·3	+ 8·1	+ 14·7
1947	− 2·7	− 16·8	− 6·7	− 7·9
1948	− 4·0	− 2·5	+ 1·2	− 2·2
1949	− 13·9	− 11·8	− 9·3	− 19·1
1950	+ 6·4	+ 0·7	+ 0·8	+ 3·8
1951	+ 2·4	− 13·4	− 13·5	− 11·8
1952	− 4·2	− 4·8	− 2·1	− 2·2
1953	+ 16·0	+ 9·3	+ 8·0	+ 7·1
1954	+ 34·5	+ 3·2	+ 5·9	+ 5·9

Source: Actuaries Investment Index. * Irredeemable stocks.

TABLE VIII.—THE GROWTH OF INSURANCE FUNDS

Year	Life, Annuity and Capital Redemption Assets of 42 Offices			Assets other than Life and Annuity Assets of 16 Offices			Total Consolidated Assets of 44 Offices		
	Ordinary Shares	Total Assets	Percentage of Total Assets	Ordinary Shares	Total Assets	Percentage of Total Assets	Ordinary Shares	Total Assets	Percentage of Total Assets
	£ mn.	£ mn.	%	£ mn.	£ mn.	%	£ mn.	£ mn.	%
1949	238·9	2,234·3	10·7	38·0	495·8	7·7	276·9	2,730·1	10·1
1950	262·6	2,379·9	11·0	41·8	539·7	7·7	304·4	2,919·6	10·4
1951	292·1	2,527·2	11·6	46·1	581·3	7·9	338·2	3,108·5	10·9
1952	328·3	2,675·9	12·3	49·4	613·4	8·1	377·7	3,289·3	11·5
1953	368·2	2,882·1	12·8	51·8	641·7	8·1	420·0	3,523·8	11·9
1954	453·4	3,128·2	14·5	63·6	684·5	9·3	517·0	3,812·7	13·6

retiring chairman of the British Insurance Association, of £4,146.1 million at end-1954.

During 1954 the holdings of ordinary shares of the 44 offices rose by £97 million—more than double the rate of new equity investment of 1953 when holdings of ordinary shares rose by £42.3 million. The 1954 figure is, however, inflated by an amount of £8 million by which the Prudential wrote up the book value of its ordinary share portfolio in order to release funds to strengthen the actuarial reserves. The total for ordinary shares has also been affected by the operations of the National Mutual Life, which revalues its assets each year at current market prices and carries the resulting differences to and from a published investment reserve and must therefore have been writing up its ordinary shares. In some other years, apart from the book-keeping operations of that office, there has probably been some writing down of the book values of equities by other offices. As the increase in total assets last year was £288.9 million, as much as 30.8 per cent of the new money (after allowing for the £8 million write up by the Prudential) went into equities. The year before, 18.0 per cent of the new money was put into ordinary shares. The acceleration of the movement into equities on the non-life side of the business goes a long way towards explaining the buoyancy of the interest income, analysed in Table IX below, and summarised in a five-year comparison in Table XII on page 15.

It similarly accounts in large measure for the further rise in the average return on the life and annuity assets of the offices included in Table VI from 4.91 per cent gross in 1953 to 5.13 per cent gross last year. The corresponding average net yields were 3.89 per cent and 4.06 per cent (the first time since 1937 that the net return has exceeded 4 per cent). The life business of the offices is taxed at 7s. 6d. in the £ assessed, broadly, on the interest income from the reserves held against life assurance liabilities, less expenses; the incidence of total tax depends on the relationship between the interest income from the annuity reserves and the annuities being paid. An annuity fund "in balance" pays tax on profits but not on interest income. The effective burden of tax thus varies materially between the offices and between year and year in the same office. Nearly all the offices showed higher yields last year than in 1953. The specialist life offices, some of which are mutual and some proprietary, showed gross yields last year varying from 6.54 per cent to 4.51 per cent and net yields from 5.30 per cent to 3.58 per cent. These offices consistently earn more than the industrial-cum-ordinary and composite offices in which the range of gross yields was from 5.46 per cent to 4.37 per cent and of net yields from 4.35 per cent to 3.25 per cent. If, as might be more meaningful, the current market value of the life and annuity assets were used instead of book values the average yield shown for 1954 would be reduced, perhaps by one tenth. For some offices the reduction would be larger.

TABLE IX.—INSURANCE EARNINGS AND DIVIDENDS 1954

Company	Total Premium Income*	Underwriting Profits				Interest Earnings and Dividends			Proportion of Premiums covered by Reserves*†	Ordinary Shares	
		Net Trading Surplus*	Ratio to Premium Income*	Surplus Transferred from Life Business	Total Net Trading Surplus	Net Interest Earnings‡	Net Ordinary Dividends	Proportion of Net Dividends covered by Net Interest Earnings*		Price, July 11, 1955	Yield, per cent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	£	£	per cent	£	£	£	£	per cent	per cent		£ s. d.
Alliance	14,301,704	502,236	3·5	82,186	584,422a	503,455	507,719	99·2	146·6	87 6	3 14 3
Atlas	9,474,953	116,533	1·2	18,814	135,347b	263,135	217,250	121·1	116·9	4 9/16	3 16 9
Caledonian	7,362,824	29	...	16,818	16,847	166,881	134,234	124·3	82·7	35 –	3 18 7
Commercial Union	51,827,711	1,471,076	2·8	89,515	1,560,591c	1,799,134	1,333,400	134·9	115·1	4 9/16	3 13 1
Eagle Star	12,509,982	39,385	0·3	68,555	107,940d	552,262	358,344	154·1	127·7	f.p. 71	3 13 4
Employers' Liability	26,897,690	439,501	1·6	55,815	495,316e	541,935	283,750	191·0	72·6	6⅝	3 15 6
General Accident	43,748,578	616,692	1·4	11,988	628,680f	986,982	476,719	207·0	73·5	12¼	3 1 10
Guardian (u)	15,470,562	177,045	1·1	48,374	225,419g	575,338	269,662	213·4	100·7	12⅝	2 19 5
London Assurance	16,527,122	185,356	1·1	25,668	211,024	491,144	328,519	149·5	118·3	65 9	3 10 7
London & Lancashire	27,733,262	– 150,896	– 0·5	24,150	– 126,746h	804,142	700,567	114·8	105·7	9	3 17 9
North British & Mercantile	23,335,913	– 171,570	– 0·7	91,786	– 79,784	959,673	665,500	111·2	158·2	15¼	3 12 9
Northern	23,749,929	13,079	0·1	31,254	44,333i	557,187	264,450s	210·7	107·8	39	2 16 5
Norwich Union	15,151,139	214,381	1·4	...	214,381k	321,589	193,600	166·1	90·1	(t)	...
Phoenix	31,615,382	– 9,358	...	62,510	53,152	909,798	577,875	157·4	78·3	25¾	3 17 8
Prudential (v)	12,036,671	409,055	3·4	29,320	438,375l	321,310	200,000	160·7	89·6	B.'p.p. 8½	3 1 5
Royal (including Liverpool & London & Globe)	76,842,677	1,704,666	2·2	95,000	1,799,666m	2,355,217	1,905,143	123·6	101·2	96 3	3 2 4
Royal Exchange	26,016,542	194,595	0·7	82,127	276,722n	680,976	402,562	169·2	103·4	8	3 2 6
Scottish Union & National	8,349,732	– 174,541	– 2·1	24,122	– 150,419o	259,853	132,000	196·9	127·1	A.'p.p.10¾	3 14 5
Sun	15,784,462	415,362	2·6	...	415,362p	503,540	363,000	138·7	108·6	7¾	3 14 8
Yorkshire	14,042,553	113,984	0·8	38,378	152,362q	321,192	160,875	199·7	86·0	p.p.15½	3 2 11
Total 20 Offices	**472,782,902**	**6,106,610**	**1·3**	**896,380**	**7,002,990**	**13,874,743**	**9,475,169**	**146·4**	**102·8**	...	...

* Excluding life, annuity and capital redemption business. † "Reserves" include share capital, all free reserves and the underwriting and additional reserves maintained for fire, accident and marine insurance. ‡ After debenture interest and preference dividends. (a) Before £530,000 to general reserve. (b) Before £47,737 to capital, investment and contingencies reserves. (c) Before £500,000 to contingencies and taxation reserve. (d) Before £260,000 to general and subsidiary's reserves. (e) Before £499,317 to general and contingencies reserves. (f) Before £500,000 to general reserve. (g) Before £483,494 to general and capital reserves. (h) After contribution of £1,046,307 to staff pension fund and tax relief thereon. (j) Before £320,000 to investment and contingency reserve. (k) Before £300,000 to general reserve. (l) Before £335,000 to investment reserve and branch contingency fund. (m) Before £4,500,000 to general reserve. (n) Before £501,026 to general reserve and £196,978 capitalised. (o) Before £375,130 from contingencies reserve and £19,593 to general reserve. (p) Before £75,000 to general reserve. (q) Before £235,344 to general reserve; in addition £150,000 released from taxation and dividend reserves and transferred to general reserve. (r) General branch only, *i.e.*, all business other than ordinary and industrial life; three-quarters of the profits belong to the "B" shareholders and one-quarter to the "A" shareholders. (s) Including £21,450 participating element of participating preference dividend. (t) Shares held by Norwich Union Life Insurance Society. (u) The 1954 consolidated accounts include, for the first time since 1938, the figures of the Albingia Insurance Company of Hamburg. The premium income of this company last year was £3,576,000.

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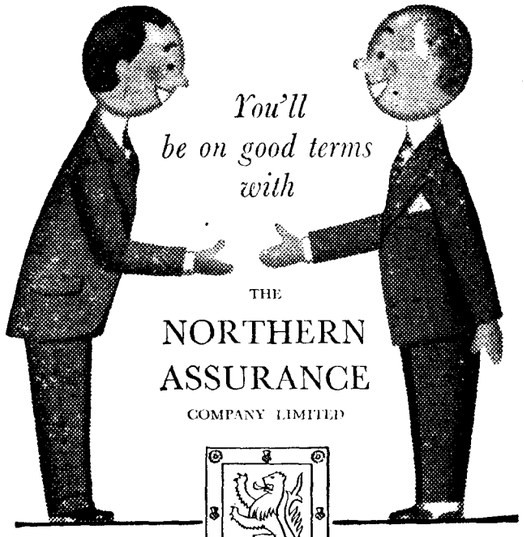

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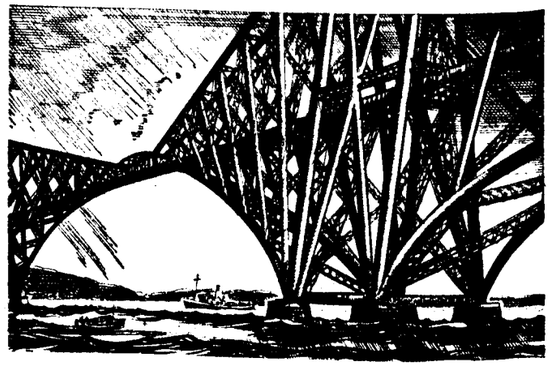

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Underwriters Withstand Storms

FEW people inside the insurance business would have predicted that when the balance of the 1954 fire and accident accounts was struck dividends would be increased right across the board. Only two out of the twenty leading offices included in Table IX failed to pay more in ordinary dividends for 1954 than for 1953; and the shares of one of these, the Norwich Union Fire, are all owned by the Norwich Union Life; the Fire office could easily have paid more last year. The Royal Exchange maintained the 1953 dividend (allowing for a one-for-one free scrip issue) on capital that had been further increased during 1954 by a rights issue. Yet last year saw in addition to the normal run of losses three severe hurricanes that worked great havoc in quick succession in North America, destructive earthquakes in South Australia and elsewhere, and unusually heavy frost damage at home. With their worldwide business, British insurers were heavily involved in the resulting tens of thousands of claims. The impact upon the fire accounts of these heavy payments, as Table XI shows, was uneven between the different companies.

The essence of sound underwriting is a wide spread of risk both geographically and by type—coupled with full use of re-insurance to limit the possible loss to any one underwriter that can arise from any single event. Last year's underwriting results are a good illustration of the success with which most insurance companies balance their portfolios of business to redress sharp setbacks in particular catastrophies. This comfortable precedent was followed to such good effect that the net underwriting profits of the twenty leading offices included in Table IX were £6.1 million, compared with £7.2 million in 1953 (and £8.0 million in 1949, which was a bumper year). These profits (which exclude transfers from life, annuity and capital redemption accounts) are struck after charging all outgoings including pension contributions and taxation but before transfers to free reserves. Expressed as a proportion of the fire accident and marine premium income, net underwriting profits were 1.3 per cent last year compared with 1.6 per cent in 1953.

Fire insurance is something of a misnomer. Besides "straight" fire insurance—including cover against consequential loss of profits—it also covers insurance against frost and flood damage, hail, windstorm and earthquake. Profits from straight fire insurance are tending towards stability. The body of statistical information about the incidence of fires accumulated over the years, the advice that insurers give about the best fire-resisting practice in building, and in the safest way of storing goods and carrying out industrial processes, together with the special rates offered to industry where sprinklers and similar devices are installed, all help towards that stability. But the devastating fire at the General Motors plant at Livonia, Detroit, in August, 1953, showed that caution and skill are required to earn consistent profits even from straight fire insurance.

Within limits, it is also possible to assess the incidence over a period of years of frost and flood damage to insured property at home and abroad. The problem of collecting premiums sufficient to pay for hurricane losses in North America is, however, more intractable. The depredations last year of the three vicious maidens, Carol, Edna, and Hazel, were serious and widespread; the last of the trio, Hazel, swept on into Canada and did substantial damage there. Total insured losses are put at about $300 million. Earthquakes, the least predictable of all natural hazards, caused substantial damage in places as far apart as Algeria and Adelaide. Exceptional floods occurred in India, the Danube basin and some parts of Australia. A study is being made by the World Meteorological Organisation (a body sponsored by the United Nations) of the possible effects upon the weather of atomic explosions; whatever the reason for last year's catalogue of natural disasters, insurers have had to pay up and try to look cheerful.

Windstorm cover in North America is business that insurers would be happy to do without, but they cannot in a competitive market refuse demands from present and prospective policyholders for extension of their fire policies. There is a brighter side even to the gloomy picture presented by the large deficit on the extended coverage section of the North American fire account last year. Rates of premium for this type of insurance are being increased and there will no doubt be a larger demand for cover. If the incidence of hurricane damage in 1955 is normal—which will still mean that substantial claims will have to be met for windstorm damage—American "fire" business as a whole should be profitable again.

Accident insurance was long the Cinderella of the business because of the persistent drag of motor insurance, which accounts for more than half of the total accident department premium income. But in 1954 accident profits, expressed as a percentage of the year's premium income, exceeded those of any other postwar year except 1949. In total, last year's profits were by a considerable margin the largest ever earned from accident insurance. Results from motor insurance abroad, and particularly in the United States, were better than in 1953 when they managed to get out of the red only by a narrow margin. Employers' liability insurance also contributed to the consistently profitable result, as did the other types of business included in the accident account, burglary, personal accident, public liability, and several minor classes. The underwriting profit of the twenty-four leading offices was £13.8 million (5.2 per cent of the year's premium income) compared with £10.9 million in 1953 (4.4 per cent of premiums) and £3.7 million in 1952 (1.6 per cent). Accident claims costs are sensitive to the pressure of inflation but premium rates cannot be as quickly adjusted as in the fire department.

Although separate figures for motor insurance experience at home and abroad are not published, the tenor of chairmen's speeches for some time has been that the business (at best it yields only a meagre return anywhere) is even less profitable at home than it is abroad. It will not be surprising if home premium rates are shortly increased.

The insurance companies may hope that this year's accident underwriting profits will match the 1953-54 level, and that fire department profits should recover to around 10 per cent of premiums—the average of recent years. The experience of the postwar years suggests that neither Acts of God nor the carelessness of man are likely to produce claims that cut profits to the bone. The one occurrence that has savaged underwriting profits has been the early stages of a bout of inflation, when premiums lag far behind claims.

TABLE X.—FIRE AND ACCIDENT SUMMARY

	Fire								Accident and Miscellaneous							
	1951		1952		1953		1954		1951		1952		1953		1954	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	£000's		£000's		£000's		£000's		£000's		£000's		£000's		£000's	
Claims	73,173	43·0	79,882	43·3	85,447	46·0	91,889	48·6	114,713	57·7	129,118	56·1	139,758	55·6	148,880	55·8
Commission	37,527	21·5	40,001	21·7	40,503	21·8	41,829	22·1	36,269	18·2	42,185	18·3	45,054	17·9	47,511	17·8
Expenses and overseas taxes	37,416	21·4	41,446	22·4	42,672	22·9	43,555	23·0	36,699	18·4	42,343	18·4	46,938	18·7	51,045	19·1
Increase in reserve for unexpired risk	8,657	5·0	4,527	2·5	694	0·4	1,346	0·7	10,666	5·4	12,991	5·6	8,593	3·4	5,597	2·1
Profit	17,664	10·1	18,724	10·1	16,600	8·9	10,618	5·6	533	0·3	3,747	1·6	10,918	4·4	13,774	5·2
Premiums	**174,437**	**100·0**	**184,580**	**100·0**	**185,916**	**100·0**	**189,237**	**100·0**	**198,880**	**100·0**	**230,384**	**100·0**	**251,241**	**100·0**	**266,807**	**100·0**

TABLE XI.—UNDERWRITING EXPERIENCE OF 24 OFFICES

Company and Year		Fire Insurance—1953–54						Accident and Miscellaneous Insurance—1953–54					
		Premiums	Claims	Per cent of Premiums	Profit	Per cent of Premiums	Fund at end of Year (a)	Premiums	Claims	Per cent of Premiums	Profit	Per cent of Premiums	Fund at end of Year (a)
		£000's	£000's		£000's		£000's	£000's	£000's		£000's		£000's
Alliance	1953	5,876	2,045	34·8	982	16·7	6,200	5,552	2,482	46·4	598	11·2	3,194
	1954	6,214	2,466	39·7	758	12·2	2,486b	5,928	2,705	45·6	649	10·9	2,788b
Atlas	1953	5,833	2,760	47·3	587	10·1	3,333	2,576	1,389	53·9	197	7·6	1,030
	1954	5,951	2,924	49·3	435	7·3	3,372	2,808	1,491	53·1	250	8·9	1,125
Caledonian	1953	3,187	1,605	50·3	219	6·9	2,150	3,510	1,995	56·8	34	1·0	1,404
	1954	3,094	1,584	51·2	143	4·6	2,063	3,802	2,143	56·4	79	2·1	1,521
Century	1953	2,648	1,256	47·4	128	4·8	1,887	1,585	789	49·8	64	4·0	1,244
	1954	2,613	1,327	50·8	163	6·2	1,847	1,841	912	49·5	29	1·6	1,617
Commercial Union	1953	22,055	10,115	45·9	2,360	10·7	19,488	25,960	14,033	54·1	1,777	6·8	17,007
	1954	22,060	10,552	47·8	1,913	8·7	20,029	27,566	14,986	54·4	2,101	7·6	18,625
Co-operative	1953	1,460	632	43·3	334	22·9	1,083	4,743	2,808	59·2	329	6·9	3,168
	1954	1,574	694	44·1	322	20·5	1,178	5,108	3,147	61·6	303	5·9	3,468
Eagle Star	1953	3,322	1,485	44·7	396	11·9	1,554	6,853	3,665	53·5	253	3·7	2,841
	1954	3,665	1,587	43·3	414	11·3	1,795	7,155	3,871	54·1	246	3·4	2,979
Employers' Liability	1953	2,591	1,092	42·1	139	5·4	1,476	22,472	13,158	58·6	809	3·6	8,113
	1954	3,194	1,419	44·4	– 43	– 1·3	2,126	23,293	12,823	55·1	1,591	6·8	8,427
General Accident	1953	3,637	1,368	37·6	539	14·8	3,375	37,481	20,599	55·0	1,245	3·3	18,192
	1954	4,018	1,635	40·7	510	12·7	3,757	39,187	22,571	57·6	1,064	2·7	19,275
Guardian	1953	4,487	1,911	42·6	675	15·0	2,243	5,227	2,644	50·6	557	10·7	2,352
	1954	5,144	2,199	42·8	700	13·6	2,572	8,518	4,677	54·9	596	7·0	3,833
Legal & General	1953	2,048	771	37·6	202	9·9	1,199	1,380	644	46·7	103	7·4	904
	1954	2,112	810	38·3	178	8·4	1,310	1,481	672	45·4	99	6·7	1,096
London Assurance	1953	7,871	3,633	46·1	519	6·6	3,936	4,898	2,929	59·8	255	5·2	1,959
	1954	8,030	3,938	49·0	149	1·9	4,015	5,242	3,128	59·7	287	5·5	2,097
London & Lancashire	1953	11,185	5,337	47·7	786	7·0	4,474	12,255	7,018	57·3	157	1·3	4,902
	1954	11,200	5,677	50·7	293	2·6	4,480	12,663	7,483	59·1	219	1·7	5,065
North British & Mercantile	1953	16,240	7,812	48·1	963	5·9	10,628	5,077	2,576	50·7	366	7·2	2,098
	1954	16,401	8,670	52·9	60	0·4	10,693	5,368	2,792	52·0	367	6·8	2,215
Northern	1953	8,824	4,137	46·9	686	7·8	4,412	7,776	4,198	54·0	99	1·3	3,888
	1954	9,509	4,566	48·0	151	1·6	4,755	8,772	4,605	52·5	185	2·1	4,386
Norwich Union	1953	6,450	2,771	43·0	743	11·5	3,551	7,013	3,667	52·3	551	7·9	3,053
	1954	6,513	3,031	46·5	401	6·2	3,568	7,474	3,908	52·3	552	7·4	3,299
Pearl	1953	5,354	2,455	45·9	45	0·8	3,444	2,083	1,099	52·8	132	6·3	1,451
	1954	5,064	2,603	51·4	69	1·4	3,474	2,267	1,136	50·1	201	8·9	1,680
Phoenix	1953	11,296	5,267	46·6	920	8·2	5,648	17,683	9,944	56·2	491	2·8	7,074
	1954	11,134	5,972	53·6	135	1·2	5,568	18,307	10,149	55·4	673	3·7	7,323
Prudential	1953	4,374	2,162	49·4	416	9·5	2,075	7,182	3,694	51·4	303	4·2	3,648
	1954	4,296	1,943	45·2	498	11·6	2,054	7,372	4,108	55·7	421	5·7	3,730
Royal (including Liverpool & London & Globe)	1953	31,209	14,869	47·7	2,537	8·1	21,484	39,497	23,943	60·6	694	1·8	20,549
	1954	30,982	15,422	49·8	1,809	5·8	22,393	41,146	24,022	58·4	1,962	4·8	21,209
Royal Exchange	1953	9,541	4,117	43·2	1,179	12·3	4,771	14,188	7,471	52·6	1,106	7·8	5,675
	1954	9,764	4,504	46·1	723	7·4	4,882	14,486	8,092	55·9	920	6·4	5,794
Scottish Union & National	1953	5,500	2,777	50·5	118	2·2	4,500	1,742	947	54·3	69	4·0	873
	1954	5,062	2,890	57·1	– 43	– 0·9	3,985	1,811	990	54·7	79	4·4	908
Sun	1953	6,759	3,153	46·7	648	9·6	2,703	7,315	3,912	53·5	537	7·3	2,926
	1954	7,402	3,498	47·3	490	6·6	2,961	7,380	3,958	53·6	625	8·5	2,952
Yorkshire	1953	4,169	1,917	46·0	479	11·5	2,671	7,393	4,154	56·2	192	2·6	3,151
	1954	4,261	1,978	46·4	390	9·1	2,715	7,932	4,513	56·9	276	3·5	3,383
Total 24 Offices	**1953**	**185,916**	**85,447**	**46·0**	**16,600**	**8·9**	**118,285**	**251,241**	**139,758**	**55·6**	**10,918**	**4·4**	**120,696**
	1954	**189,237**	**91,889**	**48·6**	**10,618**	**5·6**	**118,078**	**266,807**	**148,880**	**55·8**	**13,774**	**5·2**	**128,793**

(a) Reserves for unexpired risks, estimated liability under outstanding accident and disability claims and additional departmental reserves (where maintained). (b) Additional reserves of £3,850,000 in fire insurance account and of £720,000 in accident and miscellaneous insurance account transferred to general reserve.

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Industrial Assurance

Last year industrial assurance funds of the 14 companies—some proprietary and some mutual—and 111 collecting friendly societies that do industrial business passed the £1,000 million mark. Since the end of 1944 these funds have grown from £594 million. The 10 offices included in the table account for more than 90 per cent of the total business, all of it done in the United Kingdom, and among the friendly societies the Liverpool Victoria and the Royal Liver together account for over 80 per cent of the fifth of the industrial assurance market that is claimed by the friendly societies. Nonetheless, the expansion of new industrial assurance business has been slower than that of the ordinary branch. The offices in the table reported new sums assured of £255.8 million, against £249.4 million in 1953 and £242.0 million in 1952.

About three-quarters of all the new business nowadays takes the form of endowment insurance. In that and in other ways the distinction between industrial and ordinary life assurance is steadily narrowing. The offices are giving industrial assurance a new look with the more attractive name "home service insurance." Indeed, the collection of premiums at the door at weekly—or increasingly at monthly—intervals, as opposed to payments through the post or by banker's order, is the only real difference now remaining. The days when the great majority of industrial policies were taken out to avoid a pauper's funeral have long vanished. So far only the Prudential has given its industrial branch policyholders full contractual rights to participate in the profits of their branch. They receive the same proportion, not less than 90 per cent, as do the ordinary branch policyholders. But other offices pay bonuses ex gratia to industrial policyholders, and bonuses last year tended to be higher than in 1953.

Expense ratios, that is the ratio of cost of management including appropriations to staff bonuses and superannuation funds to premium income, are being slowly forced down. They have been one of the points of criticism against industrial assurance. The average ratio was 30.5 per cent for 1953 compared with 30.8 per cent in 1952, while for the collecting societies the ratio was 35.2 per cent for 1953 compared with 38.9 per cent in 1952. The very nature of this business makes wages and salaries a heavy burden, and it is hard to see how the ratio can be pushed much below 30 per cent.

The other feature of industrial assurance that attracts the eye of the critics is the lapse ratio, that is the number of policies forfeited without grant of free policies or payment of surrender values because they have been in force for too short a time, expressed as a percentage of the number of industrial assurances taken up during the year. The ratio was 18.3 per cent for the companies in 1953, the same figure as in 1952, though in 1949 when figures first became available the ratio was 24.3 per cent. For the societies the ratio was 22.1 per cent in 1953 compared with 23.4 per cent in 1952 and 23.2 per cent in 1949.

An unusual event in the industrial assurance world was the marketing at the end of last month of the shares of the Refuge. The capital of this company—the third largest proprietary industrial-cum-ordinary office—has been reorganised into 300,000 A ordinary shares £1 and 600,000 B ordinary shares 10s. ranking *pari passu*, except that the B shares have no voting rights in normal circumstances. Although the shares of the industrial-cum-ordinary offices lack some of the growth characteristics of the shares of the composite offices, they have benefited from the removal at the General Election of the threat of nationalisation or "mutualisation." At the end of April, the yield differential between composite and industrial assurance shares, according to the Actuaries Index, was 1.08 per cent; by the end of June the differential had narrowed to 0.73 per cent.

TABLE XII.—PREMIUMS, PROFITS, INTEREST AND DIVIDENDS—20 OFFICES

Year	Total Premium Income*	Underwriting Profits*		Interest Earnings and Dividends		
		Amount	*Percentage of Premiums*	Net Interest Earnings	Net Ordinary Dividends	*Ratio Interest Earnings to Ordinary Divs.*
	£	£	%	£	£	%
1950 ..	347,359,551	7,254,988	*2·1*	9,434,780	6,328,845	*149·1*
1951 ..	399,404,630	2,975,401	*0·7*	9,913,676	6,495,495	*152·6*
1952 ..	441,391,253	5,451,412	*1·2*	10,621,883	7,309,827	*145·3*
1953 ..	456,715,677	7,226,097	*1·6*	11,815,826	8,080,054	*146·2*
1954 ..	472,782,902	6,106,610	*1·3*	13,874,743	9,475,169	*146·4*

* Excluding life, annuity and capital redemption business.

TABLE XIII.—INDUSTRIAL LIFE ASSURANCE 1953-54

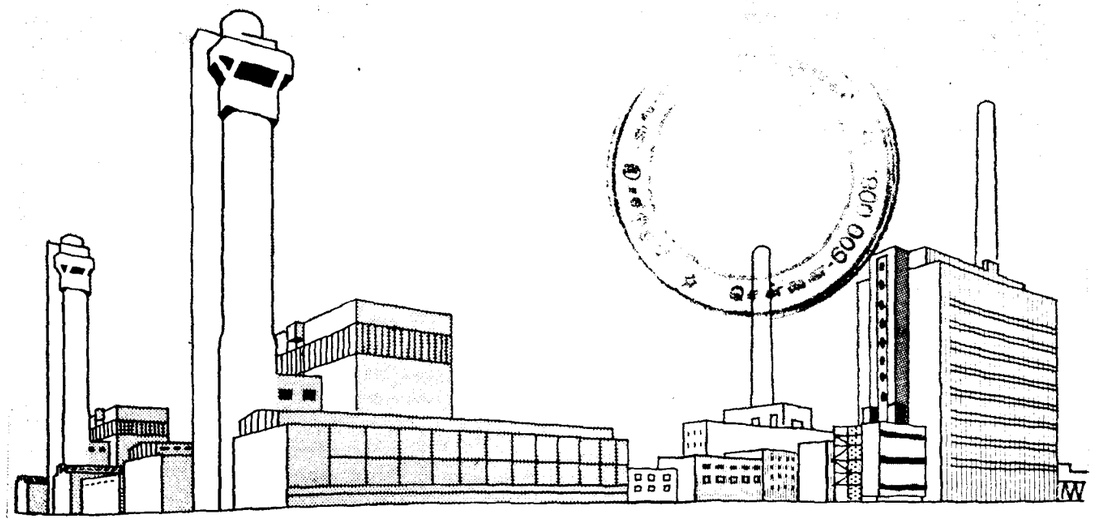
	Fund at End of Year		Premium Income		Net New Sums Assured		Expense Ratio		Net Yield per cent on Funds	
	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	per cent.	per cent.	£ s. d.	£ s. d.
Britannic	46·3	49·7	7·4	7·8	10·9	11·7	29·1	28·6	4 3 8	4 4 8
Co-operative	75·6	83·5	18·5	19·7	43·6	45·6	28·1	27·4	4 0 5	4 8 8
Liverpool Victoria	95·4	102·4	14·1	14·6	29·0	30·0	32·6	32·1	4 1 10	4 2 6
London & Manchester	21·0	22·3*d*	3·3	2·6*d*	5·8	4·7*d*	30·5	30·4*d*	4 2 10	4 15 4
Pearl	105·2	110·6	15·8	16·5	29·4	30·2	30·1	30·0	4 4 10	4 12 2
Prudential	367·2	392·0	44·4	45·9	78·1	80·2	29·0	27·7	4 11 4	4 8 1
Refuge	57·9	60·8	9·5	9·8	16·2	16·7	33·8*a*	33·8	4 9 4	4 12 3
Royal Liver	53·0	56·1	8·0	8·4	16·4	16·3	34·4	34·2	3 17 0	3 19 8
Royal London Mutual	69·6	74·5	9·0	9·3	16·5	16·8	35·1	35·0	4 7 7	4 13 5
Wesleyan & General	14·8	15·5	2·2	2·3	3·5	3·6	37·8	35·7	4 8 1	4 10 6
Total 10 Offices	**906·0**	**967·4**	**132·2**	**136·9**	**249·4**	**255·8**	**32·0***b*	**31·5***b*	**4 4 8***c*	**4 8 9***c*

(*a*) 34·2 per cent excluding non-recurring credit. (*b*) Average expense ratio. (*c*) Average yield. (*d*) Nine months accounting period.

TABLE XIV.—LIFE VALUATIONS (£'000)

Company	Year of Valuation	Brought Foward (1)	Trading Profit (2)	Investment Profits (3)	Total Surplus (4)	To Policyholders (5)	To Shareholders (6)	Investment Reserves etc. (7)	Carried Forward (8)	Bonus Declared per cent (9)
Annual Valuations										
Britannic :—										
(a) Ordinary Branch	1953	321	996	...	1,317	782	87	100	348	32/-s
	1954	348	1,094	...	1,442	858	95	125	364	34/-s
(b) Industrial Branch	1953	804	1,645	...	2,449	960	200	300	989	...
	1954	989	1,735	...	2,724	1,060	225	350	1,089	...
Co-operative :—										
(a) Ordinary Branch†	1953	219	1,519	3	1,741	1,379	...	100	262	32/-s
	1954	262	1,721b	3	1,986b	1,643	...	50	293	34/-s
(b) Industrial Branch	1953	226	1,863	8	2,097	1,306	...	500	291	...
	1954	291	2,853	8	3,152	2,291	...	500	361	...
London Life*	1953	174	467	120	761	493	...	69	199	37/6c (1)
	1954	199	596	120	915	658	...	48	209	40/-c (1)
London & Manchester :—										
(a) Ordinary Branch*	1953	646	531b	...	1,177b	898	45	...	234	30/-s (2)
	1954§	234	550	...	784	431	43	...	310	34/-s
(b) Industrial Branch*	1953	537	308b	...	845b	473	90	...	282	...
	1954§	282	444	...	726	273	68	...	385	...
Pearl :—										
(a) Ordinary Branch	1953	974	2,118	...	3,092	1,722	191	220	959	36/-s (3)
	1954	959	2,390	...	3,349	1,919	213	313	904	38/-s (3)
(b) Industrial Branch	1953	835	2,254	...	3,089	1,631	550	200	708	...
	1954	708	2,771	...	3,479	1,737	550	350	842	...
Provident Association of London	1953	596	290	3	889	100	26	131	632	30/-s
	1954	632	327	...	959	170	40	132	617	35/-s
Prudential :—										
(a) Ordinary Branch†	1953	592	10,105	...	10,697	6,760	651	2,580	706	38/-s (3)
	1954	706	10,851	...(c)	11,557	7,856	691	2,230	780	40/-s (3)
(b) Industrial Branch†	1953	1,109	12,035	...	13,144	8,384	807	2,780	1,173	...
	1954	1,173	13,052	...(c)	14,225	8,974	790	3,150	1,311	...
Refuge :—										
(a) Ordinary Branch†	1953	1,215	1,616	...	2,831	2,322	200	100	209	30/-s
	1954	209	1,510b	...	1,719b	1,421	80	...	218	32/-s
(b) Industrial Branch†	1953	847	1,757	...	2,604	1,018	120	600	866	...
	1954	866	1,296b	85	2,247b	1,888	250	...	109	...
Wesleyan & General :—										
(a) Ordinary Branch†	1953	62	358	2	422	262	...	83	77	30/-s
	1954	77	313b	18	408b	300	...	25	83	32/-s
(b) Industrial Branch	1953	60	110	3	173	70	...	32	71	...
	1954	71	84	23	178	100	...	...	78	...
Biennial Valuation										
National Mutual†	1951-1952	106	479	...	585	412	...	73	100	36/-c (4)
	1953-1954	100	554	511	1,165	650	...	400	115	50/-c (4)
Triennial Valuations										
Eagle Star†	1947-1951‡	150	2,798a	1,313	4,261a	372	66	3,425	398	36/-s
	1952-1954	398	673	...(d)	1,071	325	36	...	710	43/-s
Life Association of Scotland†	1949-1951	88	616a	...	704a	230	18	380	76	28/-s
	1952-1954	76	302b	...	378b	285	23	...	70	36/-s
National Provident	1949-1951	530	1,284	...	1,814	1,087	...	150	577	35/-s (4) (5)
	1952-1954	577	1,785	...	2,362	1,627	...	150	585	42/6s (4) (5)
Royal Exchange	1949-1951	493	1,092	...	1,585	829	223	...	533	32/-s
	1952-1954	533	1,489	...	2,022	1,126	281	...	615	42/-s
Sun Life†	1947-1951‡	808	6,715a	...	7,523a	3,355	373	3,250	545	20/-s (6)
	1952-1954	545	4,048b	...	4,593b	3,622	402	...	569	40/-s
Yorkshire	1949-1951	152	1,263	9	1,424	631	103	500	190	40/-s
	1952-1954	190	1,233	16	1,439	1,139	127	...	173	45/-s
Marine & General	1949-1951	154	339	...	393	210	...	15	168	40/-s
	1952-1954	168	366	...	534	390	...	39	105	42/-s
Quinquennial Valuations										
Friends' Provident†	1945-1949	283	897b	...	1,180b	622	...	100	458	30/-c
	1950-1954	458	1,889b	...	2,347b	1,223	...	250	874	50/-c
Guardian	1945-1949	127	821	100	1,048	741	82	...	225	30/-s (6)
	1950-1954	225	1,482	15	1,722	1,277	142	...	303	50/-s (6)
Law Union & Rock	1945-1949	47	538	107	692	546	61	...	85	28/-c
	1950-1954	85	1,054	...	1,139	731	81	250	77	34/-c
North British & Mercantile	1945-1949	146	2,305	556	3,007	2,245	249	300	213	26/-c
	1950-1954	213	3,847	...	4,060	3,230	359	150	321	40/-c
Royal	1945-1949	2,037	3,108	...	5,145	1,977	225	727	2,216	30/-s
	1950-1954	2,216	4,066	...	6,282	2,713	300	1,000	2,269	38/-s

* Valuation basis changed 1953. † Valuation basis changed 1954. ‡ Quinquennial valuation. § Nine months. (1) In an alternative class bonuses take the form of reductions in premiums. (2) Plus 28/-s for 1951 (bonuses for that year paid only on death, and on maturity of endowment assurances). (3) On United Kingdom policies ; different rates apply overseas. (4) Rate applicable to endowment assurances ; a higher rate of bonus is paid on whole life assurances. (5) Minimum rate ; bonuses on sliding scale. (6) Bonus on current series opened January 1, 1950. (a) Including an unspecified sum released from actuarial reserves. (b) Excluding an unspecified sum applied to strengthen actuarial reserves. (c) £11,000,000 released from investment reserve and transferred to actuarial reserves, £3,000,000 in the Ordinary Branch and £8,000,000 in the Industrial Branch. (d) £1,300,562 released from investment and other reserves and transferred to actuarial reserves. s = Simple bonus calculated with reference to the sum assured only. c = Compound bonus calculated upon the sum assured and existing bonuses.



ATOMIC ENERGY IN HARNESS

Britain's Opportunity

TEN years to the day after Hiroshima and Nagasaki were devastated, six hundred of the world's atomic scientists will be meeting at Geneva on August 8th under the auspices of the United Nations to discuss the peaceful uses of atomic energy. The choice of date carries no suspicion of irony. When the conference ends two weeks later and a thousand papers have been presented, the scientists will have shown that they have more than the hydrogen bomb to offer the world for ten years of atomic progress. Some of the promises of peaceful atomic energy made to a shocked world ten years ago are beginning to materialise. A peaceful and bountiful harvest is being reaped from the dragons' teeth sown over Japan. Atomic energy is about to take its place in industry and to make its positive contribution to human well-being.

The Geneva conference has a special significance, for it marks the point where the peaceful and the military uses of atomic energy divide and go their separate ways. There will, say the scientists, be few secrets left after Geneva except those concerned exclusively with atomic weapons. Certainly, a great deal of essential information about the design and construction of atomic plants and about industrial uses of atomic energy will henceforward be in the public domain.

The conference will be the first occasion at which the participating countries will place their scientific cards on the table. Hitherto it has been impossible to compare the progress made in Britain, the United States and the Soviet Union—the three leading members of the conference—with any accuracy from the little that they have made public. The political as well as the purely scientific importance of showing a hand of high value has not escaped any of the three atomic powers or the smaller countries that look to them for leadership in the new science.

The next two weeks before the conference should therefore spare some time for discussing the part that Britain ought to be taking in the development of these peaceful uses, and in assisting those countries that have neither the funds nor the scientific resources to carry out atomic research for themselves. It should not be necessary to stress the need for a coherent British policy at this late date, but in its approaches to foreign countries, Britain has given too little evidence so far of the bold decisions and the imaginative conception of atomic development that have marked the handling of events at home. Other countries cannot be blamed if they come to assume that British atomic development, which they admire wholeheartedly from a distance, is reserved for home consumption and if they turn, in consequence, to the United States for technical assistance.

The Americans have been characteristically generous in their offers of help. These have ranged from research reactors for scientific experiment to promises of full information on the design of commercial power reactors, together with the supplies of atomic fuels to charge them. Yet Britain could give foreign countries some of the help that they are at present offered only by President Eisenhower. Even the Americans are in no position to implement their promises at any early date ; and in the development of commercial atomic power, which is the first interest of many countries, Britain has for economic reasons pressed ahead much more rapidly than has the United States.

More is at stake than the prestige of this country as an industrial power. If American initiative is allowed to go

unchallenged, the prospect that British manufacturers will have an open competitive field for supplying atomic installations to foreign countries will be dimmed. Under normal conditions, industry could be left to fight for its own orders abroad ; the big electrical engineers have already built up a substantial export business in conventional generating equipment in the teeth of the strongest competition from American and European competitors. It would thus be entirely logical to give these companies and their associates all possible technical help and training in atomic design and engineering and leave them full freedom—and full responsibility—for building up the sale of such equipment in foreign markets. But in this special field conditions are not entirely normal and they are becoming less so ; it may not be wise, or even possible, to leave the whole burden of foreign exploitation on industry's shoulders.

An Embarrassment of Plutonium

The British plan to develop an atomic export market on severely commercial lines without the benefit of what manufacturers here are misguidedly inclined to dismiss as "American ballyhoo," seems not to have taken sufficient account of the probable effect on American policy of a large impending surplus of atomic fuels in the United States. These fuels are of two kinds, uranium metal and plutonium. Great factories have been built in the United States to supply plutonium. Their capacity is not known, but a former chairman of the American Atomic Energy Commission, Mr Gordon Dean, has written that when the current investment programme is completed, the United States "will have atomic bomb material [mainly plutonium] running out of its ears." These great reactors producing plutonium represent enormous military potential that would never conceivably be abandoned. It is technically impossible to shut them down and place them on a care and maintenance basis. So what is to happen to the plutonium ? There are limits to the stockpile of atomic weapons that even the United States can accumulate, and limits to the number of weapon trials that it can conduct. The prospective requirements of plutonium for atomic power in the United States are not on a scale to absorb the growing supplies. Some believe that it is only a matter of time before this plutonium finds its way into a new kind of Fort Knox. But there is one other possibility. Hints have already been given that countries buying atomic plant from United States manufacturers can expect to acquire plutonium fuel to operate them on exceptionally favourable terms, or even for a rental.

The coat of arms of the Atomic Energy Authority.

Any promise of fuel at give-away prices to provide power in American-built reactors would be a serious blow to British manufacturers. In this country, plutonium has been priced for purposes of negotiation between the Atomic Energy Authority and the electricity undertakings at "several thousands of pounds" per pound ; the uranium charge for an atomic power station has been provisionally put at £5 million, renewable every three years. An American offer of cut-price fuel could therefore tempt a country hesitating between two suppliers. The experimental reactors for research purposes—which are all that the United States has offered so far — could as well be supplied by British manufacturers. One company, Head, Wrightson, has recently received such an order for a £750,000 installation for Australia ; who knows what similar business has been lost to Britain already through President Eisenhower's initiative ?

A Policy for Competition

Britain may be in no position to cap American offers of cheap fuel, but the country possesses other atomic assets that could, if properly used, carry considerable weight abroad. It is sometimes forgotten that it was here that the atom was first split, by Sir John Cockcroft and his collaborator Dr E. T. S. Walton at Cambridge in 1932. Atomic research restarted from scratch after the war when the experimental station was set up at Harwell and this was followed by the building of the complex of plants, refineries, treatment plants, and reactors necessary for atomic development on any useful scale. This first round of investment, spread over six different sites, was of the order of £100 million. The installations as now expanded are on a sufficiently large scale to provide atomic weapons for the services and to include a substantial programme of civil investment involving an expenditure approaching £50 million a year. The first Western atomic power station is nearly completed at Calder Hall and will be commissioned within twelve months. More advanced "breeder reactors" are under construction in the North of Scotland. A big expansion in capacity has been put in hand by which operations at the uranium refining plant are being changed from batch to flow production. The chemical enrichment plant is being improved. And three major installations are being laid down with six new reactors producing plutonium—apart from those that will be built for atomic power stations.

Since the Atomic Energy Authority was formed a year ago, an intensive effort has been made to train engineers from industry so that they can take over the routine design and construction of atomic plants, especially of power stations. The principle is to leave the Authority free to conduct research into new types of reactor, and industry free to carry on the business of selling them. This logical idea is now threatened by the vigorous American sales drive under the heading of "Atoms for Peace."

Yet, for all the apparent American advantage, the administration of atomic affairs in Britain permits far greater freedom of action, and this difference could be put to good use. The amount of information on atomic matters that the United States can give to any country is limited by legislation. Admittedly the recent amendments to this legislation expressly prohibit matters relating only to atomic weapons ; but it is still true that technical aid cannot be given freely and that an agreement must first be negotiated between the American government and the recipient country. This explains the recent rush of aid agreements following the "Atoms for Peace" project.

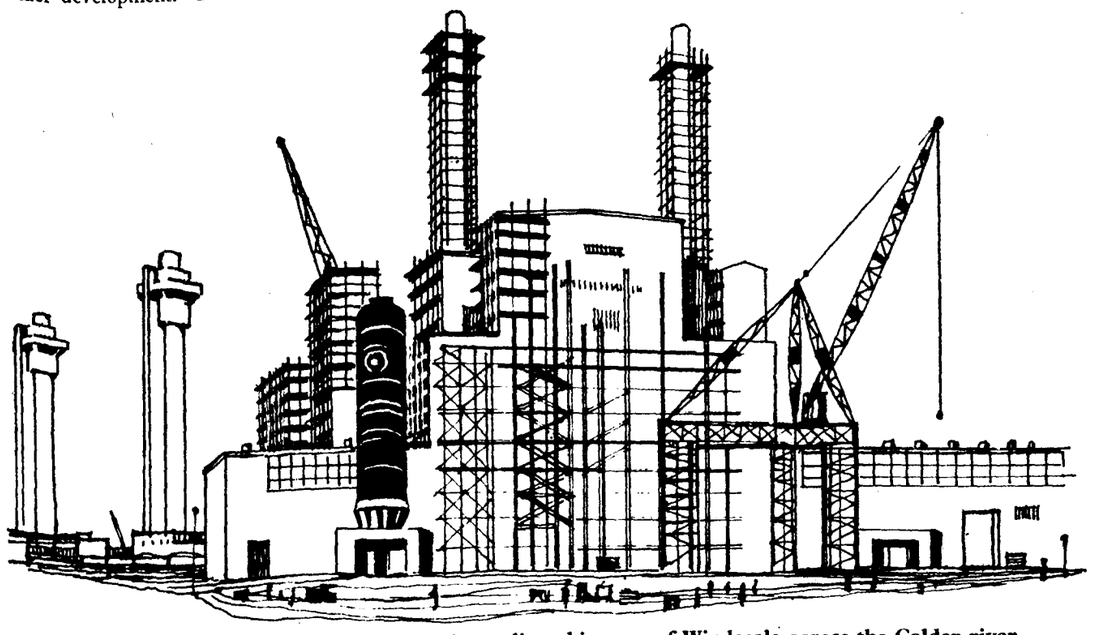
Has Britain made sufficient use abroad of the absence of any similar restricting legislation in this country ? If there are few British agreements to exchange atomic information with other countries it is because they are unnecessary. An informal approach can be made at any time to the Atomic Energy Authority. Atomic research in Europe has benefited far more from assistance received from Britain, and from work specially commissioned in British laboratories, than from all the widely publicised American agreements. This is well known to scientists in laboratories in Europe, but there is plenty of genuine ignorance among those responsible for directing policy both about the scale of achievement in Britain and the help that can be given here to foreign countries. If British manufacturers are to compete for atomic sales on anything like an equal footing with those from the United States, something must first be done to disabuse opinion in Europe of so unfortunate an impression. It is no answer to say that Britain has too few atomic scientists and engineers to divert to work on projects for foreign countries ; it is industry's job to find the manpower and to gain a sure hold in the potential overseas market.

It should be made quite clear that Britain possesses substantial resources and technical experience that can be made available to assist other countries without any need for formal negotiation or for specific government-to-government agreements. If plutonium is not yet as abundant here as it is in the United States, uranium fuels are certainly available, and the terms on which they would be supplied should be made known to potential customers. An assurance of regular supply of fuel might carry as much weight as an offer of cut-price fuel from plants built primarily to meet military requirements.

Such a policy requires a much more vigorous statement of British aims and research, as well as of past achievements. The scientific members of the Atomic Energy Authority may need some persuading that there are occasions on which it is justifiable to make claims about projects that are still under development. If other countries are to acquire the custom of looking here, as well as across the Atlantic, for atomic assistance they will want to know about plans that may not see fruition for five years or more as well as those that have been successfully completed.

The tentative discussions about the possibility of organising a European Atomic Community on the lines of the Coal and Steel Community could provide Britain with a challenging opportunity for working out a policy along these lines. Europe's atomic research is still on an experimental footing ; to lay the foundation for an atomic industry that Britain undertook at the end of the war involves a heavy investment in complex plants that some of them could not afford. Even if opinion in Britain were not ready for direct participation in such a venture, an assurance of British technical assistance in a positive and concrete form would have a considerable impact on opinion abroad. Scientists in Britain are sharply divided on whether this move should be supported and it is largely due to the personal weight of one or two leading members of the Atomic Energy Authority that Britain has been present—if in a coolly non-committal way—at the preliminary discussions. Some urgent thought needs to be given to this matter, for it might in fact offer an opportunity, not likely to be repeated, of parrying the initiative that the United States seems determined to seize.

If these comments on British and American policy have been strongly expressed, it is from a belief that this country's achievements in atomic research hold such promise for the future that it would be tragic to fumble. Later sections of this survey argue that the impact of peaceful atomic energy is likely to be enormous. If so, there will be a large demand for many years to come for equipment and for complete installations by countries that lack the scientific resources to develop their own atomic industries from the foundations upwards. Whether Britain takes its place as a leading supplier of atomic hardware depends on the exercise of imaginative wisdom in the next few critical years.


Calder Hall under construction, with the cooling chimneys of Windscale across the Calder river in the background.

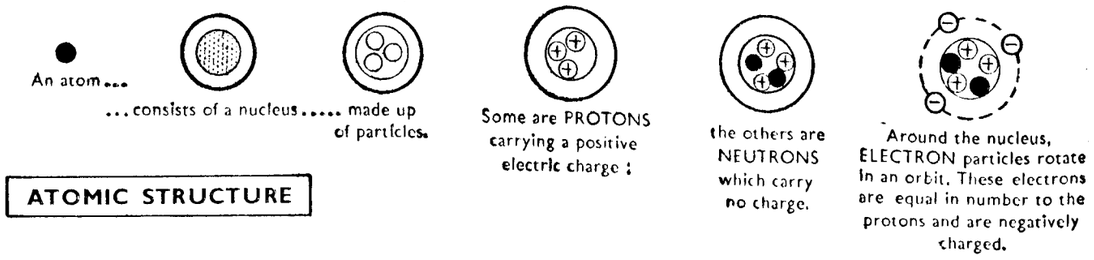
Atomic Alphabet

THE layman who wants to make a fair assessment of the impact of atomic progress on a country's industry and economy needs some basic knowledge of atoms and the way they behave. An atom is not a single indivisible piece of matter. The physicists explain that an atom comprises a collection of minute particles. Some of these particles are charged with electricity and most of them are in a state of constant movement and vibration. These particles are of two different sizes. The larger particles are of two types—the proton and the neutron ; the small particles are electrons. Some particles are closely bound together in the nucleus of the atom like a daisy head while others revolve around the nucleus. These particles are precisely matched. The revolving particles are electrons and each carries a negative electric charge. For each electron there is a corresponding big particle in the nucleus—a proton—carrying a compensating positive electric charge. The number of pairs decides the chemistry of the atom. For example, hydrogen, the smallest of the atoms, has one proton in its nucleus and one electron orbiting around it ; uranium, one of the bigger atoms, has 92 pairs of protons and electrons.

thirties these atoms were the only source of radiation. Most atoms consist of particles locked in their orbits and their nuclei. But some atoms are not stable, and these unstable atoms are the tools of atomic technology. In an attempt to make themselves stable they throw out particles and they give off energy. In short, these atoms are radio-active.

Both radio-activity and fission are triggered off by the presence of neutrons—those particles of the atom that carry no electric charge. As a rule, neutrons are closely locked in the nuclei of atoms, but some are always drifting free through space. The techniques of atomic energy rest on the controlled use of neutrons to bring about the breaking up of atoms as they collide in atomic space.

The diagrams show what happens when a free neutron collides with the nucleus of an atom of uranium 235 ; how a chain reaction is built up ; and how the process can be extended to breed fresh nuclear fuel. But only certain of the heaviest atoms can be split ; and by the converse, only the lightest atoms can be fused to bring about a hydrogen reaction. When a neutron hits the nucleus of another atom it



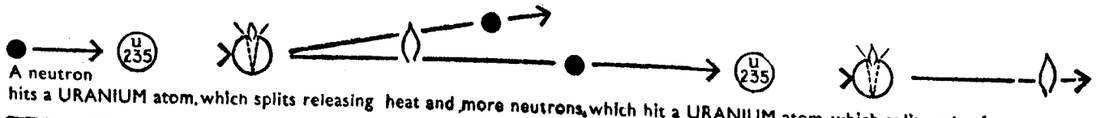
ATOMIC STRUCTURE

The other particle present in the nucleus is the neutron. This particle has the same weight as the proton but it carries no electric charge. The number of neutrons in the nucleus determines the weight of the atom but the chemical properties of the atom are not affected by them. For example, uranium 235, the basic material of atomic fission, has 92 protons in its nucleus and 143 neutrons. Uranium 238, the commonest type of uranium atom, has the same total of 92 protons but 146 neutrons in its nucleus. These atoms are said to be isotopes.

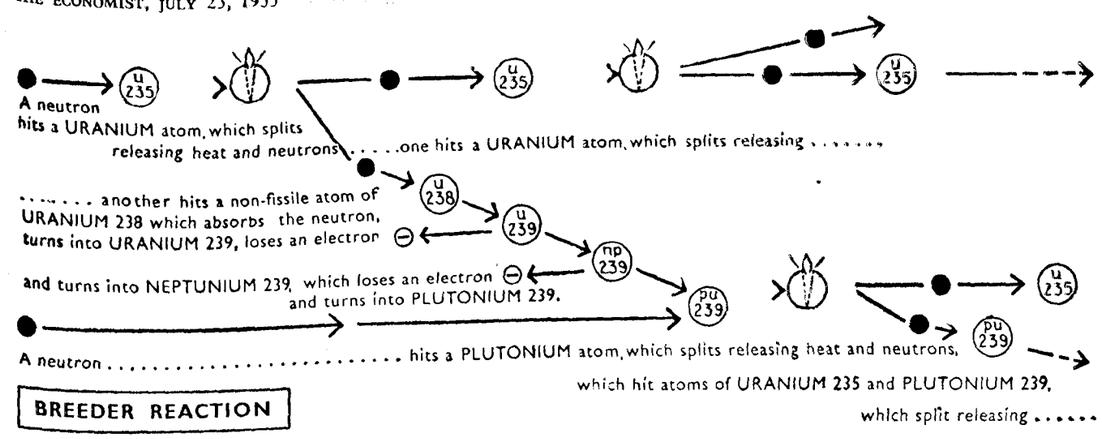
Most atoms continue until eternity in a condition of stability, giving the illusion of solidity to matter. This was not always so. When the earth was a stream of white-hot glowing gas, its enormous temperatures were sufficient to disrupt its atoms. As the earth cooled down, these atoms released their energy by giving off radiation. In some atoms —radium is one—this process is still going on. Such atoms are said to be naturally radio-active, and until the early

is either ignored or absorbed—but it is not always absorbed without protest. A neutron brings energy with it ; the nucleus now contains more energy than it did before and tries to dispose of the surplus. One way in which it may do this is to throw off a particle ; usually this will be an electron, and this ejected particle is known as a beta particle. Another way in which a nucleus struck by a neutron may give off energy is in the form of ultra-short light waves ; these are known as gamma rays. Often the energy given to the nucleus is so great that it may first emit a beta particle and still have too much energy left, so that it then gets rid of a gamma ray. Or it may emit more than one beta particle. Both processes are called radiation or radio-activity.

The two types of radiation have the common property of being able to penetrate matter, but there are important differences between them. The first type of radiation—beta radiation, which is made up of streams of atomic particles—behaves like a bullet hitting a sandbag ; it does not penetrate



CHAIN REACTION



BREEDER REACTION

far. The second form of radiation, the short light waves known as gamma radiation, can be likened to a ray of light passing through water, in that it can penetrate considerable distances. The deadly effect of radiation on human beings is well known, and this accounts for the elaborate safety precautions in handling radio-active materials. But the beta and gamma rays have not enough energy to disrupt a nucleus, and so they cannot make radio-active in their turn any of the materials with which they come into contact. Only neutrons, or the phenomenal heat of an atomic explosion, have sufficient energy to produce radiation.

Not all atoms give off beta particles and gamma rays when struck by a neutron, for some nuclei are more stable than others. The most stable nuclei do not emit radiation. The less stable ones emit radiation (as beta particles and gamma rays) and are said to be artificially radio-active. In some cases the nucleus when struck by a neutron is so unstable that it undergoes fission. The atoms that are fissile commonly have a large number of protons and neutrons in their nuclei, but smaller atoms can be made to undergo fission if the neutron striking them is of very high energy.

Atomic science is concerned with the concentration of these forces. Fission is now being produced in a confined space and at a controlled rate. It is yielding not only energy but radio-active materials of previously unattainable quantity and power. Radio-activity of this order is startling and alarming to contemplate ; but it spells industrial and economic advance of immense promise.

Atomic Power

I.—THE COST

THERE are two stages in the development of commercial atomic power. The first stage, which Britain is now entering, will provide atomic power stations of comparatively low thermal efficiency. These will be able to sell electricity at a price comparable with that from coal-fired stations. But they have an artificial, or at least an arbitrary, element in their costs, for the reactors from which these stations draw their heat also produce plutonium—of which more later. Recent research has brought the second stage of atomic power several years closer to realisation. This promises atomic power stations of high thermal efficiency and basically different design, producing electricity at a cost that is expected to be truly competitive with the cost of power from conventional thermal stations. But many years are likely to elapse before atomic power means abundant cheap power. The case for atomic investment at this present stage and for many years to come will rest on a comparison of the cost of getting additional marginal supplies of conventional fuels to meet the rising demand for energy with the costs (so far as that word has yet acquired economic meaning) of producing power in atomic stations. Several countries, including Britain, know to their sorrow that the cost of those marginal tons of coal is already high and still rising.

The fission process yields vast supplies of white-hot energy, but science has not yet learned how to put it directly to work. Atomic power stations are going to be designed for years to come around a cumbersome cycle in which, first, gases or liquids are heated inside an atomic reactor, and then, in turn, heat water to steam pressure to drive conventional steam turbines. This process is shown at the foot of the next page. The relatively high generating costs of the first atomic power stations reflect the comparatively low operating efficiency of this steam-raising cycle. These low limits of efficiency are themselves the result of limits imposed by the design of an atomic reactor on the choice of materials that can be used by the engineer. The outcome is a power station of the type now being completed at Calder Hall. It consists of two reactors fuelled by natural uranium, some of which is converted into plutonium by the chain-reaction process illustrated above. The reactors will be cooled by gases which will raise steam in boilers of fairly conventional design, and the steam will drive turbines of 60,000 kW capacity. Commercial versions of this type of atomic power station will be of 100,000 to 200,000 kW capacity ; eventually it should be possible to build plants of 500,000 kW capacity, equivalent to that of modern coal-fired stations.

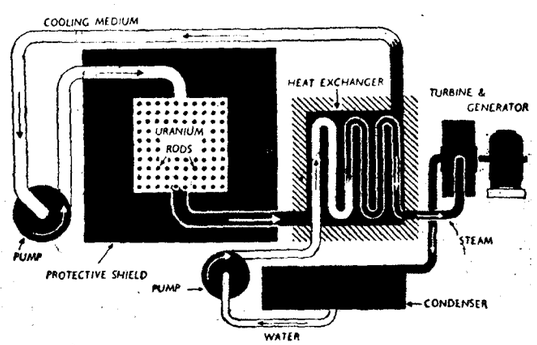
This basic type of "thermal" atomic power station is capable of considerable improvement in component

efficiency. In the initial stage, its capital costs are likely to approach £200 per kW, and its operating costs have been provisionally estimated at 0.6d. a unit. But these operating costs are arrived at after crediting the station with the value of the plutonium produced in it. It is perfectly proper to make such a credit because plutonium is itself an atomic fuel; apart from its military value for use in atomic warheads, plutonium is the type of fuel needed to operate more advanced designs of reactors. But it is impossible for the layman, at any rate, to know whether the price of "several thousands of pounds" per pound which has been fixed for plutonium in calculating the costs of atomic power generation is reasonable or not in relation to present costs.

It happens to be the price that the Atomic Energy Authority in Britain has agreed to pay to the Central Electricity Authority for plutonium produced in the atomic power stations that the CEA intends to build. The quantity of plutonium involved is likely to be substantial and on this basis, electricity generated in the early types of thermal atomic power stations in Britain (but not the first experimental station at Calder Hall) is not expected to exceed 0.6d. per unit and should fall as component design improves. This is about equal to the average cost of electricity from the CEA's coal-fired stations. But it does not follow that plutonium will command the same price in other countries and hence the costs of atomic power generation elsewhere may not necessarily conform to the British pattern.

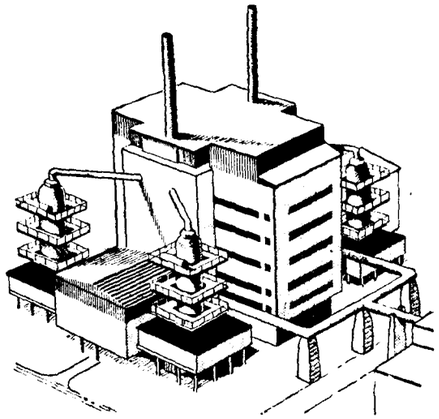
The next step in reactor design will be to use concentrated atomic fuels in place of natural uranium; this should lead to a marked improvement in the efficiency of the steam-raising cycle. In the new type of "fast" reactor, the limitations that at present hold steam pressures down to less than half the usual levels in conventional power stations will not exist. These reactors will be able to use more efficient cooling media, such as liquid metals. When this stage is reached, scientists predict, with some confidence, that capital costs may be brought down to £100 per kW.

The next stage in atomic power development will be reached when "breeder" reactors can be brought into commercial operation. These are essentially "fast" reactors that are capable of creating fresh atomic fuel from a surrounding blanket of non-fissile material at a more rapid rate than the reactor can burn it. At the end of a given period, there is



Basic principles of atomic power generation.

more fuel in a breeder reactor than when operations started. This type of breeder reactor is expected to have high thermal efficiency, and to re-fuel itself from relatively cheap materials like non-fissile uranium or thorium. It is a com-



Impression of a Calder Hall reactor and its four boilers.

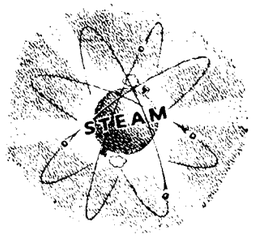
pact installation; a reactor 2 feet square would have the same heat output as the 70 ft high Calder Hall reactor.

No guess has yet been hazarded about the operating costs of breeders, except that they are confidently expected to be substantially lower than those of the older type of atomic power stations. But by the time they are operating, the price of plutonium, which plays so big a part in present calculations, will have fallen considerably; if it is being consistently produced at a faster rate than it can be consumed, its value will be little more than the cost of chemical processing, and this disappearance of what now appears in the equation as a most valuable by-product will have to be offset against any gain in operating efficiency.

II.—THE MARKET

THE great interest being shown in atomic power is not due to any immediate competitive advantage over conventional fuels. It arises from the current need to find a supplement, rather than a complete substitute, for coal. But some highly industrialised countries (and some of the under-developed ones, too) are finding that the cost of getting additional supplies of coal is rising steeply. They are faced with the calculation whether it will be cheaper to invest in atomic power stations than to sink new mines or work thinner seams. A wide gulf separates this concept of atomic power as a source of marginal power from the popular view of atomic power as the source of a new abundance.

The 10-year investment programme for atomic power in Britain, announced by the Government early this year, gives practical expression to this approach. A sum of £300 million is to be spent on 12 atomic power stations which will provide between 1½ and 2 million kW of capacity; installed electricity capacity, to put this figure in perspective, is 21 million kW. Construction of the first two stations is to start in 1957, and of the second pair in 1958-1959. These four stations will be of the early "thermal" type with a combined capacity of 400,000 to 800,000 kW. Later reactors will be built to later designs, although none of them is likely to be a "breeder." When they are built, the atomic stations should be producing electricity equivalent to the output of power stations using 5 to 6 million tons of coal. This saving would be equivalent to about ten days' output from the mines. In the following ten years it is hoped to instal



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During the past seven years, they have collaborated with the British Atomic Energy Authority in feasibility studies outlining the shape of future atomic power development and are working with the Authority in the design of the new atomic power stations envisaged by the Government ten year programme. Already they have manufactured the special steam-generating plant which they designed jointly with the Atomic Energy Authority for the world's first full-scale atomic power station at Calder Hall and have recently received further orders three times the size of the original contract.

An atomic power plant, involving equipment for fuel-handling and preparation, a nuclear reactor using the heat from uranium fuel and a heat-exchanger for steam generation, is a parallel with the modern coal or oil-fired power plant with its equipment for fuel-handling and preparation, the boiler furnace with its combustion equipment, and the boiler or heat-exchange component.

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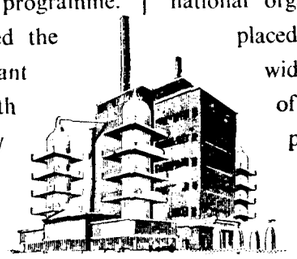

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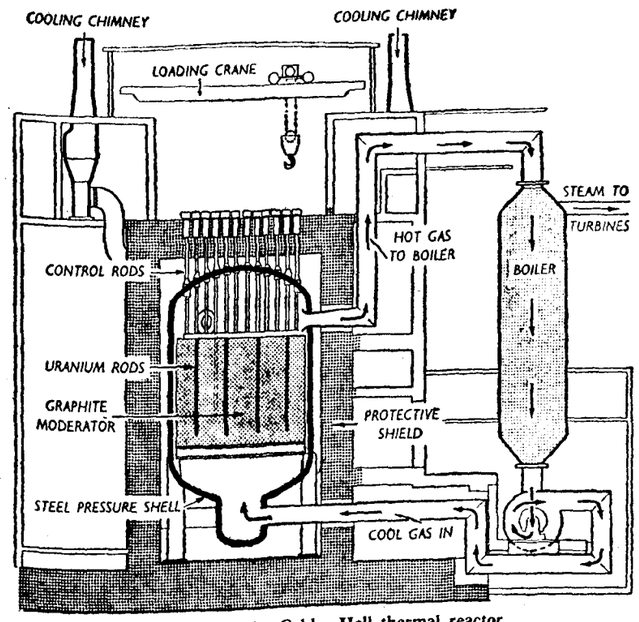


Diagram of the Calder Hall thermal reactor.

between 10 million and 15 million kW of atomic power capacity out of a probable total installed capacity of 55 to 60 million kW, bringing atomic power output to an annual equivalent of 40 million tons of coal. Failing this gradual introduction of atomic power, the amount of coal used in British power stations would probably rise from its present level of 37 million tons to 65 million in 1965 and might reach 100 million tons a year by 1975. It is difficult to see how such an increase in coal output could be obtained—at least at any tolerable cost. Coal in Britain has risen in price in relation to other commodities by 30 per cent during the past 20 years; and the cost of marginal tonnages of coal from the less efficient pits or from new workings at greater depths will rise more rapidly in future. This condition is common throughout Western Europe, which suffers not from physical shortage of fuel but from increasing difficulty in getting marginal supplies of fuel to meet an unremitting increase in the demand for energy.

There are vast regions of the world that have far more urgent need for fuel than either Britain or Western Europe. South America, Africa and the whole of Asia come into this category. Atomic power offers them the incomparable advantage of a light, easily transported fuel that needs replenishing only once in three years. But a long time must elapse before such countries can take advantage of atomic power. It is not yet cheap enough to serve countries with a low standard of living; it requires exceptionally heavy investment that most of them can ill afford. For countries heavily involved in the process of industrialisation, the need for extra power may overwhelm such disadvantages. Australia, booming to prosperity, may conclude that commercial atomic power offers a quick and simple way of meeting rising energy requirements. China and India might conceivably decide that a limited investment in atomic power would be better value that a similar expenditure on high-cost conventional fuels. One main consideration for all these countries will be the terms on which technical aid is offered to them.

It is ironical that of the three countries, the United States, Britain and Russia, which have sufficient technical knowledge to develop atomic power, two of them, the United States and Russia, have no decisive need for it. Their own fuel resources are extensive and cheap to win, though Russia probably has more incentive to develop atomic power for special regional needs than has the United States. Canada, too, might have particular regional uses for atomic power, but it is also well endowed with hydro-electric power and natural gas. It is probable, therefore, that atomic power will have its first trials in Britain and then in Western Europe. But this will be a test for atomic power of a strictly limited kind—a test to prove the technology and economics of atomic power as a source of marginal supplies of electricity. Engineers in Britain or America will not have gained sufficient experience of reactor design to be able to co-operate with foreign countries in any substantial investment in atomic power for a number of years and a decade may well elapse before atomic power makes more than a modest contribution to energy supplies. This time-table will make it all the more relevant to weigh the potential demand for atomic power not only against current fuel prices but also against the prospect of a continuing trend of rising prices and scarcer reserves. Atomic power at the price at which it can be offered today may be barely competitive with other fuels. But there are no signs of slackening in the demand for power and neither fuel prices nor reactor design will remain stationary

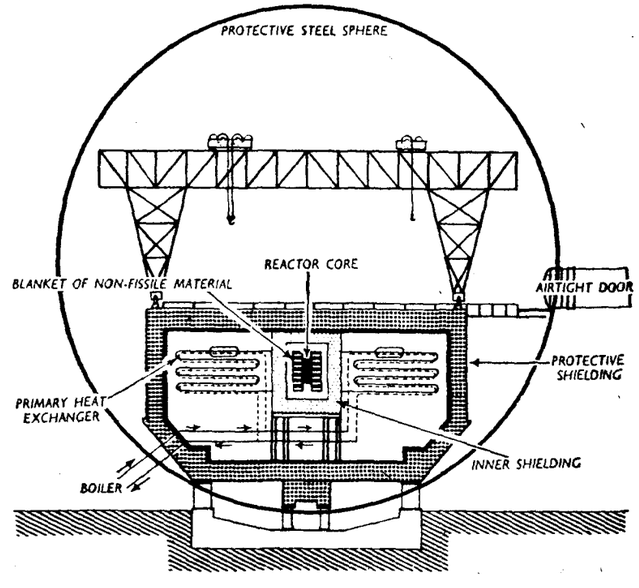


Diagram of the fast breeder reactor being built at Dounreay.

Radiation Chemistry

It may be that the changes in industry in the new atomic age will transcend the output of abundant power—which begins with the heat from atomic fuel but ends with well-established methods of boiling water to raise steam. The wider prospect is the use of immensely powerful sources of radiation in industrial processes. This is a possibility quite distinct from the use of radio-active isotopes in various forms of measurement and process control, which involve only traces of radio-activity. Scientists are thinking about the industrial application of radio-activity at least a million times more powerful. There are no conclusions at this stage that are not frankly speculative but there are implications of a most fascinating kind.

Radiation chemistry represents a break into completely new ground. The use of radio-isotopes in industry is based on radiation that is too mild to affect the materials through which it passes; radiation chemistry is based on the use of radiation so powerful that it positively induces change. The source of radiation of this order is the fission process itself. Some fragments that remain after an atom has split give off radiation of very high power and continue to do so over a period of 50 years or more. So far, these fission by-products have been classified as "waste" and their disposal has been an anxious problem.

Intense radiation by the use of these products may do some of the work for which heat is now used; it can sterilise and it can perhaps induce some chemical and industrial reactions that now have to be carried out under a combination of intense heat and pressure. Scientists know too little about radiation and its effect on different materials to be able to make general predictions about the application of radiation in particular cases, but preliminary experiments already suggest possibilities.

It has been found, for example, that when the plastic polythene is irradiated, its melting point goes up considerably. Polythene is used as a cable insulating material; after irradiation a polythene-covered cable can therefore carry much heavier current and it can be used in place of other materials that would cost three or four times as much as polythene. Radiation seems to have the effect of cross-linking the molecules of the polythene and forming new bonds between them; these bonds prevent the molecules from moving apart and so stop them from melting.

Most plastics are based on the process of polymerisation which links the molecules of different chemicals in chains of varying lengths. High pressures and temperatures are needed to set off this process. There is a distinct prospect that polymerisation can be carried out just as well at room temperature by the energy contained in high-intensity radiation. Ethylene, for example, has been polymerised by radiation at room temperature and at pressures of one atmosphere; the process normally requires temperatures of 200° C and pressures of the order of 30,000 pounds per square inch. Scientists see potential extensions of this technique to the fluor-hydrocarbons and to emulsion paints.

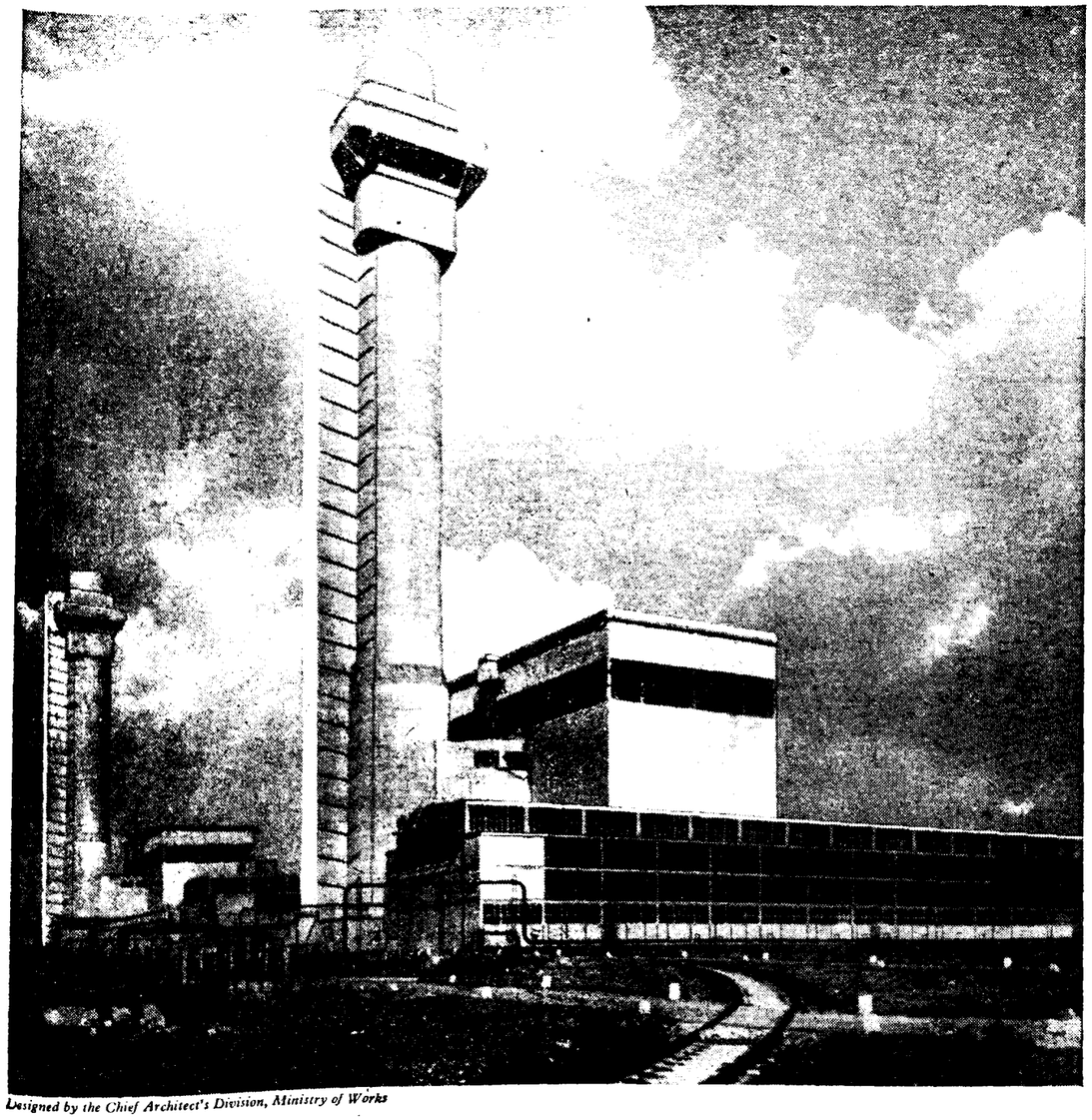
Certain oil refinery operations have a good deal in common with polymerisation, and some of the elaborate reactions now required to produce complex chemicals and additives at the refineries might be capable of at least partial replacement by irradiation processes. There is no apparent scope for irradiation in the basic process of distillation, but it is thought that its effect on cracking processes may reward study, particularly the effect of irradiation on the catalysts used in cracking. Another operation that responds to irradiation is vulcanising, which involves the same reaction of cross-linking molecules that is brought about in polythene cable by irradiation. Work on natural rubber, though it is experimental and not yet proved, points to a possible reduction in the amount of sulphur now needed to vulcanise rubber, and suggests that some properties of the rubber might be changed in consequence. For silicone rubber, the case for vulcanising by irradiation is on the way to being established.

Processes involving oxidation may also be helped by radiation. At high process temperatures, some part of the product may be lost by combustion or even lost altogether. But, with assistance from radiation, oxidative reactions may be possible at much lower temperatures, and these losses reduced or averted. The first advantage would be an increased amount of finished product from a given volume of raw material; looking further into the future, the use of irradiation in this and in other processes could lead to two long-term changes in industrial technique. If the temperatures at which many processes operate could be lowered—as might be possible under radiation—entirely new series of products might be evolved which cannot be made now because they would not survive the heat necessary to induce the reactions. There might also be a considerable and dramatic simplification of the chemical plant and equipment that industry is now obliged to use.

Not all industries are likely to be dramatically changed by radiation; it will not help, for example, in the production of heavy chemicals or of metals. With one exception, the doses of radiation needed to influence metals are so big as to be uneconomic. That exception is germanium; the properties of germanium transistors are improved by irradiation and some, though by no means all, of their limitations seem to be removed. How far radiation can be used to replace conventional methods of food preservation is another matter

Arithmetic of Atomic Breeding

For every 2 atoms split.....	the fissions release 5 neutrons
To sustain the chain reaction	absorbs 2 neutrons
Leaving a balance of.....	3 neutrons
These may breed.....	3 new atoms of atomic fuel
So there is a net theoretical gain of.....	1 atom of fuel
For every	2 original atoms split



Designed by the Chief Architect's Division, Ministry of Works

Britain's Plutonium Factory

At Britain's Plutonium Factory at Sellafield in Cumberland, with its two stacks over 400 feet high, two large natural uranium atomic piles are producing fissile material.

Building and civil engineering works by this Company include the two atomic piles, cooling reservoir, blower houses, ancillary buildings, and roads and railways in the pile group.

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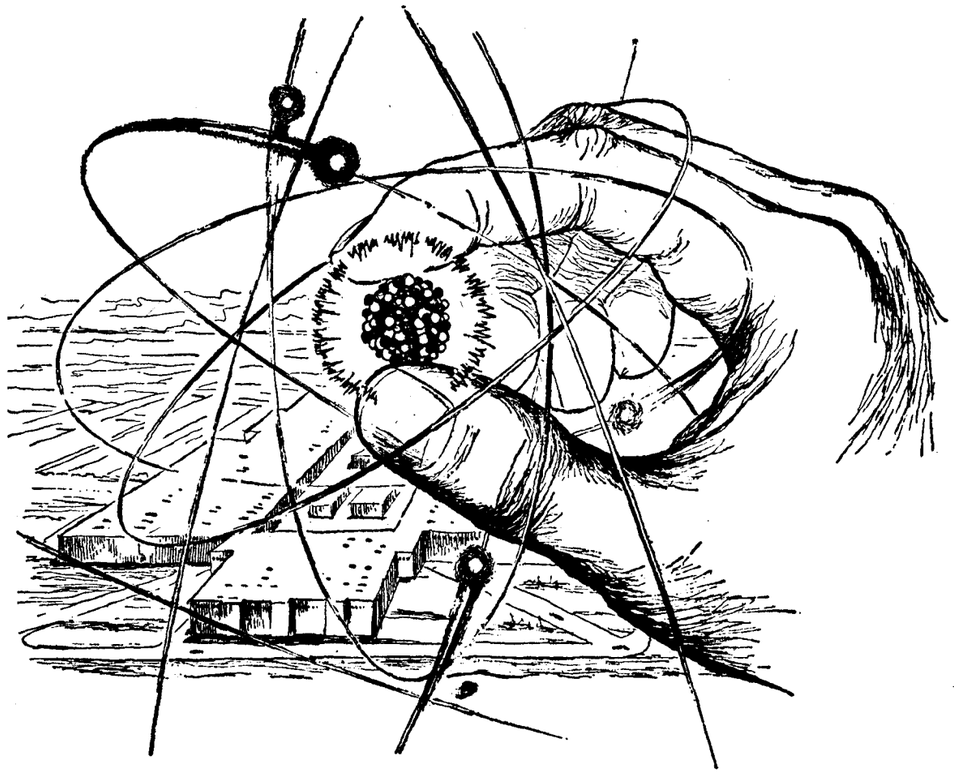

What does Atomic Energy really mean to you?

Dramatic new developments in medicine, agriculture, and industry promise long-time benefits for us all

Scientists have long known that the secret core of the atom concealed vast stores of concentrated energy. Evidence that man had unlocked the secret came with the atomic bomb.

Then came the task of developing methods to release this unbounded energy slowly, gradually, in ways of lasting benefit to all of us.

ISOTOPES AN EXAMPLE—When uranium atoms are split they emit a barrage of highly active particles. Certain chemicals placed in this barrage become radioactive and shoot off particles from themselves. Substances thus treated are called radioactive isotopes.

When these chemicals are made radioactive their paths can be traced through plants and animals, showing the organs they affect. This may increase our understanding of the processes of life itself.

FUTURE UNLIMITED—Atomic energy is also proving useful in industrial research and production. It promises to be even more valuable, however, in providing concentrated power for transportation, home, and industry.

UNION CARBIDE'S PART—From the beginning UCC has had a hand in the mining and treatment of uranium ores, the development of engineering processes, and the production of special materials for the atomic energy program. Under U.S. Government contract Union Carbide manages and operates the huge research and production installations at Oak Ridge, Tennessee and Paducah, Kentucky (both U.S.A.).

All of this activity fits in with the continuing efforts of the people of Union Carbide to transform the elements of the earth into useful materials for science and industry.

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for speculation. The lower the form of life to be destroyed, the greater the dose of radiation needed to kill it; oddly enough, it takes a hundred times more radiation to kill an insect than a man. It appears that irradiated meat and fruit can be stored for long periods, but unfortunately they become unpalatable. But partial sterilisation, using too small a dose of radiation to affect the taste and smell, might, for example, preserve meat without refrigeration for three to fifteen days. A small dose of radiation will stop potatoes from sprouting for up to 18 months. Such methods open at least the prospect of a considerable impact on present methods of food transport and storage. If drugs could be sterilised by radiation, many of the expensive precautions now taken to keep them from contamination during manufacture could be dispensed with and new drugs might be produced. Radiation can assist the production of penicillin and streptomycin, but some of the aseptic precautions are to guard against undesirable elements that are not affected by radiation and these will still be needed.

There is a vast amount yet to be learned. Powerful sources of radiation will not be available in quantity for research in this country for some time, but as more and more atomic piles are commissioned, the supply of radioactive atomic "waste" will grow. The prospects are promising and a good deal of the research now being done at Harwell is undertaken on behalf of individual manufacturers.

The Engineer's Dilemma

Most of the big engineering companies that are entering directly on atomic power station design have been contractors to the atomic energy plants during the past ten years, and have learned in the hard way about the exacting demands that the new atomic technology makes on the engineer. There are three main differences between atomic and conventional engineering practice: the safety measures in atomic engineering far exceed normal precautions; secondly, in sheer size the structures required introduce new problems; thirdly, elaborate steps have to be taken to prevent what the scientists call "poisoning" the atomic reactor.

Until about a year ago, industry had taken little direct part in design; its main function had been to construct sections of plant and occasionally complete plants, to the specifications of the physicists. But with the formation of the Atomic Energy Authority there was a profound change. The Authority kept the responsibility for research into new systems, but it was intended that industry should become responsible for designing and building atomic plants to proven designs for commercial use.

The training of engineers to build atomic power stations is a big undertaking, and the Atomic Energy Authority's resources do not allow for instruction to be given to more than about four design teams at any one time. In consequence, the companies entering the atomic power business have formed themselves into four separate groups, each consisting of an electrical engineer and a boilermaker, and occasionally including other contractors with atomic experience. The composition of these groups is listed on page 20; in some cases separate companies have been set up; and in others the arrangements are informal.

Such teams are essential for another reason. An atomic power station must be designed as a completely integrated unit. Apparently small changes in the design of the reactor—for example, the pattern in which the uranium fuel rods are spaced—can completely alter the heat levels and steam pressures in the boiler. A decision to use an alloy of slightly different composition, with possibly a higher or lower resistance to heat, or with greater or less vulnerability to corrosion, will radically change the operating characteristics of the plant. So unless the designer of the reactor and the boilermaker work in the closest possible contact their tasks become almost impossible.

This process differs radically from the way in which power stations have hitherto been designed and built. In the past, the electricity authorities have had a considerable hand, either directly or through their engineering consultants, in the choice of contractors for each separate stage of plant building and construction, and the new idea that they have to do a "package deal" with a composite group of contracting specialists may not be so appealing to them. In a year's time, the four design groups are expected to put in tenders to the Central Electricity Authority for the construction of its first two atomic power stations, due to start in 1957. The choice will be between four complete, integrated installations, with no picking and choosing between the components—a reactor designed by one group and the boilers by another.

Atomic plant construction makes exacting demands on materials. These have to be free from any elements that might interfere with the chain reaction in the reactor core. They must also be able to resist intense heat, radiation and corrosive working conditions in and around the reactor. No dust must be allowed to get into the plant or the boiler circuits, and no boron or cadmium must be present in the steel of the reactor shell. Either would "poison" the reactor and put it out of action. It is one thing to write the necessary precautions into the specifications for material; it is not so easy to eliminate the danger of contamination which would occur if materials begin to leak from one section of the plant to another. The conditions under which atomic plants operate are highly conducive to corrosion. There are two weak spots in particular—the metal cans that sheath the uranium fuel

elements, and the tubes of the boilers. In the reactors of early design, carbon dioxide circulates through the reactor and round the boiler pipes; if the temperature of the uranium rods is allowed to rise above about 400°C., this hot gas is liable to erode the metal cans around the uranium, and violently radio-active fission wastes would then leak and be carried by the gas into the boiler.

This liability to corrosion is present in varying degrees whatever materials are used and much research is being conducted to find new alloys and new coatings. The boiler tubes are fabricated of stainless steel to reduce the risk of leakage either of radio-active gas into the water circuit or of water into the reactor. When, in the more efficient reactors of later design, liquid metal is circulated through the system instead of gas, the engineers will have to avoid any risk of interaction between hot liquid sodium and water and also make sure that the igniting temperature of the metal is not approached. These problems of new heat-carrying materials, and the problems of extracting the heat from them, illustrate the exacting nature of atomic engineering.

The size of some of the structures also exceeds anything that engineers have yet been asked to build. Reactors that are cooled by gas, as the early power stations will be, are enclosed in steel pressure shells; the shells that enclose the reactors at Calder Hall are 37 feet in diameter and 70 feet high. They have to be fabricated on the site and must meet the safety standards laid down by the scientists. Boiler-makers that have considerable experience of building pressure vessels for chemical plant face new problems in this work, but they have already shown that they can work out the appropriate techniques, despite the immense weight of the reactor, its pressure shell, and its shielding.

These tasks might be simpler if it was not also necessary to observe the most stringent safety precautions at every stage of construction and welding. At vulnerable points in the boilers, the tubes are led out through the boiler casing and the welds made outside where they can be easily inspected and repaired. The heavy pressure shells on the reactors, and in particular the fantastic steel pressure shell at Dounreay, are typical of atomic safety precautions. They are cumbersome, and engineers hope that experience may also show how they can be lightened.

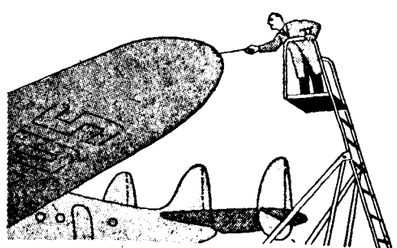
Developments in Europe

EXCEPT for France the countries of Western Europe have reached a comparatively early stage of atomic research. But although progress has been limited, interest in atomic energy is sharpening and it is clear that within the next year or two practically all the Western European countries will have substantial experimental work under way. Already, Belgium, Italy, the Netherlands, Norway, Sweden and Switzerland either have research reactors in operation or are in the process of building them; Denmark and Germany have plans ready to be approved.

Because of its uranium deposits in the Congo, Belgium is well placed to bargain for American and British technical assistance, and a new agreement, replacing the wartime agreement, has just been concluded. Under it, Belgium will sell 90 per cent of its 1956 and 1957 production of uranium and thorium ores and concentrates to the Combined (US-UK) Development Agency. In the following three years the percentage drops to 75 per cent. In return, Belgium will receive from the United States all the information necessary to build and run nuclear reactors for its power programme. The Belgians are now building a research reactor and have plans for an atomic power station. The United States has also agreed to provide Belgium with still-secret information about reactors for use in powering submarines, ships and airplanes—when the Americans consider that these reactors can be used for peaceful purposes.

Holland and Norway, who have a joint programme of atomic research and development, also start with an advantage—the substantial Norwegian production of heavy water. The Dutch, who produce only small amounts of coal and about half their oil, are particularly interested in the possibilities of power production; the Norwegians, who have abundant hydro-electric power, talk more of using atomic power for ship propulsion. The Dutch expect to have a research reactor working in about two years, and an atomic power station in perhaps another five years. Norway already has a small research reactor at Kjeller and exports isotopes to Denmark and Sweden as well as to the Netherlands. The first Norwegian-designed trial reactor for the propulsion of ships is expected to be ready in about two years. The Germans, who are conscious that they lag behind Britain and also the smaller European countries, show signs of making up for lost time. They have a background of extensive prewar and wartime atomic research and while there have in the past been restrictions on the quantity of fissile material in Germany, there is no longer any effective limit on the import of nuclear fuel for peaceful purposes. Plans are now being made for a research reactor in 1957, followed by another two years later and German technicians are already being trained in the United States, Britain and France. Unlike Eastern Germany, Western Germany has little uranium.

Italy is actively interested in developing atomic power. It recently obtained ten tons of heavy water from the United States for a research reactor near Milan, the fuel for which will be leased from the United States. Italy is planning a heavy water production plant in Tuscany and hopes to find uranium in the Piedmont, although surveys there by the Montecatini company have apparently been disappointing.



Loading radio-active isotopes for export on the wing-tip of a Constellation—a routine method for isotope shipment.

Within the last few months several developments have given fresh impetus to the Western European interest in atomic energy: first, the publication of the British White Paper; second, the American decision to go ahead with a series of bilateral agreements for the exchange of

Complete atomic power stations under a single contract

BY THREE FAMOUS FIRMS WORKING AS A GROUP

An essential feature of the Government's 10-year programme for the development of nuclear power as a source of electrical energy is the increasing part to be played by British industry, with the active encouragement of the Atomic Energy Authority. A group of three leading British firms, well qualified for the task, has already been formed.

Commenting on the Government's plan when it was announced, the Minister of Fuel and Power said: "These decisions open up tremendous prospects; they offer the possibility of a new industrial revolution, with a continuing increase in productivity and in the standard of living of our country . . . I know of no other nation that has yet launched a nuclear power programme on this scale."

In May the Prime Minister observed: "Already many companies in this country are exploring markets overseas for their new products in this field. We hope to produce an entirely new export trade. The scope is enormous."

Great resources joined

It was with both home and overseas activities in mind that three firms of world-wide experience in the design and construction of large steam power stations arranged in 1954 to work together as a group in the new field of nuclear power generation, which they have been actively studying for a number of years.

The group represents a combination of first-class experience and resources in civil, steam, and electrical engineering. With the close technical co-operation of the Atomic Energy Authority, it is organized to undertake complete atomic power projects of the gas-cooled, graphite-moderated type represented by Calder Hall—Britain's first atomic power station, and the first of commercial size in any country.

This means that stations of this type can be built in any part of the world, under a single contract.

Working as a group, the three member firms are equipped to do everything, from preparing the site to feeding electricity into the public supply.

The member firms

ENGLISH ELECTRIC recently announced the establishment of a complete atomic power department at Whetstone, near Rugby, where much of the research and development work for the group is also centralized. ENGLISH ELECTRIC have supplied turbines, generators, switchgear, fusegear, transformers and other equipment to a very large number of power stations in Britain and overseas, and also manufacture nearly every kind of electrical equipment for industry and traction.

BABCOCK & WILCOX, with their comprehensive works and world-wide organization, have been leading suppliers of steam generating plant for power stations and marine and industrial service ever since the first public supply of electricity three-quarters of a century ago. They specialize in all types of boilers, mechanical handling plant, pressure vessels, heat exchangers, pipework and similar equipment, and have been studying the special problems of atomic power since 1947.

TAYLOR WOODROW, the main contractors for Calder Hall 'A' (and now 'B'), are carrying out major construction contracts of every description, including large-scale power station projects, at home and overseas.

By pooling their specialized skill and experience and their varied resources, the members of the group are confident of making a maximum contribution to Britain's development of nuclear energy both at home and in the export field.

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BABCOCK & WILCOX
Babcock & Wilcox Limited
Babcock House, Farringdon St., London E.C.4

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Into the future

THE DEVELOPMENT OF NUCLEAR POWER

Simon-Carves command an outstanding combination of research, engineering and contracting resources for the design and erection of forced-circulation and natural-circulation water-tube boilers and the acceptance of responsibility for the whole of the mechanical, electrical and civil engineering work involved in the building of complete power stations.

These resources are now being brought to bear on the problems of nuclear power production, for the study of which a new organisation has been set up in partnership with the General Electric Company.

With a long tradition of engineering enterprise and a formidable weight of scientific resources, Simon-Carves are preparing to contribute to the development of nuclear power production throughout the world.

Simon-Carves Ltd SIMON ENGINEERING GROUP

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unclassified information on peaceful uses of atomic energy (including arrangements to lease limited quantities of fissile material); and third, the discussion both in the OEEC and among the six countries of the Coal and Steel Community.

Since May of this year, the United States has signed bilateral atomic energy agreements—in addition to the special agreements with Belgium, Canada and the United Kingdom—with Turkey, the Netherlands, Italy, Portugal, Spain, Switzerland, Greece and Denmark. Agreements have also been signed with the Argentine, Colombia, Brazil, Venezuela, Uruguay, the Philippines, Nationalist China, Pakistan, Japan, Siam, Israel, and Lebanon. They follow the general pattern laid down in the first agreement with Turkey, under which the United States agreed to lease to the Turkish Government up to 6 kilograms of fissile uranium 235 from the 100 kilos that the United States is contributing to the international pool, and to supply information on the design, construction and operation of research reactors. The President's recent suggestion that the United States should pay half the cost of experimental reactors if other countries were unable to finance them will, if approved by Congress, presumably speed up the construction of research reactors in many of the countries with which agreements have already been concluded.

Atomic energy is attractive to Western Europe because of the high and rising cost of coal, which provides 80 per cent of the energy consumed in the OEEC countries. The six countries that are already joined together in the Coal and Steel Community have put atomic energy high on their list of candidates for further efforts at integration. Following the Messina conference of the foreign ministers of these six countries, a committee is meeting in Brussels soon to examine proposals for further integration in atomic energy, in more detail. Britain will be represented at the meetings although it is not committed at this stage to the principles of establishing a European organisation for atomic energy. It is too soon to predict the outcome of the summer's discussions, but there is already strong support on the continent for some real pooling of effort and resources.

Progress in France

FRANCE has gone further in atomic research than any other of the countries of Western Europe. A Commissariat for Atomic Energy was set up immediately after the war, but because of the small funds put at its disposal (total expenditure in the first 10 years was only 50 milliard francs) it was restricted to experimental work and could not undertake the building of atomic factories on the British pattern. A research reactor was built at Chatillon in 1948, and a second pile followed at Saclay. During the same period the French set up a chemical factory for the production of uranium metal and for the specially pure graphite needed for the construction of reactors. A Five Year Plan covering 1952-1957 was later launched in 1952, but early this year it was decided that this was too modest and it has been replaced by a new plan that will run to the end of 1957. A total of 100 milliard francs has been set aside to finance the programme—and this represents twice the total expenditure for the whole of the preceding ten years. One third of the funds is to be used for the extraction and preparation of uranium and thorium metals and heavy water; one fifth for a prototype for submarine propulsion; and another third for a new atomic centre at Marcoule, near Avignon.

The AEA's lion supports a "pile."

The construction of Marcoule marks a turning point. It will be France's first full-sized atom plant, and will have two reactors producing between them about 100 kilos of plutonium, and generating about 55,000 kW of electricity. The first reactor should be completed by mid-1956. Its capacity will be only 5,000 kW, but when the second pile is finished in 1957, two 25,000 kW generators will be installed.

The plutonium from Marcoule is of greater immediate importance to France than the marginal amounts of electricity. France is a heavy importer of coal, and is therefore anxious to develop atomic energy as a supplementary source of fuel, especially in districts like that around Avignon, that are heavily populated and under industrialised. Thus without regard to any eventual decision to produce atomic weapons, France must have a concentrated fuel like plutonium to develop improved types of reactors.

Soviet Atomic Energy

THE curtain surrounding Soviet progress in atomic energy is drawn even tighter than in any other field. But it was partly lifted at the recent session of the Soviet Academy of Sciences when several papers were read on reactor design, as well as on the use of radium isotopes and on the progress of pure research. No figures have ever been given of the Russians' investment in atomic development. There is no doubt that the effort is great and the burden heavy.

Apart from any strategic considerations, Russia has an economic incentive to develop atomic power. Distances are vast and costs high; this has prevented industrial development in areas without local fuel reserves. The demands of the satellites and particularly of China must also be taken into account.

In 1954, it was announced that the first atomic power station with a net capacity of 5,000 kW had been commissioned. This is atomic power on a laboratory scale, but stations with a capacity of 50,000 to 100,000 kW are now said to be under construction. Unofficial reports suggest that the Kazakh and Kirgiz republics in Central Asia may get some of these plants and the main centre may well be beyond the Urals, in East Siberia near Irkutsk on the Angara river, where a huge electric power station is being built.

Earlier this year technical aid agreements were signed by Russia with all the East European satellites and with China. The Soviet Union promised to supply these countries with experimental atomic piles and research tools like linear accelerators; to provide free technical information; to supply the necessary fissile material for reactors; and to supply in the interim any necessary quantity of radio-active isotopes. At Geneva this week, Marshal Bulganin promised to contribute atomic fuel to the international pool proposed some time ago by President Eisenhower. It was announced recently in China that an atomic power station was to be built there with Soviet help.

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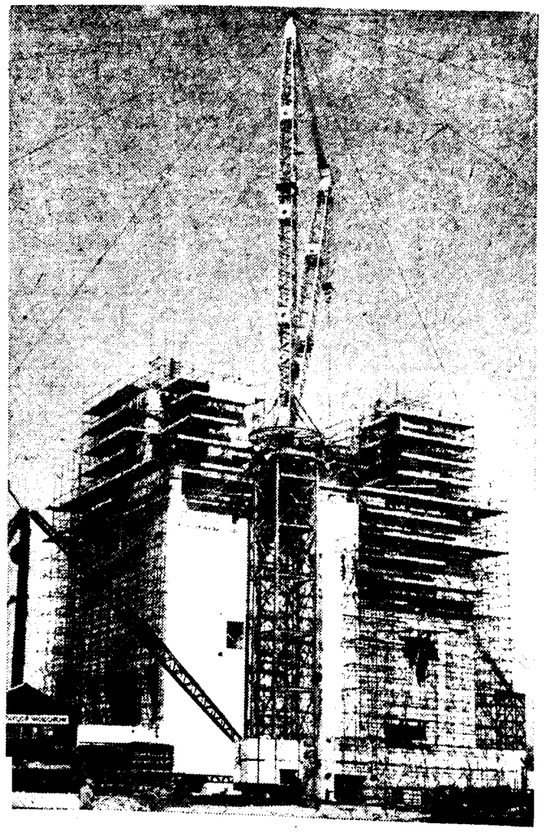

Photograph shows the huge concrete structure of one of the Thermal Reactors during construction

BRITAIN'S FIRST ATOMIC ELECTRICITY GENERATING STATION
The civil engineering and building work at Calder Hall is being carried out by Taylor Woodrow for the United Kingdom Atomic Energy Authority

'When we build, let us think that we build for ever'

John Ruskin

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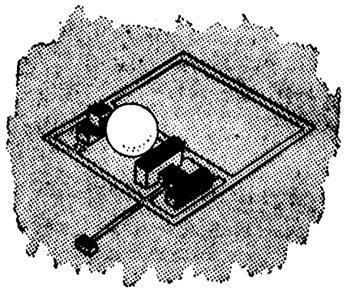
● Many problems involved in the manufacture of Nuclear Power Plant are similar to those which have arisen in the development of the Water Tube Boiler. John Thompson possess intensive experience in this field. Of particular value is their experience of *forced circulation* which is required with all types of reactors. This is a field in which the majority of pioneer work in this Country has been carried out by John Thompson.

● Through its early work in the production of equipment for Nuclear projects for the Ministry of Supply and for the United Kingdom Atomic Energy Authority, John Thompson was one of the first Companies to develop existing manufacturing facilities for Nuclear Power requirements. Earlier this year it was announced that a Joint Study Group had been formed with Associated Electrical Industries Ltd., in collaboration with the U.K. Atomic Energy Authority.

DOUNREAY
The first "Fast Breeder" station



● John Thompson's latest contribution to the Nuclear Power programme is the work which has been entrusted to them by the U.K. Atomic Energy Authority in connection with Dounreay Station. This involves the development and manufacture in collaboration with the Authority of the liquid metal circuits, steam and water equipment, fusion welded stainless steel vessels, heat exchangers, boiler drums, instrumentation, and feed water treatment plant. Manufacture has already commenced.

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A Share in the Atom

SINCE the invention of the steam engine most big discoveries have been expensive luxuries to large numbers of investors. The fortunes that were made when gold was found on the Rand, when the motor car invaded the roads, the aeroplane the skies and artificial silk the wardrobe, remain in men's memories. The losses are more quickly forgotten for few investors like to boast of their blunders. The atom has now arrived with a bang in the investment markets. It will be a factor of the first importance and a potent source of progress; but not everyone will make a fortune in it.

The present swing towards nuclear power is certainly not slower, smaller, or less important than any of the great industrial changes of the past, but compared with them it has one most important difference: there is no such thing as an atomic industry. There are plenty of companies with an atomic slant. The investor therefore finds no difficulty in choosing nuclear shares. Indeed he would find it moderately difficult to build up a balanced portfolio of any size without including some companies that are either already in that field or likely to become so.

Apart from a few uranium mines, few of these companies reckon on drawing the whole or even the greater part of their income from atomic energy or its by-products. They are the leading enterprises in electrical and constructional engineering, and in the chemical, metallurgical and scientific instrument industries among others. The chain of atomic power stations and the valuable by-products that will flow from them can only be built with the help of these companies. But nuclear developments in the near future are not likely to provide more than a slice of the income of most of them. The investor who takes a stake in the atom through such shares gets a useful cushion of other business earnings. On that theory the investor who buys the shares of C. A. Parsons, of General Electric, English Electric or AEI is scarcely taking an atomic gamble: he is calculating first that the demand for power stations is likely to remain high; secondly that a growing proportion

SOME ATOMIC SHARES

Company	Main Activity	Year End	Dividend Previous	Dividend Latest	Price	Yield	Times Covered
			per cent	per cent		per cent	
Contracting Groups :—							
General Electric £1	Turbines and reactors	Mar.	11½	12½	73/9	3·39	2·7
C. A. Parsons £1	Turbines and reactors	Dec.	10	10	95/6	2·05	7·9
Whessoe & Co. 5s.	Pressure shells	Mar.	30	18*	29/3*xd*	3·06	3·0
Head, Wrightson £1	Boilers and reactors	Jan.	12½	17½	125/–*xd*	2·80	3·8
Clarke, Chapman £1	Boilers	Dec.	20	20	100/–	4·0	4·0
A. Reyrolle £1	Switch gear	Dec.	13¾	15	125/6	2·39	6·3
AEI £1	Zirconium uranium alloys and electrical equipment	Dec.	15	14*	96/–	2·92	4·5
John Thompson 5s.	Boilers	Dec.	22½	21¼*	37/–	2·77	3·4
English Electric £1	Turbines and reactors	Dec.	11¾	12½	83/9	2·99	2·8
Babcock & Wilcox £1	Boilers	Dec.	12	15	95/6	3·14	3·6
Suppliers :—							
Associated Portland Cement £1	Cement	Dec.	17½	20	131/3	3·05	4·9
British Aluminium £1	Aluminium	Dec.	10	12	54/3	4·43	2·3
British Thermostat 5s.	Control equipment	Jan.	27½	27½	35/–	3·93	3·9
Brush Group 5s.	Electrical equipment	Dec.	6	10	9/4½	5·25	3·1
Richard Costain £1	Construction work	Dec.	10	10	70/–	2·85	7·8
John Dale 5s.	Interest in Isotope Developments, Ltd.	Dec.	20	20	13/3	7·55	1·1
Edwards (High Vacuum) 4s.	Vacuum pumps	Dec.	6	25	32/6	3·08	3·2
Elliott Brothers (London) 5s.	Computors and instruments	Dec.	20	16⅔*	54/6	1·53	2·3
Imperial Chemical Industries £1	Acids for uranium treatment	Dec.	15	10‡	56/–	3·58	2·8
Johnson Matthey £1	Metal and glasswork	Mar.	21	9§	55/–*xd*	3·20	3·9
John Laing £1	Construction work	Dec.	10	10	12¾	0·78	15·8
Laurence Scott & Electromotors 'A' & 'B' 5s.	Electric motors	Dec.	20	12½*	19/6	3·21	4·6
Negretti & Zambra 5s.	Instruments	Sept.	22½	13‡	24/9	2·55	5·0
Stewarts & Lloyds £1	Pipes	Sept.	10½	12½	75/4½	3·31	8·7
Mines :—							
Borax Consolidated £1	Boron and lithium	Sept.	11	18	144/3	2·50	2·3
Consolidated Zinc £1	Hydrofluoric acid, uranium interests and lead	Dec.	15	18¾	58/9	6·38	2·6
Tanganyika Concessions 10s.	Investment in Union Minière	July	45	55	177/6	3·10	1·1
Rio Tinto 5s.	Investment in Canadian uranium mines	Dec.	20*a*	30*a*	70/–	3·73	0·9
Randfontein £1	Uranium	Dec.	10	15	55/–	5·45	1·0
Western Reefs 5s.	Uranium	Dec.	50	50	35/10½	6·97	2·3
West Rand Cons. 10s.	Uranium	Dec.	37½	37½	43/1½	8·55	1·6
Anglo-American Corp. of S. Africa 10s.	Uranium investments and mine management	Dec.	60	70	176/3	4·05	1·4

* On increased capital. † Ex-dividend. ‡ On doubled capital. § On capital increased by 2 for 1 issue. (*a*) Tax-free. (*b*) Interim since increased.

of those stations may in the future be nuclear ; and thirdly that the British electrical industry is as well placed as any to take advantage of that state of affairs.

Nor is he likely to buy Borax deferred merely because he knows that boron—an absorber of radio-active particles—is an essential ingredient of the atomic pile and that the company also mines lithium—a fissile material which may one day be important. If he thought that the prospects for Borax looked reasonable anyhow, that extra attraction might tip the scale. He can similarly build up a case for Imperial Chemicals ; the biggest British chemical concern has naturally played a leading part in atomic processes—notably in the chemical treatment that the uranium receives before it enters the atomic pile.

In time there may be shares on the market in companies that have grown up entirely in the atomic business—Isotype Developments, who make beta gauges, monitors and other measuring devices in the atomic field, may be an example. The company is at present being nursed to maturity by Industrial and Commercial Finance Corporation. Its shareholders include Guest Keen & Nettlefolds, the Distillers Company, Morgan Grenfell & Co. and John Dale. For Edwards (High Vacuum) and Elliott Bros. (London), the atomic side is already of great, though still not dominant, importance.

In buoyant share markets investors have recently been taking their seats for the atomic trip. Shares of companies known to be concerned in the British nuclear power plans have been heavily bought. A yield of only 2.8 per cent on Head, Wrightson and of only 1.5 on Elliott Brothers suggests that something (not necessarily everything) of the new possibilities has already been discounted. It also suggests that the mere fact a company is well placed in the atomic race is not now by itself a sufficient commendation for its shares. Some other company lying a little way back in the race may at present prices look equally attractive.

The recent awakening of interest in atomic shares owes much to the formation by leading engineers of four big groups to pursue atomic projects. These are the groups:

(1) The Nuclear Power Plant Company consisting of: C. A. Parsons ; Reyrolle ; McAlpine ; Whessoe ; Head, Wrightson ; Alexander Findlay, and Clarke, Chapman.

(2) General Electric Company and Simon-Carves.

(3) Associated Electrical Industries and John Thompson.

(4) English Electric, Babcock & Wilcox and Taylor Woodrow.

In each group an electrical engineer has joined forces with a constructional or mechanical engineer to provide the basis of a power plant team. Nuclear Power Plant Company is much the most comprehensive. It includes a manufacturer of nuclear reactors and generating equipment (Parsons), a manufacturer of switch gear and electrical equipment (Reyrolle), two constructional engineers (McAlpine and Findlay), a maker of pressure shells (Whessoe), a manufacturer of heat exchangers and heavy water reactors (Head, Wrightson) and a manufacturer of steam raising equipment (Clarke, Chapman). But no group can do the whole job. Much specialist work and equipment will always have to be bought in.

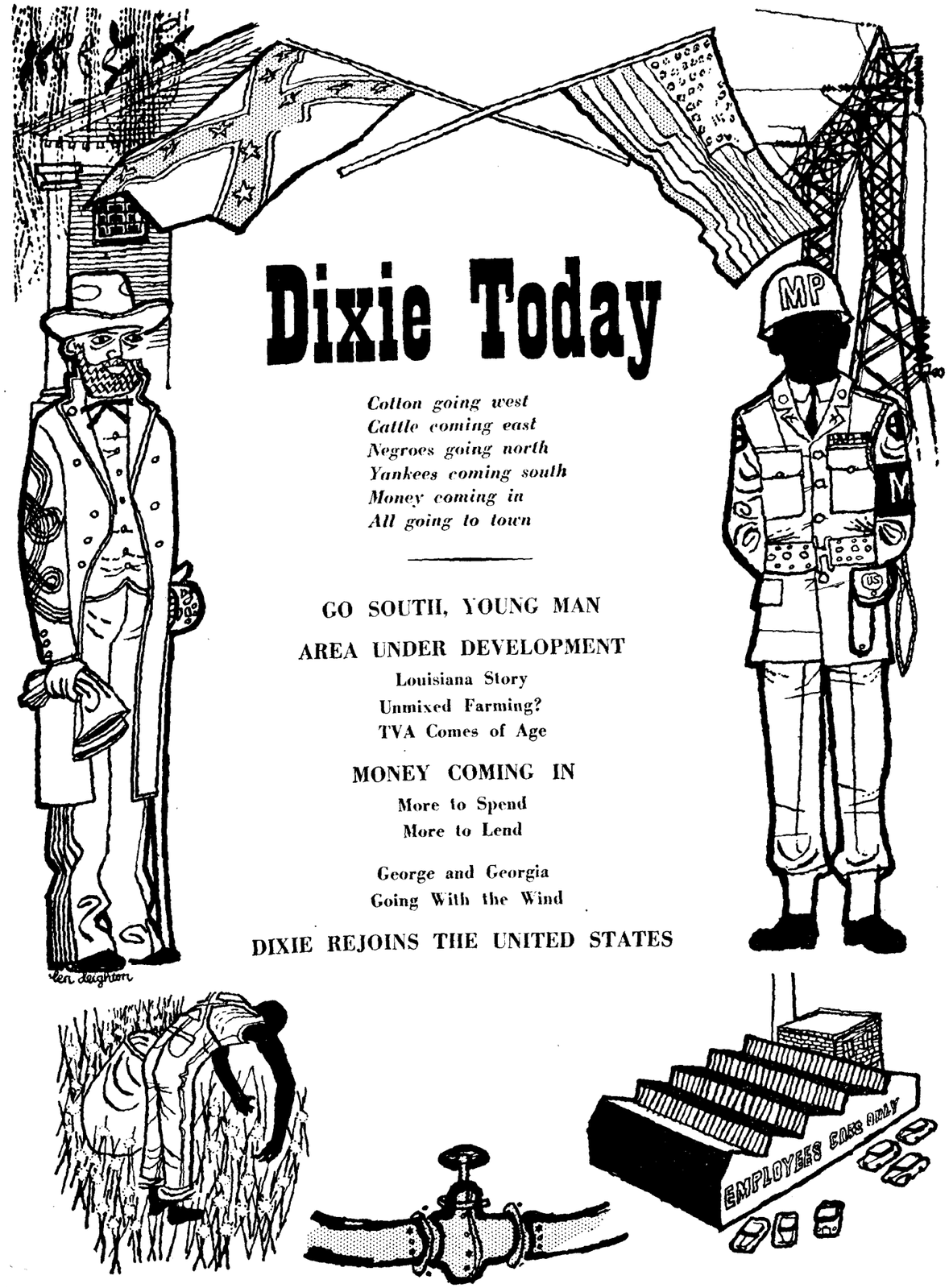
Investment interest inevitably and rightly focuses on these big engineering groups and on the atomic power stations that they hope to build in many countries. The distant prospect in these wide new fields is pleasing. The nearer prospect is less serene. The rate at which the big engineers can expand their output is limited by their capacity and in particular by their command of technical skills. The chairman of Simon-Carves, for example, has just announced that his company's resources are fully engaged for at least four years. These limitations will not be quickly remedied and the business of selling atomic power stations is likely to be conducted in sharp international competition.

Both in Britain and in America governments are the fountain head of atomic development, but in the building of the power stations and in harnessing the valuable by-products wide fields have been thrown open to private industry. With the governments approving the plans, and with an inevitable mixing up of peaceful nuclear powers with defence budgets, it has been possible so far to get most of the research work paid for by governments and to get some at least of the contracts on a "cost plus" basis. The time is now arriving when contractors will have to spend more heavily from their own resources on research and quote increasingly keen prices. The big groups in the next few years seem likely to be investing heavily in the atom ; their reward may be satisfactory but it may also be delayed.

It would be too narrow to think of atomic investment only in terms of atomic power stations, their contractors and suppliers. The production chain starts at the mines—in Africa, North America or Australia. Union Minière du Haut Katanga selects itself as an outstanding uranium producer, but it happens that Tanganyika Concessions ordinary stock unit in London offers the cheapest way of acquiring an interest in it. The gold-uranium mines of South Africa, of which a few only are shown in the table, are providing an increasing part of the uranium supplies and Anglo-American Corporation of South Africa happens to be the mining finance house concerned with the largest number of these mines. Rio Tinto offers the opportunity of taking an indirect interest in Canadian uranium, and Consolidated Zinc in Australian uranium.

Treatment of the uranium ore before it enters the pile, the pile itself and its by-products require the services of a wide range of industries: chemicals, ceramics, cements, vent-making equipment, heat exchangers, chemicals, gas pumps, photographic film and innumerable instruments. The disposal of the waste and of the by-products involves a further chain of industries. The number of companies likely to be affected and therefore the number of opportunities to the investor is enormous. It will be surprising if some of those on whom the impact of atomic development is sharpest do not occur off the main high road of electrical and constructional engineering, perhaps among the specialists in materials and instruments.

$$R = \frac{5}{2\pi} 8 \int_{h}^{h+2a} \int_{0}^{a} \left[\frac{\sec i(\mu_r t_s \sec \psi_1 \phi_1) + \sec i(\mu_r t_s \sec \psi_2 \phi_2)}{\sqrt{x^2+y^2}} \right] dx\, dy$$



Go South, Young Man

FROM the nation's number one problem to America's new frontier: that is the measure of the change in the southern United States in the past twenty-five years. Emerging during the nineteen-thirties from the bitter isolation into which it withdrew resentfully in 1865, after the Civil War, the old Confederacy has gone through a century of progress in a generation. Driven by its own poverty, the South has accepted the second industrial revolution and is sharing the growth which that revolution is bringing to the rest of the country. Today Dixie is moving into the place to which it is entitled by its abundance of labour, fuel and water, its convenient geographical situation and its favourable climate; nowhere in the United States is a better or more varied combination of these economic advantages to be found and nowhere in the United States is there more confidence in the future.

For the purpose of this survey the South is defined as the eleven south-eastern states—Louisiana, Alabama, Florida, Georgia, North and South Carolina, Mississippi, Arkansas, Tennessee, Kentucky and Virginia. In 1930 this region, which is in land acreage about a sixth of the United States, had all the characteristics of what is now defined as an underdeveloped area: a low standard of living, a high birth rate, racial prejudices, an unskilled, underemployed labour force, an agricultural economy depending on a few cash crops for export—cotton, tobacco and rice—rather than on a variety for domestic consumption, an exhausted soil, little industrial development, a reliance on imported capital and managerial ability, and a distrust of outside interference.

Nevertheless, of course, the area was only backward when compared with the rest of the United States; it was even then far more advanced than the genuinely underdeveloped areas of the world. It had another advantage over them: it was an integral part of the United States, with no political barriers to prevent capital coming in or goods and people going out. The surplus population of the South has in fact been seeking new opportunities in the fertile lands of the West and the industries of the North ever since the beginning of the nineteenth century. In particular the South has in recent years been exporting its Negroes and thus easing its racial tensions.

Today living standards in the South are improving fast and sharing the spectacular rise in the rest of the country. Today a more diverse and more mechanised agriculture is meeting the growing demands of a richer people for food and fibre and, at the same time, freeing labour for the factories which have sprung up all over the region. As new jobs are offered, the working people, whether white or coloured, are acquiring new skills. There has been a much-needed improvement and expansion in educational facilities, both in the ordinary schools and, even more important, in technical and other colleges. The ambitious Southerner who wants to enter a profession, to be an engineer or a scientist, does not now have to go north for his training, or to stay there for his career. The economy no longer turns on agriculture but on industry; life no longer centres round the farm but round the town. Between 1940 and 1950, the number of farm workers decreased by 25 per cent; in several states the increase in the number of people employed in trade was over 65 per cent. The South is still more dependent upon agriculture than is the country as a whole but, as appears throughout this supplement, its resemblance to the rest of the United States, in this and other ways, is steadily becoming closer. And the change has so far been achieved with few of the more obvious stresses that usually accompany the development of backward areas.

This transformation, which is affecting the political and social attitudes of the southern people almost as noticeably as it is their economic condition, began with President Roosevelt's New Deal. Then the federal government poured both expert advice and the taxpayer's money into the South, providing a domestic preview of the Point Four programme for underdeveloped areas overseas which President Truman launched sixteen years later. Since the New Deal's chief remedy for the depression of the nineteen-thirties was to raise the country's purchasing power, its enterprises had special relevance in the South.

Even so, the government spending which brought the real economic break-through did not come until the war. Then money flowed into the region on a scale not yet contemplated by any international programme of investment and technical assistance for backward areas. It came in two streams: pay, allowances and pensions for servicemen and their dependents; and capital expenditure on military bases and defence plants. On top of this spending came the wartime demand for the food and raw materials which were the principal products of the South. By the time the defence expansion was over, the region had reached that level of prosperity where it generated its own growth.

It was mentally prepared for growth as well. Long before the war the new ease of communication, the automobile and the wireless, had made Southerners realise that they were part of a nation, that it was time to forget the Civil War. And the servicemen who returned from the fighting saw this even more clearly; they had no desire to sink once more into isolation or poverty. Furthermore some of those from the North who had gone South during the war stayed or came back to exploit its potentialities.

For by 1945 the South had become a market worth developing; the people who had had nothing ten years before could now pay for almost anything. In particular those who had come to town from the farms wanted cinemas, supermarkets and doctors as well as high-heeled shoes, business suits and, of course, the automobiles which, in their turn, demand petrol pumps. Partly because of these new needs and partly because of its importance as a tourist resort, the postwar growth of the South has been concentrated even more in the trade and service industries than it has in manufacturing.

Nevertheless the new demand for consumer goods has made it worth while for companies which used to send their products into the region from their northern factories to set up branch plants—automobile assembly lines, for example—in the South and for Southerners themselves to start new undertakings. Moreover, the centres of economic activity in the United States are moving west, and the South is not only expanding itself but is as near, or nearer, to these other expanding markets as the old industrial areas.

There are many other reasons why industrialists from the overcrowded North turn to the South when they plan to expand—as they have been planning almost without a break for the last fifteen years. One is the availability of electricity and even more of water, scarce almost everywhere else in the United States and essential to many of the new industrial processes. Another is that southern communities, or at least some of them, welcome, and do all that they can to help, new enterprises; the "Chamber of Commerce" mentality came to the South late, but grew fast there.

Yet another reason why industry comes south, but one of which the significance is often exaggerated, is that wage rates are lower than in the North, although only in some industries and in some places, and trade unions are less strong. More important is the quantity of labour available and its greater flexibility. Men who have never been in a factory before have no precedents to follow and are less suspicious of new machinery than are established industrial workers. Furthermore, the semi-tropical southern climate permits inexpensive types of construction; plants can even sometimes be built without walls. It means too that company executives can play golf all the year round.

The picture is, naturally, not uniform all over the region; the colours are brightest in Louisiana, gloomiest in Mississippi, where the average annual income in 1953 was only $834 a head, by far the lowest in the United States, and half the inhabitants still live on farms. The comparative growth of manufacturing in North Carolina has been less than elsewhere, because industrialisation was already fairly well advanced in the state; in Alabama, a second round of development is being imposed on Birmingham's long-established steel industry. Bourbon whiskey and racehorses are still Kentucky's specialities. Florida's major and increasingly profitable activity is still the provision of a winter playground for old people.

Nowhere, perhaps, do the variations in the region show themselves more clearly than in the different approaches to the Negro. Where prosperity is bursting out all over, people are too busy to worry very much about whether the two races are being kept separate; in any case, nowadays the Negro's purchasing power is so important that it is bad business to offend him. But in places like Mississippi, which is trying to lift itself by its bootstraps and where the proportion of Negroes to whites, nearly 50 per cent, is greater than in any other state, the old fears still prevail.

The unity of the South has always been emotional rather than economic or geographic and was bound to disintegrate as soon as the past ceased to absorb the region's interest. Indeed, Dixie long ago began to break away at the edges. Maryland may still be regarded as southern, and perhaps Texas, although its economic orientation has for some time been towards the West and the North; but few people today would think of Delaware, West Virginia or Missouri as southern. Yet all of these were below the Mason-Dixon line, the traditional boundary between North and South. From now on the differences in the region are likely to become more marked than the resemblances, as the various states digest their progress—something which few of them have yet done—and as permanent changes in living habits and political outlooks emerge from the present ferment of economic growth.

The question now is whether the growth will go on. The South has escaped from its hated colonial status, but will it ever catch up with the rest of the country? Already the pace has slowed and it is likely to slow still more if the cold war continues to thaw. For the South has again had more than its share of benefit from the defence programme which began after the Korean outbreak and from the government's heavy expenditure on atomic energy development. Almost everywhere in this survey suggestions will be found that in Dixie today the time has come for stock-taking. There are those who doubt whether Southerners are temperamentally suited to go on booming for ever. Their climate is not stimulating; the whites among them are of purer British stock than is found anywhere else in the United States and, like the British, they tend at a certain point to prefer fishing to overtime pay; nor is the average Negro particularly energetic.

As the South becomes increasingly like the rest of the United States, it becomes increasingly vulnerable to depression; an agricultural economy may not be wealthy, but in the long run it is likely to be more stable than an economy based on trade and industry. Meanwhile, however, the South's own bounding self-assurance is matched by the confidence of most Americans in its future. Always looking for another frontier to develop, at midcentury they think they have found one in Dixie. Horace Greeley has turned in his grave; "Go west, young man," was his Yankee advice a century ago; today the slogan is "go south."

Area Under Development

FROM SPECIAL CORRESPONDENTS

Louisiana Story

Twenty-five years ago no southern state was more backward than Louisiana; today no southern state is more buoyant. Louisiana's oil makes it a special and exaggerated case; nevertheless here as nowhere else are to be found, in an exceptionally concentrated form which makes them easier to examine, both the basic elements in the South's development and the uncertainties which may hamper it in the future.

WHAT was once a cotton patch near Baton Rouge, the capital city of Louisiana, is now the site of the largest oil refinery in America. On the bayous and cypress swamps bordering the Mississippi River now stands an industrial complex of oil and chemical enterprises, paper mills and aluminium plants, synthetic rubber and fertiliser factories. Stately southern mansions in spacious grounds still shrouded in Spanish moss have modern assembly lines as conspicuously incongruous neighbours. Sleepy southern towns, no longer dependent for their prosperity solely on the whims of cotton prices, have been suddenly transformed into thriving industrial centres. Even the ubiquitous moss itself has now been given an economic role by the increasing demand for packing materials and furniture stuffing.

This new industrial society in Louisiana is based on petroleum and natural gas, which are found in almost every part of the state. The annual output of crude oil in Louisiana has increased nearly four times, and the output of natural gas more than five times, in the last fifteen years; the state now provides nearly 11 per cent of the country's entire crude oil production and 16 per cent of its natural gas, and has rich reserves, especially out to sea on the continental shelf.

From these roots, which, in many cases, provide raw materials as well as fuel, rises an integrated structure of oil refining and petrochemical facilities. Supported by the availability of cheap electricity and water transport, and of abundant water for cooling and industrial processing, these in turn branch out into plants making a wide variety of intermediate and finished products, ranging from synthetic rubber and carbon black to plastics and protective coatings, from detergents to the ammonia and other fertilisers, the insecticides and food preservatives so essential to southern agriculture. From the plants on the Gulf Coast also come the raw materials for the new synthetic fibres now being made in other parts of the South. And a plentiful supply of chemicals, added to the fortunate combination of timber, electricity and water resources, ensures the continued growth of the state's pulp and paper industry.

The thriving Louisiana port of New Orleans has the entire Mississippi Valley as its hinterland, and provides a natural outlet to the growing South American market. Ready access to deep water transport has brought many new industries to Louisiana, and facilitated the development of one of the state's most important traditional products—sulphur. Aluminium plants have come there because of their dependence on seaborne supplies of bauxite ore. Such considerations will be of growing importance as American industry comes to rely increasingly on imported raw materials.

Many of Louisiana's key industries, especially those concerned with chemicals, are the fortunate "growth industries" which are expanding at a much faster rate than is the national economy as a whole. Their products, with few exceptions, are those for which there seems sure to be a consistently high consumer demand; moreover, many southern plants have lower costs than their northern affiliates and competitors and are therefore unlikely to be as vulnerable to cyclical fluctuations in demand. Again, these are the industries which can be relied upon to give a strong scientific and technological stimulus to the entire regional economy, by encouraging the development of completely new products.

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Nevertheless, it is questionable whether Louisiana's present concentration on petroleum-chemicals and allied industries is altogether healthy. In the first place, the complete dependence of so many activities in the state on abundant cheap natural gas may eventually be a source of weakness. There is no danger of the reserves of natural gas running out, but southern manufacturers will have to pay more for their supplies as demand rises in other parts of the country for the gas that comes almost entirely from the South and Southwest. Industries such as carbon black, which make notoriously inefficient use of natural gas, will find their competitive advantages reduced.

Secondly, the expanding industries are those in which productivity is high, while the industries which are declining in relative importance within the state, such as textiles, lumber and food processing, are of the types which employ, comparatively, more labour. A backward area, anxious to industrialise and raise its standard of living as quickly as possible, clearly benefits in the long run if its development is concentrated in industries with advanced technology and high levels of investment and productivity, offering their employees opportunities of acquiring both technical training and above-average wages. Meanwhile, the growth in manufacturing employment is falling behind the growth in manufacturing output and the immediate problem of finding work for those displaced from the farms by machines is not solved by new factories requiring only a relatively small number of skilled technicians. And although the white farm labourer may, if he moves to

the city, be able to acquire the new industrial skills, the same opportunity is not always open to the Negro.

Thirdly, not only has three-quarters of the capital investment made during the last two years in Louisiana's manufacturing industry been in petroleum and chemical concerns, but it has also been confined to four of the 64 parishes (or counties). This geographical concentration, mainly along the Gulf Coast, is already providing, through the growth of ancillary industries and services, the valuable exterior economies associated with a maturing industrial region without the costly congestion found in northern industrial cities. But although there has been substantial migration from the southern countryside to the towns, farm workers are often reluctant to move. And although agricultural earnings have risen, uneven development may widen the existing disparity between rural and urban incomes. What is needed is some dispersal of industry to the smaller towns in rural areas far from the main cities. Needed also to balance the industrial structure of Louisiana are more of the smaller, less complex factories, such as the textile, footwear, clothing and food processing plants which provide ready employment for untrained farm labour in other southern states.

Recognising this need for industrial diversification, both the state government and local authorities are attempting to attract new firms by offering to remit taxes, or by leasing factory space and providing other services on exceptionally favourable terms. But these financial inducements are not universally popular, even in the South, and are roundly condemned by northern towns as "industrial pirating." Too great an obligation to a local community sometimes gives the incoming company a "mother-in-law problem" which offsets the initial financial advantage. And firms which have been persuaded, by what amounts to a subsidy, to choose an uneconomic location are unlikely to contribute to a healthy industrial growth. Also suspect is the lure of lower wage rates and non-union labour which the South offers. For the competitive advantages are based on an evanescent differential between wages in the North and South and can hardly last indefinitely. And although the "congenial labour attitude" on which many southern communities pride themselves may persist, the redoubled drive for unionisation promised by the newly-reunited national labour organisation must have some effect on southern workers.

There is, fortunately, a strong corrective influence at work to counteract this industrial and geographic over-concentration. For, although the attraction of Louisiana's natural resources is as powerful as ever, the greatest single factor influencing industrial location in the state—as it is throughout the South—is the rapidly growing southern market itself. New factories are coming in to make a wide range of consumer goods to satisfy the rising purchasing power of southern consumers, and to supply the machinery and equipment needed by the new industries. At the same time they should bring Louisiana's industrial structure into balance.

Unmixed Farming?

Perhaps the closest parallel between the South and underdeveloped areas elsewhere is in agriculture; here, too, the South has made some of its greatest progress since 1930, with machinery releasing human labour, with food crops and livestock replacing cotton, with improved farming practices restoring fertility to the soil, and with the share-cropping system giving way to orthodox forms of land tenure. But some long second steps towards putting the South on a sound agricultural basis are needed.

THE "one-crop complex" of the past still haunts southern agriculture today; the concept of general mixed farming has not taken root in the region. The agricultural pattern of the South has admittedly become more diversified over the last decade, but even so it is only a patchwork of dissimilar farms; a new beef cattle farm has appeared next to the old cotton farm, but the two kinds of husbandry are seldom intermingled.

As a result valuable by-products are wasted. Manure is discarded on dairy farms, on poultry farms, and even—sad to relate—on University experimental farms, yet southern farmers bought almost ten million tons of chemical fertilisers in 1953, over half the amount used in the whole country. Similarly, many farmers purchase feeding stuffs for their stock while winter grain in neighbouring fields remains ungrazed; grazing and manuring would improve grain yields and also save money. And it is well known that, by exporting cottonseed cake to feed cattle abroad, southern farmers have transferred the fertility of their plantations to British pastures.

In large measure the one-crop complex of the rural South comes from the conservatism of small farmers trying to eke a livelihood out of submarginal farms which provide neither an acceptable standard of living nor a capital surplus to invest in farm improvements. In 1949 less than a third of all commercial farms in the South reported cash sales of as much as $2,500, and only a tenth had sales of $5,000 or more. Politically the region is in a vicious circle. The poor and uneducated rural voters are the basis of the one-party system in the South; this gives the region disproportionate weight in Congress, especially when the Democrats are in power, because, under the seniority system, the committees are dominated by the regularly re-elected Southerners. They have used their great influence to establish and maintain high prices, guaranteed by the government, for the cash crops of the South—cotton, tobacco and rice. High prices have enabled the poor and uneducated rural voters to subsist on inefficiently small holdings.

But the price support programme has also had a paralysing effect by encouraging the small farmer to grow the same old crops in the same old way. This is because the programme is tied to "acreage allotments" for each crop; the farmer with an allotment continues to grow the crop for fear of losing his allotment, while the farmer with no

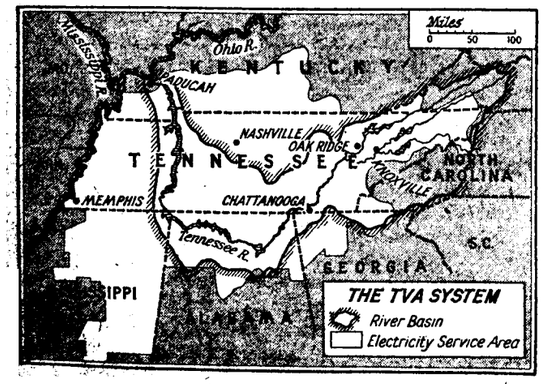
allotment runs a serious financial risk if he attempts to introduce the crop.

Paradoxically, however, assistance from the government has also underwritten much of the genuine agricultural progress which has been made in the South in the last decade. The majority of small farmers have not enough capital to use this assistance effectively, but business and professional men have taken full advantage of it when launching farm enterprises. Agricultural investment by "city farmers" has also been encouraged by an income tax structure which is extremely favourable to agricultural improvements, and by the prestige conferred in the South by land ownership.

The city man with a car puts his capital into a farm on a paved road, easy to reach, easy to manage, and a pleasant place to spend a weekend. Government grants are readily available for clearing woodland, fertilising and seeding pastures, damming streams for stock watering ponds, and for the other improvements needed to make the farm suitable for the beef cattle which the city farmer favours. Such a farm, however, is likely to be as much a hobby or a showplace as an efficient agricultural unit, for the character of its management is relatively casual. Many of the better farms in the South today are city men's farms, but they too are concerned primarily with production of a single commodity, often an extremely specialised one, such as pure bred livestock.

But these "city farms" are bringing a change to the agriculture of the South, even though there is little more attempt to integrate crop and livestock production on them than on the small semi-subsistence farms. There are signs that some at least of the city farmers, better educated and less bound by custom, may come to recognise the practical advantages of mixed farming. In the meantime, however, the traditional one-crop system of the South stands in the way of the growth of the livestock industry. The agricultural credit mechanism is not keyed to the slower financial returns from animals compared with those from annual harvests. Marketing facilities are woefully inadequate, and the one-crop farm lacks such necessities as facilities for storing feed, winter pastures and even fences.

The southern environment is well adapted to abundant and productive farming, particularly if the tremendous possibilities of such new practices as multiple cropping, irrigation by sprinkler, and many others, are explored. If the barriers put up by the one-crop tradition and by the government's price support activities can be pushed aside, then southern agriculture can cross the threshold on which its stands today into a future of prosperous well-being.



TVA Comes of Age

The Tennessee Valley project has fired imaginations all over the world and is an ideal aimed at wherever there is a river to be harnessed in a backward area. But the TVA itself has achieved virtually all it was set up to do, and the question of what it should do next has become a major political controversy in the United States.

POOR land makes poor people, poor people make poor land. . . . A generation facing a life of dirt and poverty, disease and drudgery, growing up without proper food, medical care or schooling, "ill clad, ill housed, ill fed," and in the greatest river valley in the world. . . . But where there is water there is power. Where there's water for flood control and water for navigation, there's water for power. . . . Power to give a new Tennessee Valley to a new generation, power enough to make the river work!

So said the narrator in the revolutionary documentary film, *The River,* in 1938. Then, the last line was prophetic. In 1933, when the Tennessee Valley Authority was set up to control an annual rainfall of 51 inches, more than half of which falls in a four-month interval, just over three per cent of the farms in all of the area had electricity, and just under thirty per cent of the people in some of the area had malaria. In the boom year of 1929, average income a head had been $301 ; by 1933 it had sunk to $163, and these slimmer resources were supporting not only the valley's normal inhabitants but thousands of their relatives, who over the years had flown to seek their fortunes, but now in the country's depression had come back to roost at the old home place, unfortunate and unemployed.

In the authority's first decade, the valley became a showpiece. Flood crests were lower, standards of living higher. By 1945, income a head was $730, and had risen from 44 per cent to 61 per cent of the national average. And the kilowatts were available for wartime chemical and aluminium production and, after 1943, to service the mushrooming mystery town with the high wire fence around it, the Manhattan District's Oak Ridge project. By 1945, the last line of *The River* had become fact. That year saw the completion of a navigable channel opening to barge traffic the entire 650 miles from Paducah to Knoxville. That year, 34 hydro and 14 steam plants turned out nearly 12 billion kilowatt hours of electricity.

But that year, in turn, became the starting point of post-war development. Measured in the statistics of economic increase, the TVA's second decade was even more remarkable than its first: if less has been heard of the valley's second expansion, it is only because the story of Cinderella has more glamour than the civil list of a princess living happily ever after. By 1953, the valley's average income a head was over $1,000 a year.

The TVA, run as an independent corporation by a board of commissioners with staggered nine-year terms, was instructed to deal with the valley by developing flood control, navigation, and electricity. It was also to encourage reforestation, improve agricultural practices on the lands surrounding the river, replenish the fish and wild life resources of the area, and eradicate the malarial mosquito. These purposes have been fully, or almost fully, achieved. Over the years, the TVA's controls have lowered the crests

That Bowater dollar means a lot in Tennessee

"The Bowater dollar"—you hear quite a lot about that nowadays, in the Southern States. Calhoun was the first town to feel the benefit of the Bowater Tennessee Mills. The survey teams came and then the construction companies; houses were built and the town began to discover that Bowaters meant business. Well-paid jobs were in the offing and the locality began to look forward to new prosperity.

In a startlingly short space of time the mills were built. A major industry had been planted, for the first time, in this part of the Southern States. From the neighbouring towns of Athens and Cleveland men and women came to earn those Bowater dollars. But this was far from the full story of the powerful impact of Bowaters on the Southern economy.

It was not the city workers alone who benefited. To the farmers Bowaters have proved a boon—in providing a flourishing market for their abundant, quick-growing southern pine trees. Every year, bank balances are swelled by more than $7,000,000 paid for raw materials and services to farmers and workers—promising a better future for the local inhabitants.

That is what Bowaters now means to Tennessee. What the Bowater Tennessee Mills mean to Britain can be shown simply in figures. Through the Bowater Corporation of North America the mills supply newsprint to more than 400 daily newspapers in 128 cities in fourteen Southern States. Present production of newsprint is no less than 160,000 tons a year. A world record has been set by the production of newsprint at a speed of 2,100 feet per minute. And this is just the beginning; already a third paper-making machine is being installed at a cost exceeding $25,000,000. Plans for expansion are even now under way; good news for the Southern States, for Bowaters and for Great Britain.

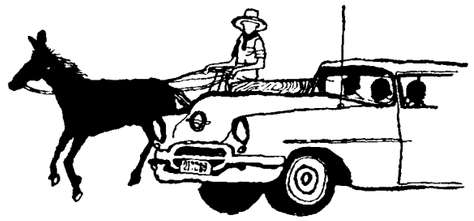
Bowaters

THE BOWATER PAPER CORPORATION LIMITED Great Britain United States of America Canada Australia South Africa Eire Norway Sweden

of 16 floods at vulnerable Chattanooga and levelled the discharge of valley waters down the Ohio and Mississippi rivers. The nine-foot Tennessee channel is an integral part of the nation's inland waterways. Ninety-three farms out of each hundred in the valley have electricity. The TVA built twenty dams in twenty years, seven on the main river, the others on its tributaries; in 1954, for the first time, no new dam was under construction.

★

But today, TVA's hydro-electric facilities provide less than half of the generating capacity of the system. As the TVA celebrated its twenty-first birthday, new industrial development, rising farm and residential consumption, and the government's expanding demands for electricity began to cramp the film narrator's last line: while there is power enough to make the river work, there is not enough power to do all the work that needs doing. The requirements of the 80,000 square miles which the TVA provides with electricity are mounting by some 12 per cent each year. The river cannot supply them. Steam generators, fired by coal or some other form of energy, are necessary to meet the shortage. Who shall build them, with what funds from what sources?



There could hardly be a sharper contrast than between the economic-political atmosphere in which the TVA started and that of today. In 1933, business in general was in the dog house, and among utility companies the disastrous course from Insull to injury was a vivid memory. In 1953, business is in the White House, and the principle that what can be done by private enterprise should not be done by government has good public relations. In 1933, the federal government was providing work relief for the unemployed in all parts of the country. In 1953, a major political objective is to contract the sphere of government and hold down the national debt by handling as many capital expenditures as possible outside the federal budget. So far, the TVA has been financed by congressional appropriations, by a small amount of bonds, and from its own earnings above its repayments to the Treasury; Congress required all funds invested in power facilities to be reimbursed over forty years, and repayments are ahead of schedule.

Twice before, in 1938 and 1948, the TVA encountered political opposition to its expansion, both times in Congress, only to see it disappear in a desire for increased defence production. But the third round has been different. For the first time the opposition speaks through the executive branch of the government. President Eisenhower's reference to the TVA as "creeping socialism," even though modified by subsequent commendation, was taken as a warning in the valley, and as an indication that private electricity companies were assured of a sympathetic hearing when they complained about the unfair competition of TVA's cheap electricity. They contend that the authority obscures the true costs of its electricity by the way it allocates expenses among its multiple functions, that it pays no federal taxes and that its payments in lieu of state and local taxes are too small.

Out of the fresh approach came the notorious Dixon-Yates contract, under which two private power companies were to deliver steam-generated electricity to the TVA to enable it, indirectly, to meet the growing needs of the Atomic Energy Commission. The new policy was opposed by the people of the valley, the Democrats in Congress and the authority itself; the objections were to the general principle of the contract, to its cost and to the way it had been negotiated. The flamboyant Governor of Tennessee, Mr Frank Clement, came to Washington to testify against Dixon-Yates: "We, the ultimate consumers of the valley, are the anointed sacrificial goats for a burnt offering to the gods of monopolistic exploitation." Both of Tennessee's Democratic Senators have flourished on the Dixon-Yates controversy, and it is sure to be kept alive for use in the 1956 election campaign.

Meanwhile, however, President Eisenhower bowed to the storm and cancelled the contract in July. Thus nearly two years have been wasted without any new electric capacity being started in the area served by the TVA. This loss of time is serious: all kinds of uses are expanding. In 1954 the TVA sold 12.1 billion kilowatt hours to the 148 municipal and co-operative agencies which distribute its electricity at the retail level. Some 7.1 billion kilowatt hours went directly from TVA as wholesaler to about two dozen large industrial plants producing metals and chemicals of military importance. Largest of all are the rapidly rising requirements of the federal government's own agencies in the area—defence installations, including an Air Force wind tunnel, and two major atomic plants at Oak Ridge and Paducah. By the end of 1956, when output is scheduled to reach 60 billion kilowatt hours, about half—more power than is sold in any but three of the 48 states—is expected to be needed for atomic and military installations alone. TVA engineers estimate that between $120 and $150 million worth of new construction annually will be required to keep pace with foreseeable demand. Perhaps as much as half of this might be paid for from retained earnings. The rest, if it is to be built, will have to be financed by either the investing or the taxpaying public.

Attention is now concentrated on the TVA's own recommendations for new legislation. These would permit it to sell, either to private investors or to the Treasury, interest-bearing bonds secured by its electricity revenues, not by the government. Even if such a Bill can be pushed through Congress ahead of the fireworks of an election year, the first possible moment at which the TVA can expect new spending authority is April, 1956; counting construction time, that means capacity in service only in 1958; 1957's requirements would have to be patched out by makeshifts.

Pessimists in the valley say that here is the real Republican policy: if the present incoming tide of industrialisation in the South begins to by-pass the valley for those parts of the region served by private utility companies because they alone can promise additional electricity, then the TVA's popularity would decline. Already it is no longer regarded as an obligatory show-piece in official Washington; when Premier U Nu of Burma visited the area recently, he did so on his own initiative. One thing is certain: the valley that was power-hungry in 1933 is today a very different valley, but it is power-hungry still.

Money Coming In

More to Spend

FROM A CORRESPONDENT IN NORTH CAROLINA

Income statistics, the clearest measure of changes in wealth, show most strikingly how the South has grown to resemble the rest of the United States, both in the amounts of individual incomes and in the sources from which they come. But the statistics show also that recently the South has ceased to overhaul the rest of the country, although still keeping pace with it. Moreover, they underline the extent to which the South is still dependent on its traditional sources of income.

DURING the past quarter of a century the South has experienced a remarkable increase in income, both absolutely and in comparison with the United States as a whole, in real terms as well as in dollars. While income payments to individuals in the United States were rising from $82,617 million in 1929 to $270,577 million in 1953, the South increased its share of those totals from 10.5 per cent to 14.1 per cent. Starting from $344 in 1929, annual income a head in the South dropped sharply to $191 in 1932 and then rose almost without faltering to $1,159 in 1953. Measured from the low point in 1932, the increase was more than six-fold. Measured against the national average, the increase was from about 50 per cent to about 68 per cent.

Nearly all of the relative gains were concentrated into two short periods, between 1931 and 1934, and between 1940 and 1945. The full explanation of this is by no means apparent, but certain major causes are fairly evident. The sharp gain from 1931 to 1934 sprang mainly from three factors:

1. The New Deal's farm programme raised the prices of agricultural products. This was especially true of tobacco, a major cash crop in the South.

2. The South's industries produced mainly consumer goods—textiles, tobacco and furniture. After three years of depression they recovered more quickly than did the heavy industries elsewhere. Moreover, during this period the South was gaining a larger share of the national productive capacity in both cotton textiles and tobacco manufacturing, relatively prosperous undertakings at that time.

3. The burden of the very heavy unemployment which persisted throughout the thirties was concentrated in the more industrialised areas outside the South. A higher proportion of the population of the South worked in agriculture, where it was often greatly underemployed; but it did at least produce something.

The principal reason for the sharp gain in southern income during the war years was the insatiable demand for labour and the resulting rise in wages. The three million farms of the South contained a great reservoir of partially employed men and women earning very low incomes. The war called them, by the millions, into the armed forces, into the factories of the North and Middle West, and into the shipyards, the munitions plants and the other industrial establishments in the South itself. The transition from partial to full employment and from farm wages to industrial wages brought a very great increase in incomes. Even farm wages were approximately trebled between 1939 and 1945; this was a specific example of the general tendency for low wages to increase more, proportionately, than higher wages. As well as higher wages, the war also brought higher prices for the raw materials—petroleum, coal, cotton, tobacco, and lumber—which make up most of the South's output.

Since the war, annual income a head in the South has risen at approximately the same rate as the average for the country as a whole; the Korean war produced a small relative gain between 1950 and 1952, but part of that was lost in 1953. Consequently, for the eight years from 1945 through 1953, southern incomes showed almost no net gain in relation to the national average. The favourable aspect of this is that the South held the gain it had made during the war years, and suffered no significant relative loss when the armed forces were demobilised and many of the war plants were closed. This was possible, of course, only because the country as a whole has enjoyed a high level of employment almost without a break since the last world war. A substantial rise in unemployment would mean a weakening of demand for the South's principal product—labour.

There are several reasons for the small relative gains since the war:

1. The shift of the cotton textile and tobacco industries to the region slowed down sharply. By 1945 over 75 per cent of the productive capacity for the first, and over 90 per cent of that for the second, had already moved to the South, leaving little more to be gained.

2. The growth of total demand in both industries has also slowed sharply in recent years. After a boom year in 1947, the cotton textile industry faced increasingly strong competition as textile production was restored, or begun for the first time, in other countries. Cigarette consumption, after many years of steady and rapid growth, levelled off and has actually declined in the past two years, perhaps partly because of the cancer scare.

3. The region's two basic staple crops—cotton and tobacco—have yielded very slowly to mechanised methods of cultivation and harvesting. Recently there has been substantial mechanisation in the cotton fields, but tobacco still defies machinery. Both crops require large amounts of human and animal labour and, with steadily rising wage rates, production has become less profitable despite the fact that the government has supported prices at high levels.

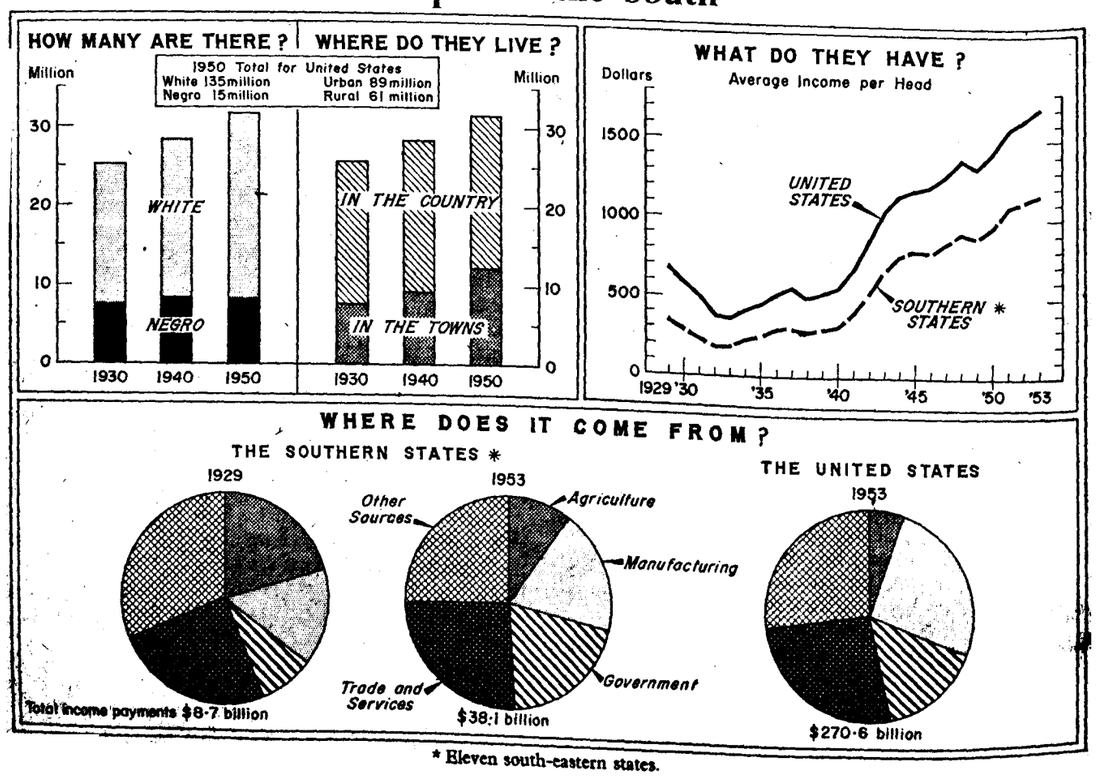
4. While there was some improvement during the Korean war, prices of the major raw materials produced in the South are probably lower now than they were in 1954, compared with other commodity prices.

5. Contrary to many impressions, the South has had little relative gain in manufacturing activity since 1944: between 1929 and 1947 the total of salaries and wages paid by manufacturers increased by 228 per cent in the South, and by 178 per cent for the United States; between 1947 and 1952, the percentages were 48.3 for the South and 52.8 for the whole country. The mass movement away from low farm wages to high industrial wages during the war years has ceased.

In the opposite direction there have, however, been some favourable developments. In the past 25 years agriculture has lost one half of its importance as a source of income in Dixie and now ranks well below any of the three other major sources—government payments, earnings in manufacturing, and in trade and service industries. Southern agriculture is also concentrating more on livestock and crops which give higher returns for labour. Slowly, too, the South is acquiring plants in those industries which have higher productivity and pay higher wages, such as chemicals, paper and pulp, and electrical machinery and equipment.

But these activities pay high wages largely because they use less manpower for each dollar's worth of output; in the meantime the South's population continues to increase. Barring another tight labour market, such as that produced by war, any relative gains in income which the South may realise in the future are likely to be very gradual.

People in the South*



* Eleven south-eastern states.

More to Lend

FROM A CORRESPONDENT IN ATLANTA

Underdeveloped areas everywhere resent the domination which, they believe, accompanies the foreign investment that they need so badly; the South has been no exception. Nevertheless, in its case it is difficult today to justify the complaints; nor is there evidence that the region is now suffering from a lack of capital. In this, more completely than in any other, respect, the South has escaped from the pattern of a backward area.

ANYONE looking for financial institutions specifically organised to promote economic development will not discover them in the South. Instead of massive movements of investment funds directed by governmental agencies, he will find private capital coming into this rapidly developing area from the surplus of the rest of the United States, impeded by no legal barriers and by few differences in financial custom.

The availability of investment funds in the South itself did not concern the large national corporations which built most of the multi-million-dollar branch plants that have been such an important part of the South's economic development. The source of the money would have been the same, no matter where the plant was erected. When new capital funds were raised, southern investors may have participated, but the net flow of funds was undoubtedly from outside the South. However, the growth of the South has been more than a matter of industrial investment by large national corporations: southern-owned industry has also expanded, a great deal of money has been needed to finance the housing boom, and large sums have been spent for schools, roads, and other public improvements. A major part of this has been financed out of the South's own resources, but these resources have been supplemented by funds from other areas.

When so much publicity has been given to southern

economic problems, it is easy to forget that the South is poor only in comparison with other parts of the United States and not in comparison with other undeveloped regions, or, indeed, with many nations not ordinarily placed in that class. Commercial banking resources in the eleven south-eastern states now total over $23 billion and the figure of $570 a head for bank deposits in the South, although less than half the national figure, compares very favourably with those of most other countries.

Almost every type of banking service is available somewhere in the South. Since banking resources are limited in relation to the heavy demands of an expanding economy, they are used primarily to meet the short-term credit needs of the area. Southern banks charge prime borrowers the interest rates prevailing throughout the country, and the slightly higher average rates earned by southern banks are explained largely by the preponderance of small loans to small borrowers. Southern corporations, whatever their size, turn without hesitation to banks in other areas for loans.

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The residential construction boom has been financed from local savings combined with funds from outside the South. With higher incomes, Southerners have built up sizeable balances in their favourite savings mediums—$4.6 billion in time deposits at commercial banks and only slightly less in savings and loan associations. The latter have most of their assets invested in mortgage holdings, and southern life insurance companies provide some additional mortgage funds. Local supplies are far less than needed, however, and the gap is filled with mortgage money from insurance companies and mutual savings banks in the North.

New buildings for the southern headquarters of the country's large insurance companies are replacing the mansions which once lined parts of Atlanta's Peachtree Street; similar developments in other southern cities demonstrate the importance of southern business to these companies. Their activities cover life, fire, casualty, marine, and all other types of insurance. But investments made by the non-southern insurance companies in farm mortgages and industrial loans as well as in the residential mortgages exceed the premiums they collect from the South; a net flow of funds into the South probably results from their investment operations.

Investment dealers in each major city underwrite corporate issues and provide over-the-counter markets for the shares of southern companies. Much of the equity financing of closely-held southern corporations comes from the substantial fortunes that have been accumulated in the South, and naturally the greater part of capital invested in small unincorporated businesses has come from local capitalists. Frequently the retired businessman, who has come to spend his remaining years in the mild climate of the South, relieves the tedium of his old age by investing in some local enterprise or by starting a new business. In some small communities, local citizens pool funds through industrial development corporations to pay for new factory buildings designed to house new industry. But the capital needs of southern businesses exceed the resources available locally, and here again help must come from other areas. For example, the large electricity companies in the South have typically sold their bonds and stock issues to investors all over the United States, although their securities are popular with southern investors.

The principal business of the southern investment banker or dealer is underwriting and distributing securities issued by state and local governments to finance programmes of public works. Most small issues are handled without outside help. Atlanta, for example, has been known as a million-dollar town able to underwrite issues of that size or smaller, and other southern cities have similar informal limits set by their resources. For the larger issues, southern investment houses join syndicates with investments bankers in other areas. Since governmental units with small issues will go outside the South, if in their judgment better rates may be secured, southern state and local governments not only have access to funds but, in addition, they pay no higher rates on their securities than comparable governmental units in other parts of the country.

The federal government has not undertaken lending programmes to promote the economic development of the South alone, perhaps because of the political repercussions of the inevitable objections by congressional representatives from other sections of the country. If, in effect, Southerners have benefited more from certain of the government's lending programmes, it is because the economic groups, low-income farmers, for example, which these programmes have been designed to help, are concentrated in the South.

The chronic complaints heard all over the United States about the inability of small operators to secure long-term credit are especially prevalent in the South. The government's agricultural experts say that the banks will not make long-term loans to enable farmers to put their activities on to a sounder, more diversified, basis. The small businessman, like the owner of a rapidly expanding small manufacturing plant, claims that the capital funds necessary for expansion cannot be borrowed without surrendering command of the undertaking.

Many Southerners believe that the absentee control of so much of the South's investment capital is at the root of many of the complaints. The local banker protests that large national corporations maintain only minimum balances in his bank. Other persons charge that, even though the funds collected by insurance companies and other financial institutions from Southerners come back to the South augmented by funds from other regions, the nature of the investment is bound to be less satisfactory than if it were controlled by people who were familiar with local conditions. These are more matters for speculation and discussion than for action, however; certainly the South's economic progress could not have been as rapid as it has been without the help of funds from outside the area.

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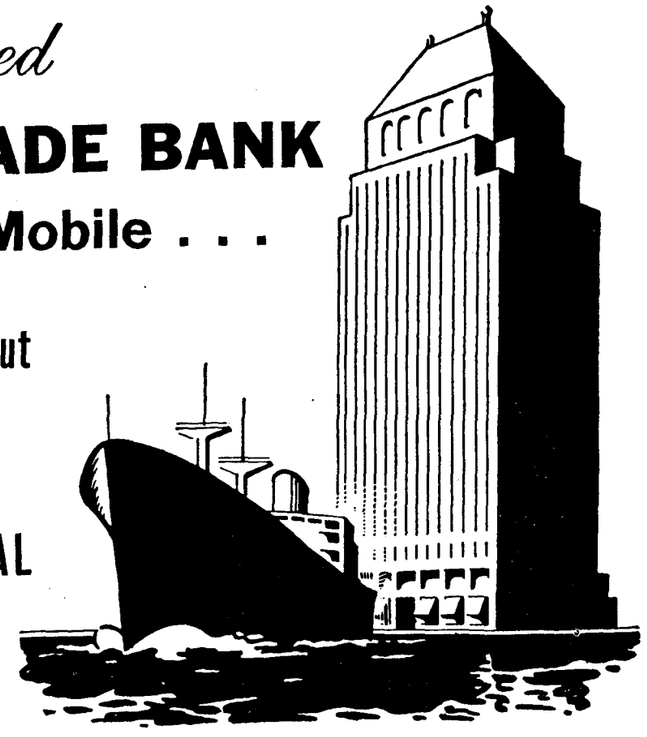

MERCHANTS NATIONAL BANK OF MOBILE

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George and Georgia

FROM A CORRESPONDENT IN ATLANTA

THE South makes a habit of being represented in Washington by two completely different types of politician; among its Senators and Representatives have been found a high proportion of America's great statesmen and an equally high proportion of its notorious demagogues. When Georgians elect a Senator next year they are likely to have to choose between an outstanding example of each type—their present senior Senator, Mr Walter George, and their ex-Governor, Mr Herman Talmadge. Mr George is now perhaps the most influential member of the United States Senate. His thirty-three years of service and his chairmanship of the powerful Foreign Relations Committee give him an international significance exceeded only by that of the President and the Secretary of State. On the face of it, Senator George's re-election to another term, should he seek it, would seem assured. It would be, were it not for the ambition of young Mr Talmadge and Georgia's county unit system of voting, on which his political strength is based.

The unit system applies only in the Democratic primary election, in which the party chooses its candidate for the general election. But in one-party Georgia, where the Democratic nominee is assured of victory, it is the primary that counts. The effect of the unit system is virtually to disfranchise the large urban areas where live the great majority of voters in the state. Mr Talmadge's father was fond of boasting that he never carried a county that had trams, yet he was always certain to win so long as he catered to the prejudices of the small rural counties. In 1946 the son inherited his father's Governorship, his political following and his rhetorical style of anti-Negro vituperation. To everyone's surprise, he quickly showed himself a shrewder and more skilful politician than his father. He continued to woo the rustic voters, but he also won many new adherents in the cities. Moreover, his six years in the Governorship were years of unprecedented prosperity and unprecedented state revenues.

Mr Talmadge has another asset—the advantage of youth. Mr George, at 77, is almost twice as old and would be fortunate to survive another six-year term in the Senate. This consideration would carry some weight with many voters and a great deal of weight with those few whose political and financial support are essential to a winning campaign. Senator George is already accused of being so absorbed in the affairs of the world at large that he has no time for the people back home. Coupled with that charge would inevitably be the highly emotional Negro question. Mr Talmadge, it would be said, could be trusted to fight vigorously in Washington for the right of Georgia to handle its racial affairs in its own way.

Such an argument would doubtless be rejected by many of the more literate and informed voters, who are proud of Senator George's constructive influence on foreign policy and keenly aware of Mr Talmadge's isolationist position. But such voters are concentrated in the disfranchised urban areas. One thing is certain: unless there are unforeseen and extraordinary changes in Georgia, whenever and however Senator George leaves office, he will be succeeded by Mr Herman Talmadge.

Going With the Wind

ONE of the South's principal exports is its past. The raw materials inherent in romantic memories and the nostalgia that comes with defeat have been exploited by southern writers and music makers so brilliantly that today they dominate the American literary and theatrical scene. The North listens avidly to this incessant remembrance of things past, for although it is persuaded that it waged and won the Civil War justly, it knows in its heart that the victory was one of massive economics over the individual lustre of the outnumbered. Therefore it has accepted the vision of the southern past expressed in Mr William Faulkner's title, *The Unvanquished*.

But it is not only out of its flamboyant past that the South has made artistic capital. It still has a drama that stands out against the monochrome beatitude of much of the rest of America—the racial conflict, the glaring contrast between national prosperity and local backwardness, and the survival of antique dialects and habits in swamps and uplands. Consequently, much of the best southern writing, such as Mr Faulkner's *The Sound and the Fury* and *Sanctuary*—that classic of the paper-backs—deals with the lame and the demented, the impotent and the demoniac.

Out of the Civil War have come classic films such as *Birth of a Nation* and *The Red Badge of Courage* as well as box office successes like *Gone With The Wind*. As a novel this sold 1,500,000 copies in its first year, had reached the figure of 3,368,000 by mid-1941 and is still selling today. Out of the deprivation of the "poor whites" in the modern South has come the second greatest success in the history of the American theatre, the dramatisation of Mr Erskine Caldwell's *Tobacco Road*, which ran for 3,182 nights on Broadway. The South of Mr Caldwell, *God's Little Acre* and the burnt out land of the "Georgia crackers," has, in fact, been the most spectacular selling line for pocket-book manufacturers and railway stalls; it is estimated that some 20 million copies of these grim chronicles have been read in the United States alone. And out of the Negro South have come the rhythms of the jazz age, America's original contribution to music and a multi-million dollar industry.

Everywhere today in the publishing and theatrical market, southern products are at the front of the display case and publishers' out-trays are filled with manuscripts by young writers convinced that, to be a Faulkner, it is only necessary to write unpunctuated paragraphs about rape. Literary criticism on the higher level is largely a southern product, shipped north in such famous "little magazines" as *The Sewanee Review* and *The Kenyon Review*. On Broadway, Mr Tennessee Williams is probably the foremost example of a man whose plays have demonstrated that it is possible both to win Pulitzer prizes and fill the cash register. In the field of the short story, where much of the money lies, Southerners dominate the market. It is this combination of literary distinction with commercial success that exemplifies southern writing. But two great moments on the film screen seem to embody the legend of the South: Scarlett O'Hara fleeing from burning Atlanta, and Blanche Dubois drifting down the jazz-haunted alleys of New Orleans, both looking just like Miss Vivien Leigh.

Dixie Rejoins the United States

FROM A CORRESPONDENT IN ARKANSAS

WHEN word came down from Washington in May, 1954, that racial segregation in public education no longer had the sanction of federal law, the *Richmond News Leader* thundered:

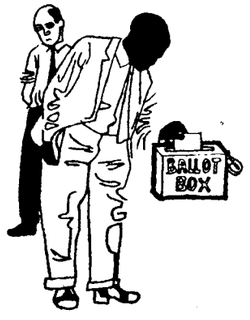
> That inept fraternity of politicians and professors known as the United States Supreme Court chose to throw away the established law. These nine men repudiated the Constitution, spat upon the tenth amendment, and rewrote the fundamental law of this land to suit their own gauzy concepts of sociology. If it be said now that the South is flouting the law, let it be said to the high court: *you taught us how.*

This ringing cry of defiance from the Virginian capital of the old Confederacy was in a great southern tradition. It carried the sound of ancient bugles, but, in the summer of 1955, it is not irrelevant to inquire whether the independent South, for which the *News Leader* spoke, still exists in any real political, social or economic sense.

The Supreme Court's ruling undoubtedly has deep emotional overtones for a people whose culture was largely shaped by the presence among them of a great majority of America's Negroes. The South's reaction to the ruling, therefore, has a significant bearing on the question: and the answer, as it is now being written in tentative fashion, is in the negative. Only in five states of the deep South has resistance been adopted officially. Elsewhere a neutral course has so far been chosen.

This does not mean that racial segregation in education is finished in the South. Even without the sanction of federal law it will continue in those areas where Negroes are most numerous, and where it is a natural outgrowth of a larger pattern of social and residential segregation. But it is now clear that the old, unyielding resistance to any change in the basic master-servant relationship between the races is rapidly breaking down in most of the southern states, and cannot be expected to survive indefinitely even in the hard core of the deep South. The Supreme Court's school decision does not stand alone; it is symbolic of the deep-running currents of change which for a generation have been eroding the peculiar institutions erected by the South around the Negro.

For a century these institutions set the region apart from the mainstream of American economic development and, conversely, gave it disproportionate power in national politics. In the years when the industrial revolution and the great westward migration were reshaping the face of the nation, the South remained an agrarian enclave. The region's economy was based largely on the unskilled manpower of the Negro, who came as a slave and remained as a second-class citizen. The South's political system, which placed all offices in the hands of the Democratic party was erected to keep the Negro away from the polls after the federal government guaranteed his franchise at the end of the Civil War. By their nature these institutions — legal segregation, one-party politics and the agrarian economy—interacted on each other; one could hardly survive without the others. All have been imperilled by the steady breaking down of the isolation into which the South slipped at the end of its unsuccessful rebellion; two wars, with a depression sandwiched in between, have now brought the South back into the world.



The extent to which the rural character of the South has been affected at its roots may be seen in the population statistics, the movement away from the farms, both into the rapidly growing cities and out of the region altogether. These trends have changed not only the character but the complexion of the southern population; one of the primary reasons why the question of racial segregation has lost much of its urgency in the region is the declining proportion of Negroes to whites. This great reshuffling of the southern people has had a profound effect upon southern political institutions; many a southern Congressman who came to office representing a rural constituency now finds a majority of his supporters grappling with the problems of urban life. The form, however, survives the fact, and southern politics retain their special, highly individualistic flavour. Despite the defection of those southern states which cast their electoral votes for President Eisenhower in 1952, the monolithic Democratic structure still stretches from the county courthouse to the United States Senate. But today the signs of stress are becoming readily visible.

For one thing, the continuation of the one-party system now depends almost entirely upon inertia; its purpose disappeared more than ten years ago when the Supreme Court decreed that Negroes must be allowed to vote in the primary elections, in which the Democratic party chooses its candidates, as well as in general elections; in most of the southern states they are now voting freely. Except in the very deep South, the old battlecry of white supremacy which once rallied the southern people to the Democratic banner is no longer heard, for elsewhere it may deliver a solid bloc of Negro votes to the enemy.

The second of the traditional principles of southern Democrats, the maintenance of states' rights against the encroachment of the federal government, still has its dedicated supporters in the region. But today they are at odds with the national leadership of their party; spiritually they are more attuned to the Republicans, who share their suspicions of centralised bureaucracy and high taxes. Yet those who hold office are reluctant to make an open break with the Democrats, for obvious practical reasons; as a result they are continually frustrated. The ill-fated Dixiecrat rebellion in the 1948 presidential election, against the Democratic candidacy of Mr Truman, taught them the futility of a third party movement. But if they openly support a Republican candidate, as some of them did Mr Eisenhower in 1952, they are liable to find themselves barred from national party councils—and patronage—and embroiled in sharp factional battles within their state Democratic organisations.

The reluctance of the dissident southern Democrats to abandon the party label, and the ineptness of the local Republicans, have so far prevented the establishment of a going second party organisation in any southern state, in spite of the tremendous popular vote Mr Eisenhower received everywhere in the region in 1952. Nevertheless that election demonstrated that it is now respectable to vote Republican in Dixie, where this was once considered an act of treason. The white-collared Southerners who lent not only political but emotional support to Mr Eisenhower's crusade must now be classed as independent voters.

This realignment within the cracking shell of one-party politics has produced a profoundly important change in the southern attitude toward tariff reform, the third great plank in the platform upon which the region took its stand for more than a century. The old South's campaign against the protectionists of New England was as important a factor in bringing on the Civil War as the Abolitionists' crusade against slavery. But today the three great export crops depend more upon federal price supports than upon foreign markets, and the industrial areas of the South are producing indigenous protectionists in increasing numbers.

The influence of the solid South in the Democratic party, and its total lack of influence in the Republican party, created around the tariff issue the sharpest and most consistent division in American politics. In 1933, when the free-trading Tennesseean, Cordell Hull, first offered the Reciprocal Trade Agreements programme, the protectionists picked up only three votes from the whole of the South—one from a sugar-growing district in Louisiana, and two from the Republican mountain areas of Tennessee. This year, however, southern defections in the House almost scuttled the extension of the Act.

The implications of this new division in southern ranks go far beyond the immediate question of tariff revision. The extension of the South's traditional interest in free trade was a militant internationalism which showed itself time after critical time in the years when the United States was emerging as a ranking world power. Woodrow Wilson came on the national scene with the support of most of the southern Democrats, and almost to a man they stood with him when he led the United States into the first World War and went on to fight his losing battle for the League of Nations. The South was virtually untouched by the resurgent isolationism of the nineteen-twenties, and it was the solid bloc of southern Democratic votes in Congress which made it possible for Franklin Roosevelt to arm the nation before its entry into the second world war.

The world's view of the South, and that of most Southerners, for that matter, has been obscured by the great moral issues involving the American Negro. As the only true regional entity the United States has known, the South served as a bulwark of human bondage, and of the racial segregation which was its aftermath. But it also served as a bulwark of internationalism, and of the federal system of balanced powers which was the genius of the American republic. This, too, must be taken into account by the world as Dixie turns the last corner on the road to reunion and begins to adopt the practices, and assume the attitudes, of the nation at large.

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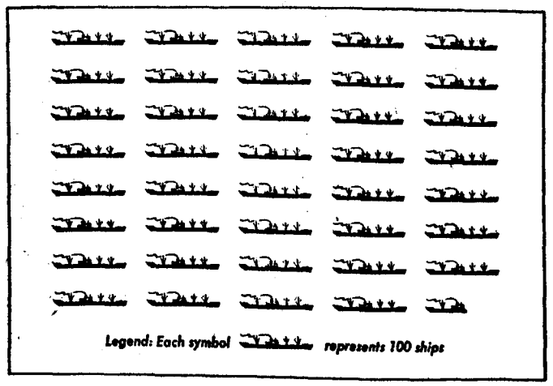

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